UniSuper

Policy

Responsible investment and proxy voting policy

This document outlines our responsible investment and proxy voting policies. Read our annual Responsible investment reports for updates on our activities.

Investing in quality

UniSuper is committed to providing greater retirement outcomes for our members, and we have a fiduciary duty to act in their best financial interests. This also includes our commitment to responsible investment. We believe that environment, social and governance (ESG) is an important driver of earnings sustainability and that good companies with good corporate behaviour make better investments.



We're an active and long-term investor

UniSuper is not an 'activist' fund. We are a long-term owner, and we take an active interest in the quality of our investments incorporating commercial, strategic and ESG factors. Our investment process is focused on our fiduciary duty to act in the best financial interests of our members.

ESG applies across our portfolios and is embedded in our investment management and decision-making process including consideration of investment opportunities and risks.

We aim to be long term shareholders in companies and seek to engage with our major holdings on a wide range of material ESG issues.

Climate change position statement

UniSuper endorses the goals of the Paris Agreement on climate change which aims to limit global warming to well below 2°C above pre-industrial levels with the stretch ambition of 1.5°C by the second half of this century.[1] At the core of our position is the view that global warming represents a long-term risk to economies, industries, societies, the environment, and by extension the retirement outcomes of our members, and that an equitable and orderly transition to net-zero emissions by 2050 will avoid the worst impacts of climate change.

Read our *Climate risk and our investments report* for details on our fund's progress towards net-zero emissions by 2050.

[1] The Paris Agreement | https://unfccc.int/process-and-meetings/the-paris-agreement

Governance, roles and responsibilities

Our strategy and the key performance indicators of the Chief Investment Officer and Investments Leadership Team make specific reference to environmental, social and governance (ESG) factors. Below are the responsibilities of each entity in determining, overseeing and implementing our responsible investment approach.

ENTITY	RESPONSIBILITIES
The Board	• Determines the degree of risk we're prepared to accept having regard to the best financial interests of our members. • Ensures that we discharge our duties as a trustee.
Investment Committee	• Sub-committee of the Board chaired by an independent director. • Oversees the implementation of investment strategies, including the management of material ESG risks to the Fund.
Investments team	• Accountable for implementing all investment strategies approved by the Board and overseen by the Investment Committee. • Integrates ESG considerations into the investment process.
ESG specialists	• Dedicated professionals within the Investments team focused on ESG considerations. • Lead company engagements on ESG in collaboration with investment analysts and portfolio managers. • Engage with investment analysts to collaborate on proxy voting and due diligence on new assets. • Monitor global best practice and emerging themes, regulatory change and advocacy.

Holistic approach to responsible investment

As an active owner:
- we seek to exercise proxy votes for listed Australian and international share holdings
- we actively engage with our major investments on a range of commercial, strategic and ESG matters.

We consider material ESG factors as part of our day-to-day investment management process. For example:
- ESG due diligence on new, major, listed and direct investments
- ongoing monitoring of ESG performance of our major Australian holdings
- ESG reviews of external fund managers
- option-wide assessment of ESG risks in portfolios.

Our Investments team presents updates to the Investment Committee (a subcommittee of our Board) on ESG risks to the fund. This is done from many perspectives and across a range of issues. It also includes considering climate risks and potential impacts of climate events to assets and companies, which could have a material effect on long-term investment returns.

In reporting on our ESG approach, practices and performance, we have referenced the UN Principles for Responsible Investment:
- incorporating ESG issues into the investment analysis and decision-making process
- active ownership
- ESG disclosure by investee companies
- collaboration
- reporting on our activities.

Fund-wide exclusions

Across our fund, we limit exposure to:
- tobacco manufacturing. We exclude companies considered to be manufacturers of cigarettes and other tobacco products, as classified by third party providers.
- thermal coal. We exclude companies with reported revenues greater than 10% deriving from the exploration or production of thermal coal. We may continue to hold thermal coal miners with greater than 10% reported thermal coal revenues if they're in the process of divesting their thermal coal business.[2]

Sustainable and environmental branded options

In addition to considering material ESG factors across our major investments, we offer members the choice of sustainable and environmental branded options.[3]

On top of our fund-wide exclusions, our sustainable and environmental branded options seek to limit exposure to certain business activities, that we consider may cause adverse impacts, by applying additional negative screening criteria for certain sectors.[2] We also seek to consider the United Nations Global Compact (UNGC) principles when evaluating companies to ensure they align with fundamental responsibilities in areas such as human rights, labour, environment and anti-corruption. Our policy for addressing issues as they arise includes active engagement with companies to understand their response and mitigation efforts on adverse impacts.

[2] See our *How we invest your money* document for details of the negative screens and for further information of how we apply our fund-wide exclusions and the negative screens.

[3] Sustainable and environmental investing means different things to different people. Different products have different investment criteria. Read our *How we invest your money* document to find out what sustainable and environmental investing means to us and what our investment options invest in.

How we incorporate ESG issues into the investment analysis and decision-making process

We aim to ensure that material ESG factors, those likely to impact the value of an investment, are considered across major holdings at relevant stages of the investment process.

ESG activities encompass both our in-house (internal) investment management activities as well as the oversight of external investment management and the investments made on our behalf.

INTERNAL INVESTMENT MANAGEMENT

Our in-house investment management team manages the majority of our assets, providing a direct line of sight and control regarding ESG matters for these companies.

Pre investment due diligence

Before making a major listed Australian or direct investment, we conduct ESG analysis in addition to the fundamental/financial investment analysis. In doing so, we seek to identify and understand what ESG risks the company faces, how it is managing these risks, and if the price reflects these risks. This ESG analysis may be the trigger for further analysis, a stronger investment case or for engagement with the company.

When we invest in unlisted assets, we seek to undertake additional due diligence which may include:

- ESG risk analysis (including climate risk)
- ownership structure and rights: What rights we have as owners, whether we get board seats
- project risk assessment including how the project is managed
- when we take ownership, what recourse rights we have if the project is not completed
- counterparty assessments including the counterparties' alignment on ESG considerations
- social licence to operate assessment including what controversies the assets have been involved in and what political risks impact the project.

For fixed income securities, our analysis may include:

- assessment of the issuer's ESG profile, and structure of the bond, note or loan
- for specific sustainability-themed investments we also consider what is being financed, the type of impact and how it is being measured, and the environmental and social controls in the projects.

EXTERNAL MANAGER SELECTION AND MONITORING

Our internal Investments team conducts all manager selection and monitoring activities directly, we do not use an asset consultant. Since 2007, we have directly assessed the ESG capabilities of managers both prior to being appointed and on an ongoing basis after they have been appointed.

The ESG clauses in our Investment Management Agreements (IMAs) include:

- proxy voting – managers are required to vote their holdings.
- our fund-wide exclusions - managers must comply with our exclusions of tobacco manufacturers and thermal coal miners as described above.

Other ESG monitoring activities may include:

- raising ESG questions with our managers. These queries may be general in nature or may pertain to the manager's specific portfolio and constituent stocks
- assessing their ESG performance as a part of our annual reviews
- conducting appropriate ESG due diligence on external managers across asset classes.

WHOLE OF PORTFOLIO ESG ANALYTICS

We routinely analyse our investment options to understand what material ESG considerations might be present.

We use a range of tools to evaluate our portfolios from an ESG perspective, including insight from our engagement meetings with companies and internal analysis and modelling, utilising ESG data and reports through external providers.

Active ownership

We're committed to being an active owner. This means we proactively engage with our major Australian investee companies on a range of commercial, strategic and ESG related matters. We also seek to exercise proxy votes for listed Australian and international share holdings.

Collaboration and promotion of responsible investment

While we engage with companies directly, we also collaborate with other like-minded investors and groups to further influence companies and policymakers. We work with the Australian Council of Superannuation Investors (ACSI), the Investor Group on Climate Change (IGCC) and other bodies to extend our understanding of and reporting on ESG issues and to encourage greater ambition.

Reporting our activities

We're committed to being transparent and open about our approach to ESG and to reporting on the work we do in this area. We provide a summary of our activities such as company engagement, collaboration with external managers and investor groups, policy advocacy and proxy voting, in our annual *Responsible investment report*, *Climate report* and *Modern Slavery* statement.

Proxy voting

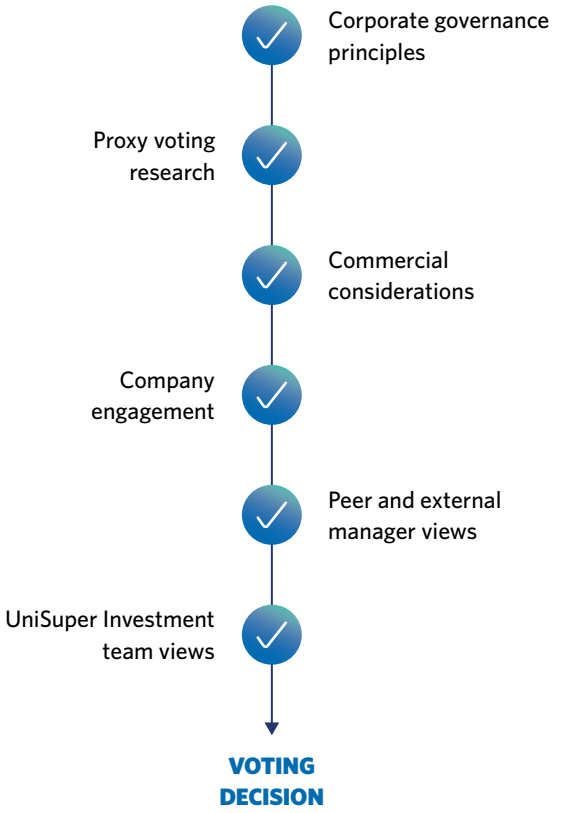
As an active and responsible owner, we seek to exercise proxy votes for listed Australian and international share holdings owned by UniSuper. There may be instances when we do not exercise proxy votes, for example, in the case of international shares on loan (though we retain the right to recall these shares). We publish our voting decisions twice-yearly on our website.

AUSTRALIAN PROXY VOTING PROCESS

Internal management

- Our specialist proxy voting advisor ACSI provides 'how to vote' recommendations.
- Voting recommendations are considered as an input only. We seek to assess each vote on a case-by-case basis.
- Based on internal review, we determine how we will vote for our own holdings.

The following schematic shows what goes into how we make voting decisions:



External management

- Australian fund managers we appoint are required to vote 'FOR' or 'AGAINST'. We will only allow them to vote 'ABSTAIN' where there isn't an option to vote AGAINST, there is a conflict of interest, or a specific approval to vote ABSTAIN is granted.
- Appointed managers have the discretion to determine how they vote the stocks within their portfolios. However, we retain the right to specifically instruct our fund managers how to vote.

INTERNATIONAL PROXY VOTING PROCESS

Internal management

- We engage CGI Glass Lewis to provide proxy voting advice and to execute votes on our behalf. CGI Glass Lewis has a formal arrangement with ACSI to ensure that the corporate governance principles align with domestic priorities.
- We review CGI Glass Lewis's voting recommendations and will override them where we take a different view.
- We also routinely engage with our international managers to obtain their views regarding voting issues pertaining to holdings in their portfolios.

External management

Fund managers we appoint are required to vote FOR or AGAINST and we do not encourage them to abstain unless it is a requirement of the local market (i.e., it is not possible to vote AGAINST) or there is a conflict of interest (or specific approval to do so has been granted).

Appointed managers have the discretion to determine how they vote on the stocks within their portfolios. Internationally, while we retain the right to specifically instruct our fund managers how to vote, we rarely exercise it.

SHAREHOLDER RESOLUTIONS

We assess shareholder proposals on a case-by-case basis. Where possible, we engage with companies on resolutions ahead of voting.

When determining how to vote on shareholder resolutions, we consider:

- 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 vote AGAINST the shareholder resolution.
- any private engagement we have had with the company.
- the substance of the request. We will not support resolutions that are frivolous or vexatious (e.g. on trivial matters such as the food provided at the annual general meeting).

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 for your membership category and whether to consult a licensed financial adviser. This information is current as at April 2025 and is based on our understanding of legislation at that date. Information is subject to change. To the extent that this fact sheet contains information which is inconsistent with the UniSuper Trust Deed and Regulations (together the Trust Deed), the Trust Deed will prevail. 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.

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