

Responsible Investment: Environmental, Social & Corporate Governance Policy

Aware Super:

Accumulation Section

Defined Benefits Section (**DB Section**)

StatePlus Section (**SP Section**)

VicSuper Section (**VS Section**)

collectively “**the Fund**”

September 2021

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1 Overview

Policy owner	<p>The Investment Governance & Communications team is responsible for reviewing this policy and recommending any changes for approval.</p> <p>The Investment Governance & Communications team is responsible for implementing and monitoring compliance with this policy.</p>	
Breach reporting	<p>Please report concerns about possible or actual breaches of this policy to the Head of Investment Risk & Compliance.</p>	
Application	<p>This policy applies to Aware Super Pty Ltd (Trustee, Aware Super), being the Trustee of the superannuation fund known as 'Aware Super' (Fund).</p> <p>All Trustee directors, employees and contractors operating under the delegated authority of the Aware Super Board are required to comply with this policy.</p>	
Review	<p>This policy is subject to review by the Investment Committee for continuing suitability in accordance with section 8 below.</p>	
	Date of last review	September 2021
	Date of next review	September 2022
Approvals	<p>This policy was last approved by the Investment Committee in July 2020 for release in October 2020</p>	
Related documents	<p>This policy forms part of the Investment Governance Framework and is an integral part of the Investment Policy Statement.</p>	
Version	<p>September 2021</p>	
Classification	<p>Public</p>	

2 Introduction

2.1 Purpose

The purpose of this policy is to support Aware Super's regulatory requirements, Investment Policy Statement (**IPS**) and set out a high-level overview of the Fund's approach to managing ESG issues.

The principal objective of the policy is to ensure that ESG risks and opportunities are adequately considered and managed as an integral part of the Fund's investment process.

2.2 Legislation and regulation

Apart from some limited requirement around disclosure¹, the RSE licensee law does not set minimum standards or provide guidance on ESG issues.

The 'sole purpose test' arising from the Superannuation Industry (Supervision) Act 1993 (**SIS Act**) requires a trustee to pursue activities relevant to the provision of retirement income to members. These legal requirements are expressed in reasonably broad terms.

The SIS Act imposes a set of key covenants on a trustee, including:

- to ensure the trustee's duties and powers are performed and exercised in the best financial interests of the beneficiaries, and
- to formulate and give effect to an investment strategy that has regard to the whole of the circumstances of the fund, including (among other things) the risk involved in making, holding and realising, and the likely return from, the fund's investments having regard to its investments and expected cash flow requirements.

Where Aware Super has analysed the overall costs, risk and return profile of an investment, which may include consideration of ESG risks, it reasonably believes that it will have properly discharged its legal obligations under the SIS Act.

2.3 Roles and responsibilities

The Trustee is at all times responsible for the Fund's investments.

In order to efficiently manage the Fund's investments, the Trustee has formally delegated responsibility for management of ESG matters, including proxy voting decisions and collaborations on ESG initiatives, to its Investment Committee (**IC**) and the IC has further delegated these responsibilities to the Fund's Chief Investment Officer (**CIO**). The CIO has further delegated these responsibilities to the Head of Responsible Investment. The Trustee has delegated responsibility for class actions to its IC and the IC has further delegated this responsibility to the CIO. However, contentious class action decisions must be reported to the IC for approval. Details of these delegations are set out in the Summary of Aware Super Investment Delegations and the relevant committee charters.

The following table identifies and outlines each position/group within the Aware Super Group and their roles and responsibilities under this policy

Responsible Party	Description of role & responsibility under this policy
Investment Committee (IC)	Responsible for approving changes to this policy. Responsible for reviewing and noting the results of the ESG Implementation Report and PRI Report on Progress Responsible for approving contentious class action decisions.
Investment Governance & Communications team	Responsible for reviewing and recommending any required changes to this policy for approval. Responsible for implementing and monitoring compliance with this policy. Responsible for reporting and assurance under this policy

¹ For example, Corporations Regulations, Reg. 7.9.14C.

Investment Risk & Compliance team	Responsible for receiving reports about concerns of possible breaches of this policy.
Trustee Directors, employees and contractors operating under the delegated authority of the Board	Responsible for understanding and meeting the obligations imposed by this policy.
Chief Investment Officer (CIO)	Responsible for overseeing the implementation of this policy. Responsible for approving non-contentious class action decisions and recommend for approval to the IC all contentious class action decisions. Responsible for reporting all class action decisions to the IC.
Head of Responsible Investment (RI)	Responsible for ensuring ESG issues are integrated in the Fund's investment process which specifically includes Climate Change and Modern Slavery. Responsible for approving all proxy voting decisions. Responsible for managing the engagement and advocacy program. Responsible for managing the relationships with all key 'responsible investment' service providers, including adherence to PRI and other collaborations and their continuing relevance to members. Responsible for ensuring all reporting and disclosure requirements are met under this policy (with the exception of class action reporting).
Investment Control team	Responsible for managing the implementation of all class actions. Responsible for ensuring reporting of class action decisions to the MIC.
Investment Control team and Liquidity, Fixed Income & Markets team	Responsible for recalling shares from the securities lending program if requested by the Head of Responsible Investment.

3 What is ESG?

ESG is an acronym for Environmental, Social and Governance. The Trustee believes that these are material investment issues and should be considered as part of the investment process. ESG covers a broad range of factors, examples of which are shown below:

Environmental Issues	<ul style="list-style-type: none"> • Climate change and its potential impact on investments, including: <ul style="list-style-type: none"> ○ exposure to carbon pricing and regulation to reduce carbon emissions ○ exposure to the physical impacts of climate change, such as potential sea-level rises, and increased frequency and intensity of severe weather events
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	<ul style="list-style-type: none"> ○ stranded asset risk • The availability or supply of water, and competition for the use of water • Pollution and disposal of waste products • The impact that a company and its operations have on the local environment • Sustainable land use and bio-diversity • Future liability risk, arising from activities such as the disposal or spillage of toxic substances, or from contamination (including water) of areas or populations
<p style="text-align: center;">Social Issues</p>	<ul style="list-style-type: none"> • The effectiveness of a company in maintaining its 'licence to operate' – in other words, how well a company interacts and manages its relationship with the community and civil society • Cultural heritage management including indigenous land rights • A company's effectiveness in constructively managing labour relations with its workforce • The extent to which a company effectively manages and provides transparency on the safety of its workforce • Adherence to international conventions (such as those specified by the International Labour Organisation, the UN Declaration of Human Rights, and the OECD Guidelines for Multinationals) • Modern slavery/forced labour in company operations and supply chains, particularly for companies with significant offshoring. Modern slavery specifically refers to the eight types of serious exploitation: <ol style="list-style-type: none"> 1. trafficking in persons 2. slavery 3. servitude 4. forced marriage 5. forced labour 6. debt bondage 7. deceptive recruiting for labour or services, and 8. the worst forms of child labour, which means situations where children are subjected to slavery or similar practices or engaged in hazardous work. • Workforce diversity, including gender diversity at senior levels within companies and on governing boards
<p style="text-align: center;">Governance Issues</p>	<ul style="list-style-type: none"> • The structure and composition of the board of directors and the fitness and propriety of directors • The structure and quantum of remuneration for directors and executives • The provision of adequate transparency about the company's operations, and a governance structure that demonstrates appropriate accountabilities • The attitude and actions taken by a company to ensure that its officers are not involved in bribery or corrupt practices

4 Why is ESG important?

ESG factors are important because the Trustee believes that an investee asset or company's approach to managing ESG risks, impacts and opportunities, has a meaningful impact on their long-term viability and success. That is, assets and companies that act in a responsible way are likely to perform better over time.

Assets and companies that are unwilling or unable to take ESG issues into consideration may:

- put the asset/company's reputation at risk
- cause loss of market opportunities
- diminish asset/company value, and
- adversely affect other assets/companies in which the Fund has invested.

The Trustee believes that identifying and managing ESG factors helps in finding new opportunities, steering capital towards more attractive areas, and managing long-term investment risks. As a result, it is expected that returns will be higher, and downside risks lower, over the long term. These benefits arise from avoiding the poor performance and enterprise failures that can arise from lax governance, and weak environmental and social practices. Managing ESG risk is a source of opportunity and a way to control for longer-term risks. Assessing ESG risks in the investment process is consistent with the Fund's objectives as long-term investors, and also the Trustee's fiduciary duties and responsibilities to members.

5 Implementation of ESG

The Trustee believes that identifying and managing ESG factors helps in finding new opportunities, steering capital towards more attractive areas, and managing long-term investment risks. As a result, it is expected that returns will be higher, and downside risks lower, over the long term. These benefits arise from avoiding the poor performance and enterprise failures that can arise from lax governance, and weak environmental and social practices. Managing ESG risk is a source of opportunity and a way to control for longer-term risks. It is also important to ensure that the Fund's agents, be they investment managers, boards, or company executives, act in our interests and are seeking to maximise the long-term returns on behalf of the Fund.

ESG considerations are therefore integrated into the Fund's investment activities (as they relate to the diversified and single asset class investment options), from investment selection and due diligence to ownership activities such as monitoring our internal and external investment managers, exercising our voting rights and engaging with companies on their ESG policies and practices.

5.1 ESG Integration in the investment process

In accordance with the investment objectives and strategy of the Fund, the Trustee invests in a range of asset classes, including Australian and global:

- shares
- fixed income
- property (listed & unlisted), and

- alternatives, such as infrastructure, private equity and other real assets.

The Trustee is committed to integrating consideration of ESG issues into its investment decision making processes when allocating to new managers (external or internal) and assets, and performing subsequent reviews.

The Trustee is also committed to considering investments which provide positive social and environmental benefits for members in addition to the required financial return.

5.1.1 Investment selection

The Aware Super Group has established an assessment framework to review internal and external investment managers and direct assets, that incorporates an ESG review. This forms an integrated part of the initial due diligence process as outlined in the *Externally Managed Investments – Investment Due Diligence, Monitoring and Termination/Divestment Processes* and *Direct Assets – Investment Due Diligence, Monitoring and Sale Processes* documents.

Potential internal or external investment managers are rated (positive, neutral, negative) on their:

- stage of ESG policy development
- level of ESG integration in investment analysis and decision-making processes
- stewardship (voting, engagement and stock lending practices)
- resources available to incorporate ESG in investment analysis and be involved in engagement activities
- transparency, and
- alignment with Aware Super Group’s ESG philosophy.

Other considerations include:

- approach to climate change risk
- modern slavery due diligence on the manager and their investments, and
- corporate social responsibility approach including diversity policies; gender pay gap; environmental & social initiatives.

All else being the same, the Trustee prefers investment managers and assets that demonstrate sound ESG practices, and requires any newly appointed investment managers to monitor ESG risks that relate to the Fund’s investments.

5.1.2 Monitoring

Once an internal or external investment manager or direct asset is assigned an internal rating (positive, neutral, negative), it is used to encourage improvements in ESG practices on an ongoing basis.

In addition, each investment manager who manages money on behalf of members is monitored at agreed intervals by the Investment team for:

- improvements to the integration of ESG considerations in its investment analysis and decision-making processes
- how they exercised their voting rights (if any), and
- their ESG engagement activities with companies and how they intend to progress ESG issues with them.

Any internal or external investment managers or direct assets that have not undergone an initial assessment in accordance with this policy will be reviewed over the next two years.

5.1.3 Climate Change

As a global long-term investor and a signatory to the Principles for Responsible Investment (PRI), Aware Super acknowledges that climate change may affect the performance of companies, sectors, regions and asset classes through time because of regulatory change and the physical and social impacts of climate change.

The majority of scientific opinion supports the view that the climate is warming, that the warming is being caused by significant increases in the levels of carbon dioxide (CO₂) in the atmosphere, and that the increased levels of CO₂ causing the warming are a result of human activity.

Global warming is expected to have a wide range of consequences, many of which may impact the Fund's investments. The severity and type of consequences will ultimately depend on the level of warming that occurs, but examples of these consequences include:

- changes to policy settings and regulation as Governments around the world move to limit the amount of CO₂ being released into the atmosphere
- more frequent extreme weather events (for example, storms and floods)
- changes to rainfall patterns and increases in drought, and
- increases in sea-level.

From an investment perspective, global warming will lead to both risks and opportunities. The Aware Super Group addresses these risks and opportunities by working with its external investment managers and with the listed companies in which it invests to encourage them to incorporate climate change risks and opportunities into their investment processes. Climate change is but one component of the Fund's ESG considerations, however, climate change is one of the largest economic challenges facing investors today, and the Aware Super Group is committed to improving its understanding of its exposure to material climate change risks.

Where practicable and over time the Aware Super Group (or agents on its behalf) aims to:

- incorporate climate change into the consideration of its investments across asset classes, whether managed internally or externally
- request disclosure of investment managers' policies on climate change, and a demonstration of their approach to incorporating climate change considerations into their investment process
- through engagement activities (see Section 4.2.2 below)
 - encourage improvement in the level of disclosure by companies of material climate change impacts through initiatives such as the Carbon Disclosure Project, Task Force on Climate-Related Financial Disclosures and other relevant activities, and
 - support reasonable shareholder proposals to disclose a company's approach to climate change and/or greenhouse gas emissions
- share knowledge and increase awareness of climate change as it applies to investment decision making through participation in relevant industry forums and collaborative initiatives.

The Aware Super Group in 2020 approved the Fund's Climate Change Portfolio Transition Plan (**CCPTP**). This CCPTP includes short, medium and long term targets and activities including:

- a medium-term emissions reduction of 45% emissions from our portfolio by 2030
- an ongoing review of the Fund's energy portfolio mix to mitigate the potential for stranded assets (assets that once had value or produced income but no longer do)
- Fund-wide targets for investments in renewable energy and new technologies
- continued engagement with companies around their individual emission reduction targets and plans
- setting emissions reduction targets and supporting the Fund's directly owned companies to reduce their emissions, and

- advocating and supporting an economy-wide 45% reduction in greenhouse gas emissions by 2030 and looking to replicate this across our portfolio in the same timeframe.

More information is contained in our [CCPTP](#) which is on our website together with more information including our progress against the targets.

5.2 Active Ownership

As an asset owner, the Trustee believes that it has an opportunity to ensure that the companies and other assets it invests in are governed and managed in an appropriate way that will enhance performance over the longer term, and thereby produce the best financial outcome for members. For this reason, the Fund assesses the material ESG practices of the companies and assets in which it invests and seeks to improve their governance, policies, practices and management through share voting, engagement and advocacy.

5.2.1 Voting Shares

The Fund has a significant exposure to listed share investments. Exercising the voting rights attached to shares held in public companies is something we regard as being integral to active ownership. Share voting is an important tool for engaging with companies. Voting is an effective way for the Aware Super Group to publicly express its views on what a company is doing right, and what a company needs to improve.

The Trustee is ultimately responsible for voting decisions and has the right to override the recommendations put forward by its corporate governance advisors and its investment managers. Further details on the Aware Super Group's proxy voting guiding principles and procedures are in the *Proxy Voting Guidelines* procedures document.

Voting on Australian Shares

The Fund has appointed a proxy voting specialist, Australian Council of Superannuation Investors (ACSI), to provide voting advice in relation to resolutions of a corporate governance nature for companies in the ASX300 Index.

External and internal investment managers are expected to actively consider their position on company resolutions put to Annual General Meetings.

The Fund ordinarily votes in accordance with ACSI's recommendations when voting on ASX300 company resolutions. ACSI's voting principles are outlined in their [Governance Guidelines](#). The Fund's internal and external active Australian equities investment managers retain the option to recommend a vote against ACSI's recommendations where a clear rationale is provided.

The Aware Super Group retains the right to over-ride any voting recommendation of voting service providers and/or investment managers. The decision will be made by the Head of Responsible Investment who will consider all advice and make the final decision. Inputs to the decision-making process will include, for example, the Fund's engagement with the company, ACSI's proxy voting advice, the views of the investment manager(s) and, if relevant/required a third-party report.

The Fund is unable to execute the voting rights on Australian shares that are on loan as part of its securities lending program, unless the shares are recalled. If a share is on loan during a period in which the Fund wishes to exercise a contentious vote, the custodian will be instructed to recall the share from loan so that the Fund can exercise its voting rights.

Voting on Global Shares

For international holdings, voting is achieved through a proxy voting specialist, CGI Glass Lewis, and with investment managers.

- CGI Glass Lewis provides proxy voting research and implements vote recommendations for the passive international equities portfolios, internally managed portfolios and certain externally managed portfolios. In addition to

the standard detailed analysis, CGI Glass Lewis conducts an additional level of analysis to ensure consistency with the governance guidelines of ACSI.

- Other international shareholdings are voted by the investment managers (e.g. emerging market mandates where CGI Glass Lewis does not provide coverage) in line with their proxy voting agency or their own internal voting guidelines. We retain the right to instruct voting decision on the shares we own.

The Fund expects the international equities investment managers who hold voting responsibility to:

- exercise their voting responsibility actively, and
- report to the Fund on voting activity, highlighting where a vote is made in a manner that is inconsistent with its internal voting guidelines.

The Fund is unable to execute the voting rights on global shares that are on loan as part of its securities lending program, unless the shares are recalled. If a share is on loan during a period in which the Fund wishes to exercise a contentious vote, the custodian will be instructed to recall the share from loan so that the Fund can exercise its voting rights. There may be other instances where voting rights may not be executed, for example share blocking or where a Power of Attorney may not be in place, and Aware Super accepts this position and will work with the custodian over time to ensure Power of Attorneys are in place where appropriate.

5.2.2 Engagement and Advocacy

The Fund uses its ownership rights to engage with companies and investment managers, to encourage companies to improve their ESG policies and practices, and thereby protect or increase their economic value, leading to better returns for the Fund's members.

This will occur when the Investment team or its external research providers have identified material ESG risks or areas for improvement that could threaten the company's reputation and value.

For Australian listed investments, the Investment team has established an internal Corporate Engagement Framework. The Corporate Engagement Framework documents the engagement approach, including the:

- principles
- methods (i.e. direct or collaborative ²), and
- approach to prioritising companies for engagement and monitoring (Heavy, Light, Monitor).

The Responsible Investment (**RI**) team prioritises the companies it will engage with based on regular screening of key ESG issues and scores related to the RI team's thematic research (e.g. climate change, worker safety, diversity, conduct & culture, modern slavery), voting outcomes, proprietary Long Term Value Creation scores, Red Flags and reputational risks (including member enquiries, media, class actions). The materiality of the holding within the portfolio is also taken into account when prioritising companies for engagement. Aware Super has partnered with ACSI to enhance company engagement and advocacy for listed companies in Australia.

For international listed investments, Federated Hermes Eos will engage on behalf of Aware Super. Engagement is also conducted by the Fund's investment managers who provide updates in their reporting and/or during meetings with the Investment team. In addition, the Aware Super may, from time-to-time, participate in joint engagement in

² *Direct*. The Investment team identifies a material ESG risk or opportunity and directly engages with an investment manager and/or company.

Collaborative. The Aware Super Group has partnered with ACSI or other groups and uses the collective weight of these organisations' members, their funds under management and their expertise on research, engagement & policy advocacy.

Facilitated. The Aware Super Group identifies and joins with other asset owners and collectively engages directly with companies with the benefit of an expert facilitator to convene and assist with the engagement.

conjunction with the PRI and other collaborative initiatives, for example IAST-APAC, 40:40 Vision and Climate Action 100+.

Where engagement has not led to the achievement of the objective set out in the plan within the set timeframe, escalation techniques will be considered. This can include one or more of the following:

- voting against a director, remuneration report or supporting a shareholder proposal
- making an AGM Statement
- raising a Shareholder proposal.

Where these tools / actions do not result in the expected outcomes from a company and there is no improvement that may lead to an unsustainable business model or potentially stranded assets, the RI team will make a recommendation to the IC to divest, in line with the Exclusion Framework, see 5.2.5 below.

5.2.3 Stakeholder Engagement

In keeping with the principles of universal ownership, the Trustee views itself as a responsible owner of assets that may come to the market *via* a privatisation process. This view is underpinned by our place as a long-term provider of superannuation and retirement services to members.

As a responsible owner, the Trustee seeks to treat its employees and the employees of any organisation that it owns with fairness and in line with industrial agreements, legislation and other relevant requirements and recognises the role of unions in this process.

5.2.4 Class Actions

Class actions are a way that shareholders, as a collective group can claim for losses against a company or regulator where a reasonable case can be made that the loss occurred due to breaches of corporate regulations.

The Trustee uses class actions as:

- a last resort governance mechanism, when other forms of advocacy and engagement have failed
- a cost-effective way to recover member losses caused by a company's misleading and deceptive conduct, and
- a mechanism to improve general governance standards in the market.

As a general rule, the Trustee will participate in class actions as a class member where:

- it has been determined that there is a genuine allegation of a breach of law
- this breach has resulted in a large financial loss for the Fund
- a reliable and reasonable assessment that there are low (and reasonable) costs associated with the litigation has been made
- it has been assessed that there are no significant reputational risks to the Trustee and that all relevant strategic issues as a result of participating are considered, including a qualitative assessment of the implications of joining a class action, and
- it has been confirmed that participation is in the best interest of members.

5.2.5 Exclusions

The integration of ESG in the investment process does not mean the exclusion of particular companies on ethical grounds. Rather, integration of ESG requires that the impact of ESG issues on the value of a company is included in the investment process and engagement activities to encourage improvements. The Trustee's investment approach

has generally not been to exclude particular companies or sectors, but rather to use engagement and proxy voting to influence the behaviour of investee companies.

However, there are some circumstances in which it is appropriate to consider exclusions of a sector or a specific stock. These circumstances include:

- if the Trustee considers that an investment is inappropriate for the Fund to the extent that it may have a negative impact on the reputation of the Fund, or
- if the investment would lead to contravention of international treaties or conventions that Australia is a signatory to, or
- if it is not deemed possible to influence a company through engagement or proxy voting.

The Trustee has approved the divestment from, and the exclusion of the following:

1. **Tobacco:** Direct investments in tobacco manufacturers and/or producers (including subsidiaries, joint ventures and affiliates) which derive 5% or more of their revenue from the manufacture and/or production of tobacco products.
2. **Thermal Coal:** Direct investments in companies that generate 10% or more of their revenues generated directly from mining thermal or energy coal³.
3. **Controversial Weapons:** Direct investments in companies that derive any revenue from the manufacture and/or production of controversial weapons including chemical weapons, cluster munitions, land mines and depleted uranium.

Note that the above exclusions don't apply to the use of derivatives which may have an indirect exposure to these types of companies.

6 Collaborations

Aware Super actively supports a number of collaborations on ESG initiatives. These initiatives assist in adopting a more consistent and systematic approach to managing ESG risks across the Aware Super Group

6.1 Principles for Responsible Investment (PRI)

In constructing this policy, Aware Super has considered (amongst other things) the PRI.

Aware Super is a signatory to the PRI. The PRI is a set of six aspirational principles designed to encourage and assist investors to integrate ESG considerations into their investment processes. Aware Super reasonably believes that the PRI provides an important universal framework for signatories to work together, learn from each other and provide a collective voice on ESG issues. Aware Super also believes that the PRI will continue to grow as a framework for investors to communicate their expectations on ESG issues to their investee companies.

Briefly, the principles are:

1	Integration	Incorporate ESG issues into investment analysis and decision-making processes.
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³ Note that due to liquidity constraints, unlisted thermal coal mining assets may take time to divest from and there may be a small residual exposure. Such assets will be sold at fair value as soon as reasonably practicable, but by no later than 30 June 2023.

2	Ownership	Be active owners and incorporate ESG issues into the Fund's ownership policies and practices.
3	Disclosure	Seek appropriate disclosure on ESG issues by the entities in which the Fund invests.
4	Best Practice	Promote acceptance and implementation of the Principles within the investment industry.
5	Collaboration	Work together to enhance the Fund's effectiveness in implementing these principles.
6	Communication	Report on the Fund's activities and progress towards implementing these principles.

While not an explicit factor in recommending new managers, the Investment team will investigate whether investment managers are signatories as part of the review process. They will also consider the PRI principles when reviewing their existing investment managers and will monitor them to ensure the PRI principles are taken into consideration.

6.2 Other Collaborations

Collaboration with other parts of the investment industry may increase the extent to which the ESG program can benefit members. The Aware Super Group does not have the resources to undertake all of the necessary work alone – and nor could we do it as well without the help and support of other organisations. The Aware Super Group will, therefore, be active participants in collaborations that can help us to integrate ESG issues into the investment processes and to implement this policy.

The Aware Super Group will identify and assess opportunities to work with others, formally through collaborative initiatives, or informally, to increase the effectiveness of its ESG program. Information on the formal collaborative initiatives in which the Aware Super participates are outlined below.

Aware Super has joined some initiatives that it believes can help us to deliver on its ESG promises:

- Australian Council of Superannuation Investors (**ACSI**): provides the Fund independent research, engagement, advocacy and voting advice on Australian listed equities included in the ASX 300 Index.
- Federated Hermes Eos: helps long-term institutional investors around the world to meet their fiduciary responsibilities and become active owners of international public companies. Their team of engagement and voting specialists monitors the investments of their clients in global companies and intervenes where necessary with the aim of improving performance and sustainability.
- Responsible Investment Association of Australasia (**RIAA**): a regional industry association that promotes a more responsible approach to investing via education and professional development.
- ESG Research Australia: a collaboration of super funds, investment managers and asset consultants which aims to increase the amount and quality of stock broker research in Australia that includes the consideration of ESG issues.
- The Investor Group on Climate Change (**IGCC**): aims to raise awareness of the impact that climate change has on the investment industry and encourages best practice approaches in managing the impact of climate change.
- Climate Action 100+: an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.
- Carbon Disclosure Project: a global initiative aimed at requiring the largest companies to disclose information on their greenhouse gas emissions.
- Water Disclosure Project: a program that helps businesses and investors to understand the risks and opportunities associated with water-related issues around the world.

- IAST-APAC: Investors against Slavery & Trafficking Asia-Pacific is an investor led initiative that has been convened to engage with companies in the APAC region in which we collectively invest, and promote effective action among them to find, fix and prevent modern slavery labour exploitation and human trafficking.
- 40:40 Vision: is an investor led initiative to achieve gender balance in the executive leadership across all ASX200 companies by 2030 and seeks to move beyond tokenism to achieve this through business-oriented structural changes, encouraging companies to set and publicly report on progress against targets for women in executive leadership.
- GISS: the Global Investors for Sustainable Development Alliance aims to: a) generate support and adoption of actions required to mobilise long-term finance and investment for sustainable development; b) foster transformation of the enabling environment for long-term investment in sustainable development and c) facilitate the alignment of business operations, finance and investment with the 2030 Agenda for Sustainable Development.

Involvement in collaborative initiatives involves the expenditure of resources – financial resources, human resources, or both. The decision on whether to participate or continue to participate in a collaborative initiative will be based on an assessment of whether the benefits are in the best financial interests of members.

7 Conflicts of Interest

The Aware Super Group has a Conflicts Management Framework which (i) prescribes the mechanisms by which conflicts will be managed; and (ii) describes the process for assessing conflicts and determining the approved conflicts management arrangements. This policy should be read in conjunction with the Conflicts of Interest Policy and Conflicts Management Framework.

Thus, the Conflicts of Interest Policy and Conflicts Management Framework is to be considered and applied in the exercise of voting rights under this policy, regardless of the party exercising the vote.

8 Reporting and review

8.1 Reporting and assurance

Assurance will be provided to the IC that:

- the prudential and industry standards applicable to this policy; and
- the standards set by this policy

generally have been met, or otherwise via reporting, as outlined in the table below.

Report/Approval	Frequency and to Whom	Minimum Information Required
ESG Implementation Update	Reported bi-annually to the Aware Super IC.	Summary of the Fund's ESG activities, including integration (e.g. Climate Change and Modern Slavery), research projects,

		proxy voting exceptions, engagement activities, achievements, challenges and future priorities.
PRI Report on Progress	Reported annually to the Aware Super IC.	Provision of report to PRI which is subsequently published on their website and the Aware Super website.
Class Actions	Approved by Aware Super MIC (non-contentious) or Aware Super IC (contentious) as required. Reported periodically to the Aware Super MIC and Aware Super IC.	Class actions – approved and declined.
Material Changes to this policy	Approved annually (as well as ad hoc if required) by the Aware Super IC.	Details and reason for change.
Breach of this policy	Reported immediately to Aware Super IC.	Details of breach and remedial action taken.

The Fund reports publicly on its websites:

- a copy of this policy
- proxy voting behaviour for Australian and international listed equities annually, and
- engagement and advocacy activities undertaken by ACSI and Hermes Eos.

The Trustee will also meet any external reporting requirements that arise through involvement in collaborative initiatives. In particular, Aware Super will report on the implementation of the PRI through the annual PRI Reporting and Assessment Tool and make our report publicly available on the PRI and Aware Super websites.

8.2 Review timing and process

This policy is subject to review at any time and in particular, where the Trustee becomes aware that:

- legislative changes or rulings by the Regulator require a review of the policy
- the policy is no longer appropriate, or
- there are reasons to believe that this policy has failed, or may fail, to support the compliance and/or operational obligations of the Trustee.

At a minimum, this policy will be reviewed at least every 12 months by the Investment Governance & Communications team.

Any changes resulting from this review must be approved by the IC.

9 Glossary

Term	Definition
ACSI	Australian Council of Superannuation Investors
AFS Licence	Australian Financial Services Licence
ASIC	the Australian Securities and Investments Commission
Aware Super	the trustee for the Aware Superannuation Fund
Aware Super Group	Aware Super Pty Ltd, and each of its wholly owned operating companies, including: <ul style="list-style-type: none"> • Aware Financial Services Australia Ltd • First State Super Holdings Pty Ltd • Aware Super Services Pty Ltd • VicSuper Pty Ltd • Aware Super Legal Pty Ltd, and • First State Super Product and Administration Services Pty Ltd
Board	the trustee Board of Aware Super Pty Ltd, ABN 53 226 460 365
CCPTP	Climate Change Portfolio Transition Plan
CIO	Chief Investment Officer
Custodian	a corporation that may be appointed by the Trustee at any time as custodian of the whole or part of the Investment Funds
ESG	Environmental, Social and Governance
Fund	the superannuation fund known as 'Aware Super' ABN 53 226 460 365
IC	Investment Committee, a delegated committee of the IC
IGCC	Investor Group on Climate Change
IGF	Investment Governance Framework
investment strategy	a set of rules, behaviours or procedures designed to guide the Trustee's selection of an investment portfolio. The Trustee formulates an investment strategy for each of the Investment Funds
MIC	Management Investment Committee, which comprises key executives from the Investment team and is a sub-Committee of the IC
PDS	Product Disclosure Statement
RAS	Risk Appetite Statement
RI	Responsible Investments
RIAA	Responsible Investment Association of Australasia

Term	Definition
SRI	Socially Responsible Investment
Trustee	Aware Super Pty Ltd ACN 11 118 202 672