



# Responsible Investing Policy

March 2024

**Version:** 10.0

Issuing details: Prepared by: Suzanne Branton  
Chief Investment Officer

Approved by: Board of Directors, CARE Super Pty Ltd

Date of Approval: 26 March 2024

## DOCUMENT CONTROL – SUMMARY OF CHANGES

Issue	Date	Change of description
Version 1 - Draft	7 May 2013	Initial Release of separate policy document – previously contained within Governance Framework. Review and approval by Governance & Remuneration Committee.
Version 1	4 June 2013	Approval by Board
Version 2 - Draft	June 2014	Review and approval by IRC
Version 2	1 July 2014	Approval by Board
Version 3 - Draft	8 August 2016	Review by IC
Version 3 - Draft	12 September 2016	Approval by IC
Version 3	27 September 2016	Approval by Board
Version 4 - Draft	25 June 2018	Review by IC
Version 4 - Draft	13 August 2018	Review by IC
Version 4	18 September 2018	Approval by Board
Version 5 - Draft	28 October 2019	Review by IC
Version 5	10 December 2019	Approved by Board
Version 6	11 February 2020	Approved by Board
Version 7 - Draft	15 February 2021	Review by IC
Version 7	24 March 2021	Approved by Board
Version 8 - Draft	22 February 2022	Review by IC
Version 8	6 April 2022	Approved by Board
Version 9 - Draft	22 February 2023	Review by IC
Version 9	29 March 2023	Approved by Board
Version 10 - Draft	27 February 2024	Review by IC
Version 10	26 March 2024	Approved by Board

This document supersedes and replaces any previous issue.

© Copyright CARE Super Pty Ltd. All rights reserved.

No part of this publication may be reprinted, reproduced, stored in a retrieval system or transmitted, in any form or by any means, without the prior permission in writing from the owner.

## Contents

DOCUMENT CONTROL – SUMMARY OF CHANGES .....	1
1. Overview .....	3
1.1 INTRODUCTION .....	3
1.2 PURPOSE AND SCOPE .....	3
1.3 POLICY STATEMENT .....	3
2. Guiding Principles .....	3
2.1 REGULATORY FRAMEWORK, INVESTMENTS .....	3
2.2 INTEGRATING ESG FACTORS .....	4
2.3 INVESTMENT PHILOSOPHY .....	4
2.4 STEWARDSHIP AND ACTIVE OWNERSHIP .....	4
2.5 INTEGRATED AND PROACTIVE APPROACH .....	4
2.6 PRACTICAL APPLICATION .....	5
2.7 TRANSPARENT AND CONSISTENT .....	5
3. Roles and Responsibilities .....	5
3.1 INVESTMENT TEAM .....	5
3.2 ASSET CONSULTANT .....	5
3.3 INVESTMENT MANAGERS .....	5
4. Implementation .....	5
4.1 MANAGER SELECTION & MONITORING .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
4.2 INVESTMENT RESTRICTIONS .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
4.3 PROXY VOTING .....	6
4.4 ENGAGEMENT AND COLLABORATION .....	6
5. Policy Governance .....	8
5.1 REPORTING .....	8
5.2 OTHER RELEVANT POLICIES & STATEMENTS .....	8
5.3 REVIEW .....	9

# 1. Overview

## 1.1 INTRODUCTION

CARE Super (“the Fund”) is a complying superannuation fund under the Superannuation Industry (Supervision) Act 1993 (SIS) and is regulated by both Australian Securities and Investments Commission (ASIC) and Australian Prudential Regulation Authority (APRA). The Trustee, CARE Super Pty Ltd holds a Registrable Superannuation Entity licence (RSE) with APRA, enabling it to operate the Fund.

## 1.2 PURPOSE AND SCOPE

The purpose of this Policy is to describe the Fund’s approach to Responsible Investing and the consideration of environmental, social and governance (ESG) risk factors in the management of the Fund’s investment program. The Policy documents the approach the Trustee employs to address and manage ESG risks.

The Fund’s overall approach to sustainability across its operations is guided by its *Corporate Responsibility & Sustainability Policy*<sup>1</sup>.

This Policy supports the Fund’s *Investment Policy Statement* and should be read in conjunction with the *Investment Governance Framework*.

## 1.3 POLICY STATEMENT

Responsible investing is integral to the Fund’s investment approach. The sole purpose of the Fund is to enhance member benefit by investing in assets that are expected to deliver competitive, risk-adjusted returns, over the long term. We believe that long term returns are positively influenced by investment management practices that consider ESG risks and opportunities. Accordingly, ESG factors are a key consideration in the selection and management of investments across all asset classes in which the Fund invests<sup>2</sup>. In administering this policy, the Fund is exercising its judgement in the best financial interests of its members.

This policy should be read in conjunction with the Fund’s *Stewardship Statement*.

# 2. Guiding Principles

The guiding principles set out below assist the Trustee to manage ESG risks. The impact of ESG factors is considered at each stage of setting the investment strategy and selecting the assets of the Fund.

## 2.1 REGULATORY FRAMEWORK, INVESTMENTS

The Trustee acknowledges that its primary duties are to:

- deliver the highest possible risk adjusted return on its investments to its members; and
- assess and manage all foreseeable risk factors, including ESG risks, as effectively as possible.

Other covenants of the SIS Act 1993 on trustees include:

<sup>1</sup> Formal Policies of the Fund referred to in this Policy are identified by *green italic* format.

<sup>2</sup> As this Policy applies to all asset classes in which CareSuper invests, it is reflected in the Fund’s Balanced option (MySuper product) and all Choice Options offered by the Fund.

- the requirement to act in the best financial interests of beneficiaries; and
- the ability of the entity to discharge its existing and prospective liabilities.

Further, in order to discharge its fiduciary duty, all risks involved in the investment process must be acknowledged and managed to the best ability of the Trustee.

## 2.2 INTEGRATING ESG FACTORS

The Trustee believes that material investment risks should be considered as part of the investment process. A wide range of 'E', 'S' and 'G' risks can be significant in investing, and the issues of greatest risk vary according to the specific nature of each investment, and over time, in importance and focus. The Fund may, from time to time, identify focus issues for attention and will concentrate manager engagement on these specific issues. The Fund will also from time to time undertake projects to review specific ESG risks.

## 2.3 INVESTMENT PHILOSOPHY

The Policy and approach to the management of ESG risks is consistent with the Investment Philosophy of the Fund which includes active management, downside protection, and long-term investing as key components. For example, active management strengthens the ability of our investment managers to mitigate ESG and other risks to ensure the sustainability of investments made on behalf of our members.

The Fund uses external investment managers for all asset classes and manages risk, including ESG risks, primarily through proactive monitoring and assessment of the processes of its appointed managers.

## 2.4 STEWARDSHIP AND ACTIVE OWNERSHIP

The Trustee believes that thoughtful stewardship of members' capital can protect and enhance investment value, in line with members' best financial interests. At CareSuper, stewardship activities include:

- Partnering with investment managers who actively assess ESG practices and adhere to sound ESG principles,
- Monitoring the stewardship activities of our investment managers.
- Exercising our voting rights with investee companies<sup>3</sup>,
- Engaging with investee companies on ESG issues via our investment managers, directly, or with service provider partners, and
- Participating in policy advocacy.

Refer to the Fund's [Stewardship Statement](#) for more information.

## 2.5 INTEGRATED AND PROACTIVE APPROACH

The Policy aims to achieve the proactive consideration of ESG risks as a core part of fundamental investment analysis and investment decision-making. The Trustee recognises that addressing the consequences of ESG risks after they have impacted return or in an ad hoc manner does not produce quality risk control or the objectives of the Policy.

Similarly, the Fund's consideration of the ESG policies and practices of investment managers is an integral part of the initial due diligence and the ongoing monitoring and review of all managers, undertaken by both the Fund and its Asset Consultant.

<sup>3</sup> Detailed practices on voting and engagement are discussed in the Fund's [Proxy Voting Policy](#)

## 2.6 PRACTICAL APPLICATION

The Fund adjusts the implementation of the Policy to take account of the inherent practical differences between asset classes, sectors and investment vehicles.

## 2.7 TRANSPARENT AND CONSISTENT

Clear and consistent application of Policies is central to quality investment processes. The transparent, clear and repeatable application of the Policy enhances the Fund's control of ESG risks and assists in effective communication of the Policy and its aims.

# 3. Roles and Responsibilities

## 3.1 INVESTMENT TEAM

The Investment Team is responsible for implementing the policy. The Fund's Investment Team works with the Asset Consultants<sup>4</sup> in conducting due diligence during manager selection and ongoing performance monitoring and review. The ESG processes of investment managers are integral to the initial due diligence and ongoing monitoring and review process. These processes are described in the *Investment Monitoring and Review Policy* and the *Investment Selection and Due Diligence Policy*.

## 3.2 ASSET CONSULTANTS

CareSuper requires advisers and consultants to take ESG risks into account when providing investment advice to the Fund, including in relation to asset allocation, asset class configuration and manager selection.

## 3.3 INVESTMENT MANAGERS

CareSuper's investment managers are required to comply with the Fund's Responsible Investing Policy. This includes the requirement for them to identify, assess and report on ESG risks and opportunities in their investment analysis of the companies in which they invest on behalf of CareSuper.

# 4. Implementation

The implementation of CareSuper's responsible investment program involves the assessment of ESG risks and opportunities across the fund ('ESG integration'), stewardship, assessment of our investment managers' ESG processes during due diligence and ongoing monitoring, the ability to exclude or restrict certain investments, and collaboration with like-minded investors and groups on ESG and stewardship matters.

## 4.1 ESG INTEGRATION

CareSuper integrates ESG assessment into its investment and manager selection, monitoring and engagement process. The Fund assesses the quality of a manager's ESG framework and monitors the application of that framework as part of the manager monitoring and review process. CareSuper assesses ESG risks and opportunities as part of its investment decision-making across the fund. This process includes researching and assessing exposure to different ESG risks, and opportunities, within and across asset classes. Various ESG-focused data sources, and input from managers, investor groups and service providers, are used as part of this process.

<sup>4</sup> The Investment Committee appoints and reviews the Fund's primary external advisers to provide specialist investment advice and analysis to the Fund, referred to in this Policy as the Asset Consultants.

A broad definition of key ESG risks is provided below:

**Environment:** risks relating to the environment, including but not limited to climate change, pollution and environmental degradation, resource depletion, deforestation, the destruction of significant sites, destruction of nature and biodiversity loss, and reduction of water and air quality.

For example, the Fund recognises that climate change is a material risk that will impact economies and financial markets over time. Global warming is expected to have a wide range of consequences, many of which may directly or indirectly impact the performance of companies, sectors or regions, including:

- Extreme weather events,
- Changing weather patterns,
- Rising sea levels,
- Legislation, regulation to limit CO2 emissions and/or relating to carbon pricing, and
- New technology to reduce CO2.

In line with its commitment to ensure the best financial outcomes for members, CareSuper has set a goal to achieve net zero carbon emissions across its investment portfolio by 2050. This longer-term goal is supported through interim objectives which cover portfolio emissions reductions and transition-related investment opportunities. Refer to the Fund's [Net Zero Roadmap](#) for further information.

The Fund requires its investment managers to consider risks and opportunities associated with climate change when making investment decisions, where material. The Fund works with like-minded investors, including the Investor Group on Climate Change (IGCC), Climate Action 100+, and the Australian Council of Superannuation Investors, on initiatives to reduce climate-related risks. Refer to the Fund's [Climate Change Position Statement](#) for further information.

**Social:** risks relating to social issues including but not limited to abuse of human rights, modern slavery, poor management of worker health and safety, poor labour practices, lack of diversity and inclusion, and failure to ensure fair treatment of the workforce (‘just transitions’).

For example, research has shown a positive relationship between safety and operational efficiency. Some companies that have improved operational health and safety have experienced not only better worker health outcomes but also improved productivity and financial returns over the long run.

The introduction of the Australian Modern Slavery Act 2018 made reporting on modern slavery compulsory for entities that meet the revenue threshold. CareSuper complies with the Modern Slavery Act 2018 and publishes its own [Modern Slavery Statement](#) annually.

**Governance:** risks relating to the performance and standing of an entity, including but not limited to, poorly designed remuneration plans, poor corporate culture, bribery and corruption, lack of board accountability, and legal and regulatory non-compliance.

For example, poorly designed remuneration plans can incentivise executive behaviour that is not in the long-term interests of shareholders. Poor remuneration practices can have both an indirect and direct impact on the profitability and value of an investment.

Any of these matters can impact both the short- and long-term profitability of an entity and its long-term viability.

## 4.2 STEWARDSHIP

Thoughtful stewardship of members’ capital is an important element of CareSuper’s responsible investment strategy. Stewardship activities include proxy voting, company engagement, and public policy advocacy. These activities aim to protect and enhance investment value, in line with

members' best financial interests. At CareSuper, stewardship activities are undertaken both by our investment managers, and by the Investment Team.

Further information on CareSuper's approach to stewardship can be found in the Fund's [Stewardship Statement](#).

#### *Proxy voting*

Executing the voting rights attached to investments CareSuper holds on behalf of members is an integral element of active ownership. Voting supports the Fund's efforts to maximise value for members in the long term and promotes responsible corporate behaviour.

The Fund's policy is to vote all shares where possible and in a manner that is consistent with our investment philosophy. We aim to ensure that all voting decisions incorporate sound ESG practices and support our engagement activities as set out in this Policy. In doing so, the Fund takes into account the views of independent proxy voting advisers and the Fund's investment managers. Authority regarding the final voting direction resides with the Fund.

Further details are provided in the Fund's [Proxy Voting Policy](#).

#### *Company engagement*

Company engagement involves discussion between investors and the board or senior management of an investee company on matters such as a company's strategy, leadership, management of ESG issues, and reporting. CareSuper believes that engagement with companies can be an effective way to better understand, evaluate and mitigate ESG risks. CareSuper may engage with companies directly, via our fund managers, or with service provider partners. For example, CareSuper participates in engagement programs on material ESG issues with other investors alongside the Australian Council for Superannuation Investors (ACSI).

#### *Policy advocacy*

CareSuper will consider advocating for government policy change where to do so is in members' best financial interests. We support appropriate policy positions through submissions to government and regulators via collaborative initiatives, and by contributing to relevant industry research.

### **4.3 MANAGER SELECTION & MONITORING**

CareSuper considers each investment manager's approach to ESG as part of the due diligence process. The manager's ESG approach is documented in all Requests for Proposal (RFPs), considered in interviews and reviews, and forms part of the overall assessment of the manager. The Fund considers each manager's ESG approach in the context of the asset class and the inherent nature of the investment universe, the investment manager's style and portfolio construction process, the quality of ESG integration compared to similar investment managers and the likely materiality of ESG risks in each manager's investment strategy. Investment managers are required to factor ESG risks into their investment decisions, in order to make an integrated assessment of risk and return.

The Fund also conducts ongoing monitoring of each manager's ESG process, including but not limited to:

- Review of ESG policies and frameworks,
- Assessment of their application in investment selection and portfolio construction,
- Voting and company engagement priorities, and
- Reporting of ESG considerations, recognising the Fund's preference for ESG considerations to be integrated in decision making.

### **4.4 INVESTMENT RESTRICTIONS**

In the best financial interests of members, CareSuper has and may exclude certain investments from its investment portfolios.



The Fund also offers investment options for investors seeking to restrict or exclude certain types of investments. The Fund seeks to achieve this by incorporating restrictions in separate mandates with investment managers, and through active engagement with managers of pooled investments.

Information about current investment restrictions is available on CareSuper's website.

#### 4.5 COLLABORATION

Collaboration with like-minded investors and organisations can amplify stewardship influence, while also lowering workload and costs in the best financial interests of members. CareSuper is a member of and/or an active participant in the following collaborative initiatives:

- ACSI – CareSuper is a founding member
- PRI – CareSuper has been a signatory since 2006
- IGCC
- Responsible Investment Association Australasia (RIAA)
- 30% Club
- Tobacco Free Finance Pledge
- Climate Action 100+
- Australian Asset Owner Stewardship Code – CareSuper is a founding signatory

## 5. Policy Governance

### 5.1 REPORTING

The Trustee commits to disclosing its responsible investment practices including:

- Publication of this Policy on the Fund's website,
- Commentary in the annual report and disclosure documents,
- Member newsletters and communications,
- Making information readily available on the Fund's website, and
- Through reports to third parties such as through the annual assessment report for the PRI.

### 5.2 OTHER RELEVANT POLICIES & STATEMENTS

This Responsible Investing Policy should be read in conjunction with the below:

	Document title
1	<i>Corporate Responsibility &amp; Sustainability Policy</i>
2	<i>Investment Policy Statement.</i>
3	<i>Investment Governance Framework</i>
4	<i>Investment Monitoring and Review Policy</i>
5	<i>Investment Selection and Due Diligence Policy</i>
6	<i>Proxy Voting Policy</i>
7	<i>Stewardship Statement</i>

---

	Document title
8	<i>Climate Change Position Statement</i>
9	<i>Net Zero Roadmap</i>
10	<i>Modern Slavery Statement</i>

---

### **5.3 REVIEW**

This document is effective immediately on adoption by the Board and supersedes all previous versions. The Responsible Investing Policy is reviewed and approved annually, or as required, by the Investment Committee (IC). Material changes are referred to the Board for approval.