



# Responsible investment report

1 JANUARY TO 30 JUNE 2023

# Responsible investment report

At UniSuper, we're committed to principles of responsible investment. Environmental, social and governance (ESG) practices apply across all our portfolios and are embedded in our investment process.

We believe that ESG practices are an important driver of earnings sustainability, and that good companies with good corporate behaviour make better investments because they tend to manage other aspects of their business well. Our ESG approach applies across all our portfolios and is embedded in our investment process. This report outlines our activities and actions in line with our [responsible investment and proxy voting policy](#).

In reporting on our approach to ESG practices and performance, we reference the [UN Principles for Responsible Investment](#). These include:

- incorporating ESG issues into our investment analysis and decision-making process
- active ownership
- ESG disclosure by investee companies
- collaboration
- reporting on our activities.

## Incorporating ESG issues into our investment analysis and decision-making process

### INTERNAL INVESTMENT MANAGEMENT

#### Pre-investment due diligence

Unlisted infrastructure: We made a new investment in Vantage Towers during the six months to 30 June 2023. See page 2.

Green/sustainability labeled bonds\*: We considered a range of green/sustainability labeled bonds, issued by seven bond issuers, during the six months to 30 June 2023.

### EXTERNAL MANAGER SELECTION AND MONITORING

Listed equities manager appointment:

- We appointed one new external listed equities manager in the six months to 30 June 2023.

Manager monitoring activities:

- A key part of our manager reviews is testing the detail of ESG analysis and level of integration within a manager's investment process. We expect our external managers to align with our responsible investment and proxy voting policy.
- We discussed and analysed many key ESG issues, including: corporate culture, director elections at Annual General Meetings (AGMs), executive remuneration, climate resilience, sustainability reporting and the energy transition, worker safety, human rights in the supply chain, and modern slavery reporting. Many of these issues are long-term themes, and we discuss them with managers on an ongoing basis.
- Many of our managers are now providing regular ESG reporting on engagement and advocacy.

### WHOLE OF PORTFOLIO ESG ANALYTICS

- We reviewed our holdings and options with respect to climate risks, weapons, ESG ratings and controversies, and/or exposure to United Nations Sustainable Development Goals (SDG) themes.

\* This includes fixed interest investments that aim to contribute to positive environmental and social outcomes or are linked to sustainability objectives defined by UniSuper's internal ESG team.

## OTHER ESG CONSIDERATIONS

- We addressed ad hoc member queries and NGO activism relating to climate change issues, nuclear weapons, fossil fuel exposure in the banks' lending books, our own fossil fuel exposure, and animal welfare.
- We continued to monitor and assess various tools to assist in identifying and evaluating ESG risks in the portfolio.
- We set climate targets for our investment portfolios. Our annual *Climate risk and our investments* report provides further information on our approach. The report for the financial year ended 30 June 2023 will be available from September 2023.

## Active ownership

### DIRECT ENGAGEMENT

#### Listed company engagement

We continue to engage with company CEOs, senior executives, directors and chairs on a range of both ESG-related and broader commercial matters. We had 74 company meetings to discuss specific ESG-related issues. Many of the issues we raised are areas of ongoing dialogue and engagement.

#### Unlisted company engagement

We continued to monitor and encourage our unlisted investments to improve their ESG reporting.

#### Due diligence on new investments and projects

When acquiring new investments, we perform a comprehensive ESG review as part of our due diligence process. This includes meeting with management, specialist ESG consultants and other stakeholders to discuss ESG risks. In some instances, the ESG review will guide a decision not to invest.

Over the past six months we undertook ESG due diligence on a variety of investment opportunities. This included looking at ESG risks specific to the investments, as well as ownership structure, project risks (such as environmental and safety considerations), and social licence to operate. It also included consideration of ESG impacts like the expected social benefits from our investments.

### NorthStar Impact Funds

In May 2023, UniSuper appointed NorthStar Impact Funds (NorthStar) as a specialist external listed equity manager for our Sustainable Balanced and Sustainable High Growth investment options. NorthStar invests in listed companies in Australia and New Zealand whose core business activities seek to address social and environmental challenges, with the aim of generating measurable outcomes alongside financial returns. Its investment process begins by defining issues based on the SDG themes. Its core focus areas include affordable housing, education, health care, land and resource management, and renewable energy generation and storage. The relationship represents an exclusive institutional arrangement between NorthStar and UniSuper, with a specialist mandate and scope for potential further collaboration.

### Vantage Towers

In April 2023, UniSuper acquired an indirect 5% interest in Vantage Towers, together with other consortium partners and Vodafone. Vantage Towers is one of the leading mobile towers businesses in Europe with large portfolios across ten markets including Germany, Italy, Spain and UK. This acquisition took place after a period of extensive due diligence, during which UniSuper engaged directly with the asset and the external investment manager to discuss many aspects of business operations, sustainability and governance. The success of this deal adds to UniSuper's high quality defensive infrastructure portfolio. More details [here](#).

### Venture capital investment through Uniseed

In 2022, UniSuper committed \$75 million to Venture capital investment through Uniseed, Australia's longest-established early-stage commercialisation fund manager. Uniseed is owned by the Universities of Melbourne, Queensland, Sydney, New South Wales and the CSIRO. UniSuper is actively involved with Uniseed and has observer status on Uniseed's Investment Committee.

The partnership provides UniSuper with the opportunity to be an initial investor in the latest research and technology coming out of Australian universities, including in areas that aim to solve health and environmental issues.

Uniseed's current investments cover a wide range of technologies, including:

- hydrogen storage systems
- carbon capture technology
- development of advanced magnetic nanoparticles for use in the detection of cancer
- real-time airborne disease detection in crops
- drone radio-tracking technology of wildlife.

Below are examples of UniSuper's investment through Uniseed.

***Trioda Wilingi (University of Queensland)***

Trioda Wilingi is in the process of developing an injectable medical gel made from Australian spinifex grass, which is a species of desert grass native to rural Australia. The gel is based on a technology developed collaboratively by the University of Queensland and the Dugalunji Aboriginal Corporation (now Bulugudu Ltd). It has many potential applications including osteoarthritis, drug delivery and cosmetic treatments.

***Morse Micro (CSIRO)***

Micro Morse is an Australian-grown tech company that's changing the Wi-Fi industry with its energy efficient, Wi-Fi HaLow silicon chip. The chip can operate for extended periods on tiny batteries and over longer distances than earlier Wi-Fi chips. The company has won multiple industry awards for its products.

**THIRD PARTY ENGAGEMENT**

**The Australian Council of Superannuation Investors (ACSI)**

In addition to our own direct engagement with companies, ACSI (of which we're a founding member) conducts extensive engagement and research activities on behalf of its members. ACSI also meets with most Australian listed companies ahead of their AGMs and produces proxy voting advice on all resolutions. It has a particular focus on board composition, diversity, succession planning and remuneration.

We attended various company meetings hosted by ACSI. For more detail about ACSI's engagement and impact, visit [www.acsi.org.au](http://www.acsi.org.au)

**ACSI Governance Guidelines**

ACSI Governance Guidelines provide listed companies with greater clarity on important ESG matters. The guidelines set out investor expectations of key ESG issues and principles supporting AGM voting recommendations. UniSuper is a member of the

Governance Guidelines working group. The working group reviews the guidelines every two years to ensure they remain current, relevant, and reflect best practice on corporate governance.

**Review of Australia's Modern Slavery Act 2018**

UniSuper participated in ACSI's submission to the Federal Government's statutory review of the *Modern Slavery Act 2018* (the Act). It is pleasing to see that in May 2023, the Government tabled a report outlining 30 recommendations, which covered a number of ACSI's proposals. Key recommendations include:

- implementing a due diligence system beyond reporting, taking effective action to identify and assess risks, and report on progress in addressing them
- extending reporting obligations under the Act to businesses with annual consolidated revenue of \$50m and above (currently \$100m and above)
- applying penalties for failing to report without a reasonable excuse and failing to put a due diligence system in place
- introducing mandatory requirements for entities to report on identified modern slavery incidents or risks, internal and external consultation on modern slavery risk management, and the grievance and complaints mechanism available to staff and others.

**CGI Glass Lewis**

We use CGI Glass Lewis for engagement and advice on international proxy voting matters.

**Investment managers**

We consider ESG issues as part of our investment process. This includes the oversight of external investment managers and investments made on our behalf. Our investment team manages over 70% of our funds internally. We use specialist external managers to complement our in-house management, particularly in offshore markets and niche sectors.

We regularly engage with our external managers on ESG issues and each year we formally review their approach to ESG integration. In the second half of 2023, we will conduct our biennial 'deep dive' on ESG across our incumbent equities and fixed income managers to ensure that their ESG processes and practices are robust.

In our ongoing engagement with our external managers, we discussed key ESG risks in their portfolios, how they engage with companies and their approach to proxy voting. We provided feedback on areas where we saw opportunities for improvement.

## KEY ENGAGEMENT ITEMS

### ESG disclosures

In the last six months, we provided sustainability reporting feedback to Goodman Group, Scentre Group, GPT Group, South32, Sydney Airport, Adelaide Airport, Manulife, Orica Ltd, Wesfarmers, NextDC, Cleanaway, Bluescope Steel and Aristocrat Leisure Ltd.

### Climate reporting

We continue to engage with our investee companies on their climate disclosures and reporting. We provided feedback to the following companies on their climate report, including what we expect to see and improvements to their disclosures:

- **APA Group:** We continued to work with APA on progressing their climate reporting, particularly with increased requirements from the Safeguard Mechanism (the Federal Government's policy for reducing emissions at Australia's largest industrial facilities). Our engagement was focused on the disclosure of projects to reduce fugitive emissions and electrify compressors, additional disclosure to support their interim emissions reduction targets, and progress towards improved methane reporting.
- **South32 Ltd:** South32's climate reporting is comprehensive. Most of our engagement with South32 has been on specific areas. These include disclosure of projects to reduce emissions covered under the Safeguard Mechanism, and progress and work they are undertaking at Hillside and Worsley, ensuring a just transition for those regions as they move towards their medium-term target. We also engaged with South32 to better understand their plans to disclose progress against their new goal of net zero Scope 3 greenhouse gas emissions by 2050.
- **Aristocrat Leisure Ltd:** Whilst not a large emitter, Aristocrat has been a laggard among UniSuper's top 50 Australian holdings on climate reporting. We have engaged extensively with their team this year on the timeline for publishing emissions reduction targets and how they are mapping Scope 3 emissions (generated by those of its suppliers and customers) which is where the majority of their emissions reside. We expect new disclosure towards the end of 2023.
- **Mandatory climate disclosure:** At a system level, we have engaged with both policymakers and investee companies on the implementation of mandatory climate reporting that will likely be introduced into Australia in 2024-25. We have also engaged with our investee companies on the quality of their reporting to meet proposed new regulation and what we expect to see in transition plans.

### Australian Asset Owner Stewardship Code

UniSuper is a signatory to the [Australian Asset Owner Stewardship Code \(the Code\)](#) and was also part of the working group that established the Code in 2018. This code aims to enhance the quality, transparency and accountability of stewardship activities in Australia. In our [Stewardship Statement](#), we outline the six principles of the Code and how our stewardship activities meet these principles.

### Cyber security

Cyber security has long been an ESG engagement topic and a focus of investors as it plays a critical role in protecting systems, networks, programs and data. With data being core to business operations and companies storing more customer data, companies are increasingly becoming targets for malicious attacks. This is particularly so in the information technology, consumer discretionary, financials, healthcare and communications services sectors.

UniSuper has been engaging with companies on cyber security across several areas, including compliance and policy, accountability, skills, resources, training, as well as business continuity and risk management. Cyber security has been heightened on our agenda since 2020 and we have raised this with our investee companies.

### Remuneration - Two strikes rule, CEO remuneration Australia compared with USA

Both Australian and US listed companies have a requirement for shareholders to vote on executive compensation, but these votes are advisory only and non-binding. However, remuneration outcomes for Australian listed companies are much lower than those seen in US listed companies. One reason for this is that a vote against remuneration at Australian listed companies has potentially significant consequences which do not operate in the USA.

In Australia, all listed companies are required to put their remuneration report to a shareholder vote at their AGM each year. The 'two strikes rule' is designed to hold boards accountable for ensuring that executive salaries and bonuses are aligned to shareholder expectations. A strike occurs when this vote achieves an against result of 25% or more of votes cast at the AGM. A first strike sets up a contingent vote for a 'spill resolution' (to vote for a spill of the entire board) if a second strike occurs at the following year's AGM. If the spill resolution is triggered at that subsequent AGM and it passes with a 50% majority, a spill meeting must take place within 90 days of that AGM. At the spill meeting, those persons who were directors when the directors' report was considered at the most recent AGM (other than the managing director) are required to stand for re-election.

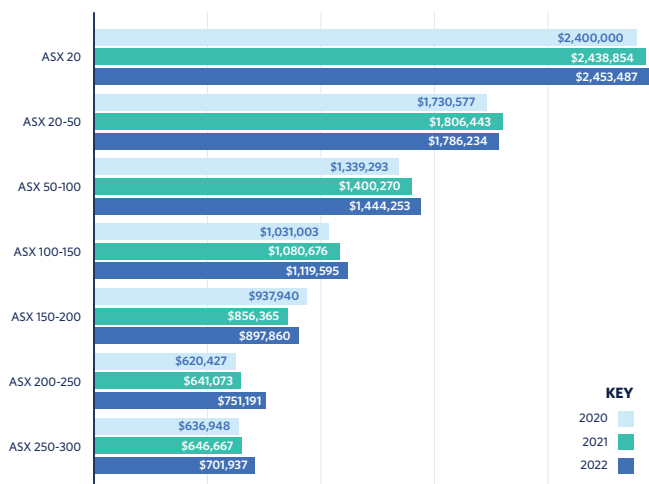
While there have been several instances of companies receiving two strikes, so far there hasn't been a successful spill resolution passed at an ASX200 company AGM. Nevertheless, it is worth acknowledging the effect of this regime in Australia since it was introduced in 2011. Although we have always had engagement with the boards of our ASX listed companies, this has increased significantly over the last decade. In our view, the two strikes regime has led to remuneration outcomes at ASX listed companies being far more moderate than those seen in US listed companies where no similar regime exists.

The 2022 AGM season saw a total of 23 remuneration strikes in ASX300 companies where the shareholders' vote against a company's remuneration report was above 25%. Examples of companies that received a first strike are ASX Ltd (30.5%), Cleanaway Waste Management Ltd (25.5%) and Newcrest Mining Ltd (36.6%). Four companies received a second strike, including Goodman Group (27.9%)

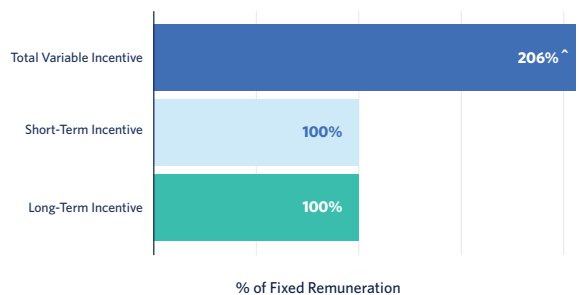
See below a comparative illustration of CEO remuneration levels in Australia and USA

Figures 1 and 2 relate to CEOs in S&P/ASX300 whilst Figure 3 relates to US CEOs pay in S&P500.

**FIGURE 1: S&P/ASX300 MEDIAN CEO FIXED REMUNERATION BY INDEX (IN AUD)**



**FIGURE 2: S&P/ASX300 MEDIAN VARIABLE REMUNERATION (AS % OF FIXED REMUNERATION)**



The above chart illustrates the median variable remuneration for CEOs of S&P/ASX300 companies. The quantum of variable remuneration is presented as the percentage of fixed remuneration. Combined incentives are included only for the calculation of the median for the total variable incentive.

^The additional 6% under total variable incentive arises from the inclusion of awards that were not captured under standard STI or LTI (e.g., combined incentives, medium-term awards).

Source for Figure 1 and Figure 2: Glass Lewis, 2022 Season Review: Proxy Stats

**FIGURE 3: AVERAGE CEO COMPENSATION\***

S&P 500 CEO DIRECT COMPENSATION (IN USD)	2020	2021	2022
Average	\$14,605,435.17	\$16,500,347.71	\$19,298,429.77
Median	\$12,474,037.43	\$12,451,300.18	\$15,072,293.48
Highest	\$249,904,602.32 (Google)	\$702,000,886.00 (Paycom)	\$329,595,305.16 (Intel)

\*Based on Glass Lewis' pay-for-performance valuation methodology. Source for Figure 3: Glass Lewis, Proxy Season Review 2022

### **Diversity and inclusion**

At UniSuper, diversity and inclusion is integral to how we serve our members, grow our people and support our community. We believe that fostering inclusive environments and encouraging diverse backgrounds and perspectives is essential to building high-performing organisations.

We extend this commitment to our investments, considering diversity when voting on board appointments and raising it as a key issue when engaging with companies.

### **Climate Action 100+**

The Climate Action 100+ is a global investor collaboration, facilitated (in Australia) by the Investor Group on Climate Change (IGCC). It requests companies to report on and demonstrate alignment with the goals of the Paris Agreement. This engagement focuses on the 100 companies with the highest Scope 1, 2 and 3 emissions globally. UniSuper is a lead investor for one company and a supporting investor for four others as part of the Climate Action 100+.

Visit [www.climateaction100.org](http://www.climateaction100.org) for more information.

### **ACSI's Working Group on Rights and Cultural Heritage Risk Management**

UniSuper is the co-chair of ACSI's Working Group on Rights and Cultural Heritage Risk Management. The working group has previously released a [research report](#) and a policy to:

- guide investors in their engagement of investee companies
- set expectations for the companies around their relationship with First Nations People
- identify good practices in engagement, risk management and disclosure.

### **2022 Global Investor Statement to Governments on the Climate Crisis**

UniSuper signed up to this statement in 2021 and again in 2022. This joint statement—co-ordinated by the seven Founding Partners of The Investor Agenda (AIGCC, CDP, Ceres, IGCC, IIGCC, PRI and UNEP FI)—is now signed by 587 investors, representing over USD \$46 trillion in assets.

The statement calls on all governments to raise their climate ambition and implement robust policies, outlining five key urgent actions:

1. Strengthen Nationally Determined Contributions for 2030 in line with limiting warming to 1.5°C.
2. Commit to a mid-century net zero emissions target, with clear sectoral decarbonisation roadmaps.
3. Ensure ambitious pre-2030 policy action, including strengthened carbon pricing, phasing out fossil fuel subsidies and thermal coal-based power, avoiding new carbon-intensive infrastructure (no new coal power plants), and developing just transition plans.
4. Ensure COVID-19 economic recovery plans support the transition to net-zero emissions.
5. Commit to implementing mandatory climate risk disclosure requirements.

### **Remuneration policies**

In addition to pre-AGM meetings, we provided feedback to the following companies on their remuneration policies: Sandfire Resources Ltd, Aristocrat Leisure Ltd, ASX Ltd, QBE Insurance, Rio Tinto, Cleanaway Waste Management Ltd, National Australia Bank, Westpac Banking Corp, Endeavour Group, Scentre Group, GPT Group and Goodman Group.

### **Other areas - ongoing and emerging**

- waste management (plastics and the circular economy)
- data security and digitisation
- cultural heritage management
- sustainable food systems – including antibiotic resistance, climate resilience and adaptation, alternative protein
- automation and robotics
- franchising
- animal welfare
- modern slavery and human rights
- occupational health and safety.

## Case studies

We have included the following case studies to demonstrate the benefits of extensive engagement with our investee companies and our approach to proxy voting.

### Governance

#### **NATIONAL AUSTRALIA BANK - CPS511 AND REMUNERATION**

In the aftermath of the banking Royal Commission, the Australian Prudential Regulatory Authority (APRA) introduced a Cross-industry Prudential Standard (CPS511) on remuneration arrangements for APRA-regulated entities (banks and insurers). CPS511 became effective on 1 January 2023. The key requirements of CPS511 are that remuneration frameworks must incorporate:

- Non-financial measures: variable remuneration must give 'material weight' to non-financial measures and
- Deferral: at least 60% of the CEO's total variable remuneration must be deferred over a minimum period of six years. For executives at senior manager and executive director level, at least 40% of variable remuneration must be deferred over five years, vesting no faster than on a pro-rata basis and only after four years (section 39(a) and (b)).

The term 'material weight' is not defined but 'financial measures' is defined to mean measures based on revenue, sales, profit, share price or other measures that directly affect these. This extends to market share-based measures. Non-financial measures are defined as measures that are not financial measures.

We believe that CPS511 provides boards reasonable guidance to develop a framework that is aligned with shareholder interests. We believe some weighting to non-financial measures is appropriate in determining remuneration outcomes but we note that these measures can be subjective and difficult to quantify. Accordingly, our preference is for financial measures to have at least a 50% weighting in variable remuneration.

During this half year, we met with National Australia Bank to discuss the changes it is proposing for its remuneration framework to ensure compliance with CPS511. We provided our feedback on these changes and noted our preference that financial measures (which can be readily quantified) be weighted at least 50% of the determination of variable remuneration.

#### **THE LOTTERY CORPORATION - REMUNERATION**

In 2022, The Lottery Corporation demerged from Tabcorp Holdings Ltd. Since then, we have engaged with the management and board. We have provided some feedback on how their remuneration structure should look, considering alignment with shareholder experience and the industry's best practice.

#### **CLEANAWAY WASTE MANAGEMENT LTD - REMUNERATION**

We engage regularly with Cleanaway's management on a range of topics including remuneration. At the 2022 AGM, we voted against Cleanaway's remuneration report to express our concerns in relation to the remuneration outcome. Our engagement on remuneration, board composition and other issues continued during the period.

#### **META PLATFORM AND ALPHABET INC - SHAREHOLDER PROPOSAL REGARDING INDEPENDENT ASSESSMENT OF AUDIT AND RISK OVERSIGHT COMMITTEE**

We understand and remain disappointed that corporate governance structures in the USA generally fall below Australian standards. This is especially the case in founder led companies like Meta (owner of Facebook) and Alphabet (owner of Google). Both companies have dual class shares with differential voting rights which entrench founder voting power (above 50% of voting shares), well in excess of economic interest (c.13% at Meta; c.12% at Alphabet). In addition, board composition would typically fail Australian governance standards in terms of majority independent directors. These concerns extend to board subcommittees responsible for oversight of various aspects of the companies.



In recent years, both Meta and Alphabet have been found to be in breach of regulatory requirements in a number of countries, resulting in fines of billions of US dollars. These fines relate to misleading representations to consumers about data use as well as anticompetitive behaviour. It is the responsibility of the audit and risk oversight committee of a company to monitor these risks, so large fines across multiple jurisdictions do raise questions about the effectiveness of this oversight. At this year's AGM, shareholders were asked to vote on shareholder proposals requesting independent assessment of the audit and risk oversight committees. We considered this vote from the perspective of our general position on shareholder proposals and the merits of these particular resolutions.

Our general position on shareholder proposals is that we consider the request of the company in the context of what it is already doing. If a company is already meeting the substance of the request, our practice is to support the company and vote against the resolution. For our ASX listed companies, where we have excellent access and opportunities to engage, we very rarely support shareholder resolutions. However, with limited opportunity for engagement with international companies, supporting shareholder resolutions is a way of expressing our concerns on the matters raised in the proposal, if it is a reasonable request.

Our view on the Meta and Alphabet resolutions is that it is reasonable to request an independent assessment of Meta and Alphabet's audit and risk oversight committees, given the multiple regulatory failings in recent years. With no opportunity for engagement, we voted to support these resolutions.

## Social

### **CLEANAWAY WASTE MANAGEMENT LTD - OCCUPATIONAL HEALTH AND SAFETY**

In February 2023, a fatality occurred at one of Cleanaway's sites. SafeWork NSW is investigating the site and the machinery involved in the incident and has conducted a series of checks and job safety analysis. As soon as we became aware of the incident, we held a meeting with management to discuss the incident, the current safety measures in place, and the plan for improvement, and we highlighted the importance of worker safety.

### **AMERICAN EXPRESS CO - SHAREHOLDER PROPOSAL REGARDING INFORMATION REQUESTS REGARDING LAWS CRIMINALISING ABORTION**

In its 2023 AGM, American Express had a shareholder proposal requesting that the company provide a report on any known and potential risks of fulfilling information requests to enforce laws criminalising abortion. We voted against the resolution for the following reasons:

1. The company has provided significant information regarding its policies and procedures related to consumer data privacy and data sharing, as well as information related to the many legal requirements it must follow as a financial institution. The company is also subject to a number of laws and regulations concerning how it must handle customer data and government information requests.
2. This proposal is requesting the company to produce additional reporting, which would not meaningfully add to shareholders' understanding of how the company handles data privacy or the considerations it makes when fulfilling government data requests.
3. The company states that it generally does not provide customers' information to law enforcement or regulatory agencies in the absence of a subpoena, exigent circumstances, or where the company is the victim of the crime. There are also restrictions on the financial data that the federal government is able to request. There is no evidence of this matter being mishandled in any form by the company or presenting a material risk to shareholders.
4. Moreover, in terms of the actual data collected, the company can only track the stores at which consumers are purchasing the goods or services, it cannot itemise the goods or services purchased.

## Proxy voting

As an active owner, we exercise all proxy votes for listed Australian and international shareholdings. When voting for Australian shareholdings, we make our own independent decisions based on a range of inputs including proxy voting advice from an external proxy advisor firm, fund managers' view, company performance, and our direct engagement with investee companies, their management and board members. Refer to our [responsible investment and proxy voting policy](#) for our proxy voting process.

## SUMMARY OF VOTING RESULTS

### Australian voting outcomes

We voted 100% of our shares against the remuneration reports of Brainchip Holdings Ltd, Ionic Rare Earths Ltd, Nickel Mines Ltd and Nufarm Ltd.

[Here](#) we provide details of all the resolutions we voted on at ASX listed company meetings during the six months to 30 June 2023.<sup>^</sup>

**TABLE 1: SUMMARY OF AUSTRALIAN PROXY VOTING**

1 January - 30 June 2023						
	For	Against	Mix <sup>*</sup>	Abstain <sup>#</sup>	Total	%
Board spill	-	1	-	-	1	0
Director elections	153	7	4	-	164	34
Miscellaneous	108	8	3	-	119	24
Other remuneration	121	17	1	-	139	29
Remuneration report	51	5	1	-	57	12
Say On Climate	1	-	-	-	1	0
Shareholder proposals	-	5	-	-	5	1
<b>Total</b>	<b>434</b>	<b>43</b>	<b>9</b>	<b>-</b>	<b>486</b>	<b>100</b>

\* Multiple managers can hold a security with different (and equally valid) views on how to vote. We have the ability to override external manager votes when needed.

# We will only allow our external managers to vote abstain where there isn't an option to vote 'against' or a specific approval to vote 'abstain' is granted.

### International voting outcomes

We exercise our proxy voting rights for shares held in international share markets on an ongoing basis throughout the year.

Over the last six months, we (together with our managers) voted on 20,269 resolutions at 1,698 company meetings across 47 countries outside of Australia (see Table 2A for a summary).

[Here](#) we provide for all of the resolutions we voted on our international holdings that held meetings over the six months to 30 June 2023.<sup>^</sup>

<sup>^</sup>In our previous reports, we have included details of our voting as an appendix to the report. For this report (and moving forward), we have provided the details via our website. Please visit <https://www.unisuper.com.au/investments/how-we-invest/responsible-and-sustainable-investing/responsible-investment-policies-statements-and-reports>

TABLE 2A: SUMMARY OF INTERNATIONAL PROXY VOTING

1 January - 30 June 2023						
	For	Against	Mix*	Abstain#	Total	%
Director elections	9,448	746	95	31	10,320	51
Miscellaneous	5,885	664	73	100	6,722	33
Other remuneration	849	115	26	1	991	5
Remuneration report	958	229	26	-	1,213	6
Say On Pay	460	-	-	-	460	2
Say On Climate	8	-	-	2	10	0
Shareholder proposals	248	214	89	2	553	3
<b>Total</b>	<b>17,856</b>	<b>1,968</b>	<b>309</b>	<b>136</b>	<b>20,269</b>	<b>100</b>

\* Multiple managers can hold a security with different (and equally valid) views on how to vote. We have the ability to override external manager votes when needed.

# We will only allow our external managers to vote abstain where there isn't an option to vote 'against' or a specific approval to vote 'abstain' is granted.

### Voting in line with or against management

In exercising our proxy votes, we take into consideration the company management recommendation of each vote, along with recommendation from our proxy voting adviser, and our own view based on our engagement with the companies to form the ultimate voting decision. The two graphs below show the proportion of our votes in line with or against the board recommendation from 1 January 2023 to 30 June 2023.



#### AUSTRALIAN VOTING\*\*

Against management	7%
With management	93%



#### INTERNATIONAL VOTING\*\*

Against management	11%
With management	89%

\*\* This analysis excludes 'Mix' votes and votes on resolutions where management did not put a recommendation.

<b>COUNTRY SUMMARY (EXCLUDING AUSTRALIA) 1 JANUARY - 30 JUNE 2023</b>	
<i>Country</i>	<i>Number of meetings</i>
United States	638
Japan	249
China	90
Canada	73
United Kingdom	51
Korea, Republic of	41
Sweden	40
Germany	37
Cayman Islands	36
Taiwan	35
Other	408
<b>Total</b>	<b>1,698</b>

## SHAREHOLDER RESOLUTIONS

Shareholder resolutions are becoming a more common tool when engaging with companies across the world. When determining how to vote on shareholder resolutions, we consider the following factors:

- The legal framework in the jurisdiction. In Australia, there is no provision for non-binding advisory shareholder resolutions in the Australian Corporations Act. Most Australian proposals request an amendment to the constitution to facilitate shareholder resolutions, in addition to the specific request. We collaborate with shareholder groups (ACSI in Australia; the Asian Corporate Governance Association in Asia) to encourage a consistent legislative solution.
- What the company has already committed to and is doing. If a company is already meeting the substance of the request, our practice is to support the company (i.e. vote against the shareholder resolutions). We will always urge companies to be public about their actions and commitments but will rely on the word of the company through private engagement.
- The substance of the request. We will not support frivolous or vexatious resolutions. In some jurisdictions, shareholder proposals are not subject to any oversight, which means, for example, that there can be proposals regarding the food provided at the AGM.

Table 2B below summarises the shareholder resolutions on which we voted in the last six months (see [here](#) for a full list).

<b>TABLE 2B: SUMMARY OF SHAREHOLDER PROPOSALS</b>						
<i>1 January - 30 June 2023</i>						
	<b>For</b>	<b>Against</b>	<b>Mix</b>	<b>Abstain<sup>#</sup></b>	<b>Total</b>	<b>%</b>
Environmental <sup>1</sup>	54	20	21	-	95	17%
Governance <sup>2</sup>	122	132	31	2	287	51%
Social <sup>3</sup>	72	67	37	-	176	32%
<b>Total</b>	<b>248</b>	<b>219</b>	<b>89</b>	<b>2</b>	<b>558</b>	<b>100%<sup>4</sup></b>

<sup>1</sup> Includes shareholder resolutions relating to Say on Climate, climate lobbying, environmental issues, sustainability / environmental report, reports on antibiotics in animal agriculture, reducing GHG emissions and action on climate change.

<sup>2</sup> Includes resolutions on board composition, director elections, independent board chairman, board/shareholder rights issue, audit and bylaw amendments.

<sup>3</sup> Includes reporting on human capital management, company's compliance with International Human Rights Standards, tobacco, alcohol, firearms, labour issues, abortion issues, and racial equity audit.

<sup>4</sup> Figures may not add to 'Total' due to rounding.

<sup>#</sup> We will only allow 'abstain' votes where there isn't an option to vote 'against' or a specific approval to vote 'abstain' is granted.

## Collaboration and promotion of ESG and responsible investment

The ESG community is highly collaborative and recognises that when investors work together, impact is significantly enhanced.

UniSuper is an active and engaged member of a number of different forums, including:

- ACSI, member of Board and Member Advisory Council
- IGCC, member of Management Committee and Thought Leadership Working Group
- Responsible Investment Association Australia (RIAA), member of corporate engagement working group
- Asian Corporate Governance Association (ACGA)
- Principles for Responsible Investment (PRI)

Our team continues to actively participate in activities that seek to promote ESG and responsible investment, including attending conferences and industry events.

### In the last six months, we've:

- attended 41 collaborative ESG briefings, roundtables and conferences
- presented at three conferences
- presented at two university events
- attended numerous broker ESG research meetings.



We also regularly participate in informal ESG-related dialogue with our peers on a broad range of matters. It's often this interaction which is most insightful but difficult to quantify.

The briefings and conferences we attended related to a wide variety of matters, including:

- climate and carbon risk, adaptation and resilience
- facilitating corporate sustainability roundtables
- modern slavery reporting
- electric vehicles and automation
- renewable energy and battery storage
- waste and recycling
- human rights, workers' rights, labour standards and wage fraud
- occupational health and safety
- shareholder and civil society activism
- Indigenous land rights.

### CONTINUED ENGAGEMENT WITH UNIVERSITIES

We continue to work with our stakeholders in the university and research sectors, sharing our knowledge and experience across a range of investment and ESG topics. Over the past six months, we presented to students and alumni on topics covering investment strategy, active ownership, ESG integration into decision making, and investment themes such as decarbonisation.

We also seek opportunities to learn from the academic sector, harnessing research and insights across various research areas. This includes using research produced by Monash University's Climateworks Centre on decarbonisation pathways for Australia and their Energy Transitions Initiative (ETI) which explores how heavy industry and its value chain in Australia could decarbonise. We joined the launch of the Net Zero Australia Project from the University of Queensland and University of Melbourne. This models pathways to decarbonise the energy, industrial and transport sectors. The project also explores the socio-economic benefits of decarbonisation, including pollution reduction and job creation, while also considering the implications for capital mobilisation, incumbent industries, employment, and land use.

### REPORTING OUR ACTIVITIES

We're committed to being transparent regarding our approach to ESG and to reporting on the work that we do in this area. We've been reporting our proxy voting results since 2004 and preparing a more detailed half-yearly Responsible Investment report since 2009.

## Member choice

In addition to integrating ESG considerations across all investment decisions (portfolio-wide), we also provide member choice in our Accumulation and Account-based pension products. We understand that our members have a range of different values, and it's important to consider these preferences in the investment options we offer.

In addition to our standard investment options, we offer members three sustainable and environmental branded investment options — Sustainable Balanced, Sustainable High Growth and Global Environmental Opportunities.\* As at 30 June 2023, these options were meeting their long-term return objectives as stated in the Product disclosure statement (PDS). The performance of all UniSuper investment options is available on our website.

TABLE 3: SUSTAINABLE AND ENVIRONMENTAL BRANDED OPTION RETURNS (%) (ACCUMULATION OPTIONS) <sup>1</sup>					
As at 30 June 2023	1 year	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.
Sustainable High Growth	13.8%	8.2%	8.5%	9.5%	10.4%
Sustainable Balanced	11.0%	5.8%	6.7%	7.4%	8.2%
Global Environmental Opportunities	5.1%	12.1%	11.7%	13.1%	11.9%

### More information

If you'd like more information, please refer to our [responsible investing and proxy voting policy](#).

\* Refer to the PDS or our website to find out what sustainable and environmental investing means to us.

<sup>1</sup> Past performance isn't a reliable indicator of future performance.

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This information is of a general nature only and includes general advice. It has been prepared without taking into account your individual objectives, financial situation or needs. Before making any decision in relation to your UniSuper membership, you should consider your personal circumstances, the relevant product disclosure statement and target market determination for your membership category (available at [unisuper.com.au/pds](https://unisuper.com.au/pds)), and whether to consult a licensed financial adviser. This information is current as at July 2023 and is based on our understanding of legislation at that date. Information is subject to change. This is not intended to be an endorsement of any of the listed securities named above for inclusion in personal portfolios.

Issued by: UniSuper Management Pty Ltd ABN 91 006 961 799, AFSL No. 235907 on behalf of UniSuper Limited the trustee of UniSuper, Level 1, 385 Bourke Street, Melbourne Vic 3000.

Fund: UniSuper, ABN 91 385 943 850  
Trustee: UniSuper Limited, ABN 54 006 027 121  
Date: July 2023

Level 1, 385 Bourke Street, Melbourne Vic 3000

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July 2023

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