

# ESG Policy summary

30 November 2022





# Responsible investing

Brighter Super’s investment strategy is focused on delivering the best financial outcomes for our members.

We also want to ensure that our investments support and contribute to a world where our members can enjoy their retirement. This is why we believe in building a sustainable future through responsible investing. Brighter Super invests responsibly under the framework of our Environment, Social and Governance (ESG) Policy.

Four key pillars guide Brighter Super’s approach to considering ESG issues as part of our investment process:

1

**Must be in the best financial interests of members.**

2

**Must have negligible negative impact on investment risk and returns.**

3

**Must be genuine in both intent and outcomes.**

4

**Must rely on active stewardship rather than divesting assets.**

## What is ESG

ESG covers a broad range of factors, including but not limited to:



**Environmental issues** such as climate change; the availability or supply of water; pollution and waste; and sustainable land use.



**Social issues** such as social licence to operate; cultural heritage management and indigenous land rights; labour relations; workforce health and safety; adherence to international conventions; modern slavery; and workforce diversity, equity, and inclusion.



**Governance issues** such as the structure, composition, and performance of the board of directors; the structure and quantum of director and executive remuneration; accountability mechanisms; anti-bribery and corruption measures; and cybersecurity measures.

## ESG integration

Brighter Super adopts an outsourced investment model for all investment options, appointing specialist external managers to manage our assets.

We have integrated ESG factors into our investment manager assessment framework alongside the more traditional risk and return considerations.



These include, without limitation, an assessment of an investment manager’s ESG or socially responsible investment policies; level of ESG factors integrated into investment and decision-making processes; approach to stewardship; and alignment with Brighter Super’s ESG pillars and principles.

### Climate change

Brighter Super acknowledges that climate change is one of the largest economic challenges we and other investors face.

We aim to incorporate climate change considerations into investment decisions across all asset classes and reduce the financed emissions across our portfolios.

Brighter Super requires investment managers to disclose climate change policies and to demonstrate their approach to incorporating climate change considerations into their business operations, including pricing of climate-related risks.

We encourage portfolio assets and companies to improve the quality of measurement of carbon emissions and the disclosure of management of climate-related risks and opportunities through initiatives such as the Taskforce for Climate-related Financial Disclosures (TCFD) and other relevant activities.

Brighter Super supports and seeks to align its approach with the TCFD recommendations.

### Active ownership

Brighter Super believes active ownership activities such as voting, engagement, and collaboration can enhance long-term sustainable returns for our members.

We currently delegate primary voting and engagement responsibilities to our investment managers, though we retain ultimate responsibility.

We may engage directly with a portfolio asset or company or direct any manager to vote in a particular way.

Brighter Super may also join collaborations – such as becoming a signatory of an organisation – to advance specific active ownership objectives, provided they align with all of our overall priorities.

As we evolve over time, we may consider developing our own investment stewardship / active ownership policies and initiatives.

### Modern slavery

The term ‘modern slavery’ is used to cover a range of exploitative practices, including human trafficking, slavery, forced marriage, forced labour, debt bondage, and other slavery-like practices.

Brighter Super has a zero-tolerance approach to modern slavery in all forms and is committed to using best endeavours to ensure that modern slavery does not occur in any part of our business or supply chains.

We conduct periodic due diligence to understand, identify and assess the potential for modern slavery risk in our business operations and supply chains.

Our investment managers are chosen not only for the social responsibility standards within the process they apply to investment allocation but also for their own corporate ESG credentials.

The modern slavery submissions of all our managers are documented and reviewed annually, and our annual Modern Slavery Statement is published on our website.

Any suspected instances or identified risks of modern slavery in Brighter Super’s operations and supply chain are encouraged to be reported through our Whistleblower Policy.