

# Media Release

7 October 2020

## AGM: Aware Super to support management on AGL climate resolution

Aware Super will vote against a shareholder resolution calling on AGL to bring forward the closure date for Loy Yang A to 2036 (currently no later than 2048) because the company has demonstrated a commitment to mitigating climate change and must accommodate broader national energy market imperatives.

Aware Super's Head of Responsible Investments, Liza McDonald said, after careful consideration the Fund was satisfied that AGL was making positive steps forward in terms of asset strategic planning, and market transitions, informed by climate change considerations. She said the Fund was also concerned that the narrow focus of the resolution did not take into account some of the commercial, operational and market challenges faced by AGL.

'As a long-term investor, we see climate change as one of the most significant financial risks to our portfolio, and our members retirement savings, in the long-term,' Ms McDonald said.

'In response to this, we have set ambitious and transparent targets for how we as a Fund will respond to the risks and opportunities of climate change, including our recent announcement that we have divested from thermal coal mining.

'Our strategic engagement with companies, as well as our active ownership approach, are also critical to ensuring that we are able to continue to deliver strong, sustainable long-term returns to our members.

'Over the past 12 months we have supported 100 per cent of climate change shareholder resolutions internationally and the majority of domestic resolutions as well.

'When we consider how we will vote on shareholder resolutions such as the current proposal ahead of the AGL AGM next week, we take into account a number of factors including: our engagement with the company, the detail of what the resolution is seeking, and whether it is achievable by the company.

'We have undertaken extensive engagement with AGL over the past few years, which has resulted in some welcome changes from the company; including its recent announcement that it would tie executive pay to achieving climate change targets.

'The company has also committed to not building, financing or acquiring any new conventional coal-fired power stations in Australia, to not extending the operating life of any existing coal-fired power stations, to closing all existing coal-fired power stations in its portfolio, and to continuing to invest in new renewable and near-zero emission technologies.

'AGL has made it clear during our engagement with them that they are actively considering the impacts on their coal-fired power stations as the national energy market is projected to transition to low carbon generation. Increasing renewables generation and storage to meet this projection is a critical first step for the company before any planned closure.

'AGL has also increased its level of transparency and disclosure in response to investor engagement, including its recent scenario analysis which includes a 1.5°C scenario,' she said.

As the AGM voting period commences, Ms McDonald said Aware Super planned to continue prioritising good governance principles, including climate change mitigation; equal representation by women on boards; fair and lawful conduct and culture; appropriate remuneration; transparent lobbying and respect for heritage to ensure that companies were acting in the long-term interests of investors and the Fund's members.

'Our decisions are informed by company engagement; our proxy advisors' recommendations, our fund managers' input as well as our own direct engagement with companies. We see AGMs as a powerful tool for offering valuable feedback to businesses and are willing to vote against management proposals or propose an investor-led resolution if the company is not responding positively to our engagement and we believe there is a risk to the long-term value of the organisation,' Ms McDonald said.

'But if shareholder resolutions are poorly worded, the ask isn't appropriate or we've been engaging with the company and are satisfied with their approach and the actions they are taking, we are also prepared to vote against these,' she said.

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**Note to Editors:**

Previously known as First State Super we changed our name to **Aware Super** in September 2020.

Aware Super is a name that reflects our members and what we stand for. It echoes the strengths of our past, aligning to our purpose to be a force for good in superannuation, retirement and advice, driving better outcomes for our members, their families and communities.

First State Super's been the fund for people who value community since 1992, we're now one of Australia's largest funds and we're continuing to grow. We merged with VicSuper this year and together we manage more than \$125 billion in savings for in excess of 1 million members located across the country.

Our members work in roles that breathe life into their communities and they expect us to do the same. So, we invest in assets that we believe will make a positive difference today - improving our communities, building a more a sustainable economy and supporting employment both locally and globally at the same time as providing strong long-term returns.

Discover how we're helping members do well financially while doing good in the world: Visit [aware.com.au](http://aware.com.au).