

Appendix A – Information for Request

This is a guide to the questions asked of superfunds as part of the information request that took place in October 2016.

A. General Information

1. Name of Organisation (RSE)
 2. What is / are the trading names of the funds covered by this survey
 3. Select the location of your organisation's headquarters.
 4. Provide the most recent date range that defines your reporting year and the timeframe this survey response applies to.
 5. Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets (AUD)
 6. As at the end of the reporting period, enter the (AUD \$mil) figure for each asset class of your fund (by asset class)
 7. Provide an approximate percentage breakdown of internal and external management of your AUM at the end of your reporting year.
 - % per asset class that is managed internally and externally.
 8. How many members or underlying beneficiaries do you have?
 9. Number of employees (FTE)
 10. Indicate what type of superannuation fund your organization is (APRA classification)
1. Accountability & Governance
11. Are the fund's key stakeholders articulated in the overall fund strategy?
 12. Is the development of fund strategy informed by key stakeholder input?
 - A) Systematically and frequently engage (e.g. via call centre, or member survey or other)
 - B) At least once annually
 - C) Occasionally
 - D) Not at all
 - E) Other
 13. Are stakeholder's RI interests surveyed to inform strategy development?
 - A) Regular monitoring of issues raised at call centres as well as elicitation of member satisfaction and interests via survey at least annually
 - B) At least annual survey of member satisfaction and interests.
 - C) No periodic survey of members
 - D) Other (please specify)
 14. Is RI explicitly included in the fund strategy? i.e. vision/mission/strategy/investment beliefs. Y/N, URL
 15. Is the RI policy signed off by Trustees / CEO? Y/N
 16. Is there a formal process in place for the review of RI policy by Trustees/CEO? Y/N
 17. Is there board-level oversight/accountability for RI? E.g. ESG sub-committee or dedicated secretariat. Y/N
 18. Provide brief details of the nature of board-level oversight and accountability.
 19. Is there a formal, systematic process for measuring RI in alignment with the fund's strategy?
 - A) Yes, formal & comprehensive
 - B) Yes, formal & brief
 - C) Yes, Informal & ad hoc
 - D) No
 - E) Other (please specify)
 20. Is the successful delivery of RI strategy considered as part of the satisfactory achievement of staff roles and responsibilities?
 - A) Board-level
 - B) Investment Committee

- C) Portfolio Managers
 - D) Analysts/Investment Staff
 - E) Investor Relations
21. Indicate the number of FTE people who spend more than 50% of their time on the delivery of RI.
 22. Provide any further information you would like to share with us regarding RI Accountability and Governance at your fund.
 23. Attach any documents regarding RI Accountability and Governance at your fund that you would like to include.
2. RI Commitment
24. Select the category that best describes the RI positioning of your fund:
 - A) ESG Integrated Fund
 - B) Ethical Fund
 - C) Specialist RI Fund
 - D) Traditional Fund with RI Option
 - E) Traditional Fund with no RI Option
 25. Provide a summary of your fund's Responsible Investment Beliefs
 26. Is your RI policy (standalone or integrated into overall fund policy) available on your website? Y/N
 27. Attach the document that contains your RI Policy.
 28. Does the investment policy include specific RI targets? (e.g. safe work place for building and construction industry fund; carbon budgeted portfolio to meet <350ppm) Y/N
 29. Are key personnel, including asset managers, either RI trained or provided with RI training? Provide brief details.
 30. Indicate the share of AUM covered by policy
 - A) 0-25%
 - B) 26-50%
 - C) 51 - 75%
 - D) 76 - 100%
 31. Which of the following RI approaches does your fund apply in implementing its policy? (select up to three)
 - A) Negative/exclusionary screening
 - B) Positive/best-in-class screening
 - C) Screening based on international norms
 - D) Integration ESG factors into financial analysis
 - E) Sustainability-themed investing (e.g. clean energy, sustainable agriculture, green property, clean energy. Low carbon tilts
 - F) Impact/Community investing
 - G) Active Ownership - engagement & active voting
 32. How does this choice align with your funds investment beliefs?
 33. Which asset classes are covered by RI approaches?
 - A) Australian Equities
 - B) International Equities
 - C) Property
 - D) Infrastructure
 - E) Fixed Income
 - F) Private Equity
 - G) Agriculture/Farmland
 - H) Cash
 - I) Alternative Investment
 - J) ALL
 34. Provide the names of any RI, SRI or ethical, or sustainable investment options offered by your fund
 35. Indicate if any of these have achieved RIAA certification.
 36. How have RI investment options been informed by your members and your broader RI strategy?

37. Detail what, if any, exclusions are in place across the SRI option.
38. Detail what, if any, exclusions are in place across whole of fund.
39. Does your RI policy align with any international norms?
 - A) UN Global Compact 10 Principles
 - B) UN Guiding Principles on Business and Human Rights
 - C) Principles for Responsible Investment
 - D) Universal Declaration of Human Rights
 - E) International Bill of Human Rights
 - F) International Labour Organization Conventions
 - G) United Nations Convention Against Corruption
 - H) OECD Guidelines for Multinational Enterprises
 - I) Ottawa Treaty on Land Mines
 - J) Cluster Munitions Convention
 - K) Sustainable Development Goals
 - L) None of the above
 - M) Other (please specify)

3. Implementation

Active Understanding

40. Does the consideration of RI influence or inform your Strategic Asset Allocation? (Yes/No)
41. How does your RI policy and framework inform your Strategic Asset Allocation?

Implementation - Engagement

42. Indicate whether your organisation has a formalised process for engagement (such as a policy)?
Yes/No
43. Upload any documents regarding your engagement policy or practices.
44. Indicate if you define (or contribute to defining) specific objectives for your engagement activities.
 - A) Yes for all engagement activities
 - B) Yes, for majority of engagement activities
 - C) Yes, for minority of engagement activities
 - D) No
45. Indicate if you monitor the actions that companies take following your engagements activities.
 - A) Yes, in all cases
 - B) Yes, in the majority of cases
 - C) Yes, in the minority of cases
 - D) No
46. Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities.
 - A) Tracking and/or monitoring progress against defined milestones and goals
 - B) Establish a process for when goals are not met
 - C) Revisit and revise if necessary goals on continuous basis
 - D) Other; please specify _____
47. Indicate whether your fund participates in collaborative engagements. Yes/No
48. Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year.
 - A. Principles for Responsible investment (PRI)
 - B. RIAA
 - C. ACSI
 - D. IGCC
 - E. ESG RA
 - F. Other
49. Indicate what role you play in engagements that your service provider conducts on your behalf (comprehensive, moderate, basic, ad hoc/none); what topics are discussed

- o Discuss the topic (or ESG issue(s)) of engagement
 - o Discuss the rationale for engagement
 - o Discuss the objectives of the engagement
 - o Select the companies to be engaged with
 - o Discuss the frequency/intensity of interactions with companies
 - o Discuss progress towards the engagement objectives
50. Indicate whether your fund undertakes direct engagement activities Yes/No
51. Indicate the proportion of engagements that involved multiple substantive and detailed discussions or interactions with the company during the reporting year related to ESG issues.
- A. 0% - 10 %
 - B. 10% - 25%
 - C. 26 % - 50%,
 - D. 51% -75%
 - E. 76% - 100
52. Do you produce an engagement report and keep reliable data on the outcomes of your engagement? (Including where provided by investment managers or external providers)? Yes/No
53. Do you include data from engagements conducted by investment managers or external providers in your engagement report?
- A) Yes, integrated into our own engagement report
 - B) Yes, we provide link to investment manager or external provider report
 - C) No reporting
54. Does your organisation publicly disclose information on its engagements?
- A) Yes, always
 - B) Yes, sometimes
 - C) Never
 - D) Other
55. Provide any leading practice case studies or comments regarding your engagement practices that you wish to include.
56. Upload any documents regarding engagement reporting you wish to include.

Advocacy

57. Is your fund actively involved in advocating for more responsible financial markets? Yes/No
58. Which of the following models are used in your fund's approach to advocacy?
- A) Direct Advocacy
 - B) Collaborative initiatives
 - C) Other
59. Provide some of the key issues on which your fund's advocacy activities have been focused.

Voting

60. Indicate whether your organisation has a formal voting policy. Yes/No
61. Indicate whether this voting policy is public. Yes/No
62. Upload your fund's voting policy.
63. Indicate what issues your voting policy covers.
- A) Conflicts of interest
 - B) Prioritisation of voting activities
 - C) Transparency
 - D) Decision-making processes
 - E) Environmental factors
 - F) Social factors
 - G) Governance factors - with particular focus on director independence and remuneration
 - H) Governance factors - general
 - I) Securities lending process
 - J) Other (please specify).

64. Indicate the percentage of voting that occurred for domestic and international equities. (%)
65. Do you make your voting records public?
 - A) Yes (after)
 - B) Yes (before)
 - C) Yes, via our proxy voting service provider
 - D) No.
66. Upload any documents regarding voting you would like to include.

Asset Consultant selection and monitoring

67. Does your asset consultant have expertise in RI?
 - A) Yes, comprehensively
 - B) Some
 - C) Little
 - D) None
68. On what areas of RI does your asset consultant provide expertise?
69. Does your fund conduct ongoing dialogue and monitoring of asset consultant regarding RI issues?
 - A) Yes, formal process
 - B) Yes, casually
 - C) Ad hoc/not at all
70. Does your asset consultant provide reporting on RI outcomes?
 - A) Yes, formal process
 - B) Yes, informally
 - C) Ad hoc/not at all

Manager selection and monitoring

71. Does your organisation and/or your investment consultant do any of the following in the manager selection process for listed equity and/or fixed income
 - A) Discuss minimum responsible investment expectations that managers must meet
 - B) Discuss the type of ESG reporting you expect
 - C) Assign specific weighting to ESG factors in your manager evaluation
 - E) Discuss with managers how ESG factors have impacted specific investment decisions and, when relevant, stock or portfolio performance
 - F) Discuss the role managers have played in influencing investee entities' ESG practices and performance
 - G) Discuss whether the manager can deploy the asset owner's proprietary voting policy or aligning its voting policy with the asset owner's investment beliefs and strategy.
 - H) Do you look for external certification, qualifications of individuals etc. in the consideration of the selection of external managers?
 - I) Other (please specify)
72. Indicate which of the following RI considerations your organisation typically includes in investment management agreements/contracts for your listed equity and/or fixed income.
 - A) Acting in accordance with fund's RI policy, strategy and reporting requirements.
 - B) Incorporation of specific or general ESG factors into investment decision-making
 - C) Acting in accordance with fund engagement and voting policy.
 - D) Requirement for ESG analysis, monitoring and reporting.
 - E) None of the above. Other (please specify)
73. Indicate whether managers are evaluated on their performance in delivering on the above RI considerations.
 - A) Yes, formally and periodically.
 - B) Yes, informally and periodically.
 - C) Yes, ad hoc.
74. Do you measure and/or report on the performance of your asset consultants and/or managers against your own RI expectations? (Yes/No)

75. Attach the most relevant document you would like to provide regarding performance management of managers (e.g. investment management agreements, contracts).

ESG Integration

76. Indicate whether ESG factors are reviewed by your internal investment teams.
- A) We systematically review the potential significance of ESG factors and investigate them accordingly
 - B) We occasionally review the potential significance of ESG factors and investigate them accordingly
 - C) We require our external managers to review ESG factors
 - D) We do not review ESG factors.
77. Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.
- A) Commissioning comprehensive ESG research
 - B) Sourcing comprehensive ESG research
 - C) Use of accredited company ESG ratings/score-card
 - D) Use of ESG Benchmark
 - E) External manager ESG information
 - F) Use of ESG database
 - G) Dedicated ESG research/data secretariat
 - H) Other (please specify)
78. How is ESG information held by the fund?
- A) ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
 - B) ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
 - C) Systematic records are kept that capture how ESG information and research were incorporated into investment decisions
 - D) This is the job of the external manager
 - E) Other; specify _____
 - F) None of the above

Impact investing (if relevant)

79. Does your fund have a specific allocation to impact investing? Yes/No
80. If so, what AUM is allocated to impact investing?
81. Describe the key impacts that your impact investing allocation aim to achieve.
82. Other than the above, describe whether your fund has investments across any asset classes that has a measurable social or environmental outcome?
83. If so, what is the total AUM and what are the assets? (AUD, mil)

RI Allocations across asset classes

84. What primary and secondary RI strategies are in place across the different asset classes? [table provided]
85. Attach any documents you would like to include.

4. Measurement & Outcomes

86. What ways does the fund report on the outcomes and impact of RI strategies? Include any metrics used.
87. Indicate whether the organisation sets targets for the performance of their RI strategy outcomes.
- A) Yes, we set targets across most areas of our investment activities
 - B) Yes, we do have targets set for at least one of our outcome areas, such as engagement, impact investment etc.
 - C) No, we don't have targets set for the non-direct outcome of our investment activities.
88. What targets, if any, are in place to measure the success of RI in achieving objectives in the following areas:
- A) Alignment with fund's RI Policy

- B) Environmental objectives
 - C) Social objectives
 - D) Governance objectives
 - E) Other objectives
89. Is there a process in place for reporting against the above measures?
- A) Yes, Internally & Externally
 - B) Yes, internally only
 - C) No.
90. Are processes in place to align RI strategies with long-term investment horizons as per the fund's beneficiaries?
91. How are those investment time-horizons communicated to your asset managers to ensure alignment of RI strategy with members' interests?
92. What are the key successes and challenges in measuring RI performance for your fund?
93. Does your fund seek external verification regarding RI strategy and outcomes?
- A) Yes, we put ourselves forward for external review and assessment
 - B) No does not put ourselves forward for review and assessment
94. Attach any documents you would like to include.
5. Transparency & Responsiveness
95. Is your RI policy or your fund's focus on RI visible on key website sections?
- A) Yes, high levels of transparency and stakeholder engagement on website and public platforms.
 - B) Yes, reasonable level of information about RI and opportunities for stakeholder feedback.
 - C) No, there is not much in the way of information about RI or feedback options.
96. Do you publish an annual report that includes RI?
- A) Integrated Report
 - B) RI Report
 - C) Sustainability Report
 - D) No RI reporting
 - E) Other.
97. Indicate the extent to which you provide a public disclosure of the fund's underlying holdings:
- A) Full holdings disclosure for directly managed
 - B) At least 20
 - C) No disclosure or less than largest 19.
98. Indicate the extent to which you provide a public disclosure of external fund managers used by the fund?
- A) Full disclosure of all external fund managers used
 - B) Major external fund managers disclosed
 - C) No external fund managers disclosed.
- A broader culture of RI
99. Do marketing and member engagement teams promote and educate internally and externally on RI policy, activities etc.?
- A) Dedicated RI promotion team
 - B) RI in overall promotion strategy
 - C) Regular and proactive reference to RI
 - D) Annual reference to RI
 - E) RI rarely mentioned
100. Give at least one example of how your fund seeks to encourage a broader culture of responsible investing external to the organisation.
- Communication
101. Indicate whether your organization proactively informs members and other stakeholders on its responsible investment policy and/ or its performance.
- A) Yes, participants are actively informed about the responsible investment policy and outcome

through more than one communication tool

B) Yes, participants are actively informed about the responsible investment policy and outcomes (e.g. through newsletters)

C) No.

Accessibility & Relevance

102. Stakeholders have easy access to relevant RI information

A) Yes, website, media channels and proactive stakeholder outreach

B) Yes, website

C) Ad hoc

D) No.

103. Is there easy access for customers and members to identify, compare and choose options, including with reference to RI?

A) Yes, online tool available for members to select and compare options on relevant features

B) No, no online tool available for members to select and compare options on relevant features.

104. Attach any documents related to your RI reporting (including where integrated or communicated in other reports).

105. Include any comments you would like to add regarding the survey.

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Appendix B – Project Methodology

The research approach comprises five stages and steps out the approach taken to source, collate, analyse and present data by way of the research findings.

Stage 1 Notification

The first stage was about articulating the need within the Australian context for yet another survey of superfunds. It was also about identifying the likely participants and notifying them of RIAA's intent to undertake the research.

During this process the approach to defining the survey universe was defined. Given that RIAA's project aim was to explore and articulate the variety of approaches being taken by superfunds to responsible investing, it was important that the universe included a cross section of industry, retail, corporate and public. RIAA also wanted to ensure that the project participants mattered in the context of the Australian superfund consumers, so a tilting towards the largest funds was adopted, including an invitation to the Future Fund Board of Guardians.

Fourteen of the APRA largest 50 are members of RIAA; additional RIAA members (New Zealand Super, Good Super, Christian Super, Australian Ethical Super) were invited to participate that were not included on this list due to size and/or geography.

Stage 2 Methodology Development

Stage 2 commenced with a stocktake on the national and international activities in measuring, assessing and reporting responsible investment in the finance and investment sectors. These were identified based on their objectives, targets, scope and industry acceptance and/or value. A gap analysis of these showed that Australian superfunds already had the bones of some useful programs, framework and reporting systems from which to build; particularly:

- VBDO (Dutch Responsible Investment Association) annual Pension Fund Benchmarking Survey¹.
- UNPRI Transparency Reports
- RIAA's Responsible Investment Certification Program
- RIAA's RI Benchmark Report scoring sheet

These initiatives and their attributes were then considered against recognized international practice of good corporate governance, measurement and reporting taken from:

- AA1000 AccountAbility Principles Standard (2008)
- International Integrated Reporting Council Pilot Program
- UNPRI Transparency Reporting Guidelines
- Global Reporting Initiative 4.0 (2014)

RIAA then developed a draft methodology discussion paper to articulate the need for the research and identified gaps and hence opportunities for further research in the Australian context, rationale for the universe selection methodology and a draft research scope by way of a "strawman" framework for leading practice in RI for superfunds based on the aspect mentioned above.

During August, RIAA hosted two workshops (one in each of Sydney and Melbourne) with RIAA superfund members to seek feedback on the research universe rationale, research focus, draft assessment framework – sources and pillars, data inputs and currency. The feedback and inputs noted and 17 actions were logged in a report back to members immediately following the workshops

Considering the feedback from the consultations, RIAA could draft the questionnaire which formed the basis of the information request, as well as the draft reporting structure which largely removed the need for scoring and rating of funds. The research methodology was tightened ensuring that public data sourced by RIAA is referenced for ease by members (and other research participants) wishing to provide additional information for the project.

This research project, developed in consultation with Responsible Investment Association Australasia (RIAA) superfund members and based closely on existing global models, focuses on five pillars of leading practice in superfund responsible investment:

1. Governance and Accountability
2. Responsible Investment (RI) Commitment
3. RI Implementation
4. Measurement and Outcomes
5. Transparency and Responsiveness.

See Appendix A for the information requested of participants under each of the RI pillars.

The final task in Stage 2 involved the establishment of an effective, efficient and safe platform for the issuing, collation, storage and analysis of research data.

Stage 3 Research Administration

Starting in September, RIAA project team undertook desk top research of 50 funds against the 105 questions comprising the information request. Participants were also invited to both verify the data sourced by RIAA about their fund and to provide additional information to enhance the team's understanding of how the fund implements RI throughout their fund. RIAA was especially keen to ensure that it collected information relating more to the quality of implementation of RI by way of evidence of how it's integrated across the fund, rather than proxies for this published statements or formal policies. This request was provided by way of online survey as well as MS Excel in some situations. The RIAA team made itself available to participants that had questions regarding some aspects of the research content and process.

Stage 4 Analysis and Reporting

The final stage of the project involved data collection and analysis which was done principally via the backend of the online survey platform. As some participants also emailed through attachments providing evidence of additional material, the data collation process required a sizeable manual process to separate out quantitative from qualitative data. The final analysis was done using MS Excel worksheets.

In developing the scale (limited, basic, broad, comprehensive) which describes the RI data quality in disclosures, RIAA considered all fund data for each aspect of the five pillars and categorised the data into these four points on the scale. The groupings were then tested against RIAA's broader understanding of disclosures, such as, but not limited to requirements and classifications the *RI*

Reporting Framework 2016 Overview and Guidance (mandatory and voluntary), GRI (sector overlays) and under RIAA's RI Certification Program.

The report was drafted throughout November and the research results were launched on November 24 at RI Australia 2016.

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<http://www.vbdo.nl/files/report/BenchmarkResponsibleInvestmentbyPensionFundsintheNetherlands2014.pdf>