

OUR COMMITMENT TO RESPONSIBLE INVESTING

We believe well-governed companies that manage material¹ environmental, social and governance (ESG) risks and opportunities in their operations and supply chains, such as those that impact employees, suppliers, customers, communities and the environment, will protect assets and grow our members retirement savings over the long term.

How we invest responsibly

Through integration

We seek to understand and consider material ESG risks and opportunities as part of our investment decision making process (e.g. when choosing to invest in a company, or asset, or with an external investment manager).

We are active stewards

Through voting at annual meetings and through discussions with the company or manager, we aim to improve practices so that companies we invest in are better run and provide more sustainable long-term returns.

We advocate for a shift towards a sustainable finance system by encouraging the development of standards, guidelines and regulatory reform. Either directly or alongside others, we support the development of policies and research, and make submissions to government and regulatory consultations.

We are evidence driven

We use a wide range of research and data to measure, support and evolve our evidence-based approach. Our strategies and approaches are underpinned by an assessment of best practice coupled with a view of what is fit for purpose for our portfolio.

We adapt

We work to ensure our priorities continue to align with our members' best financial interests through time and we scan the horizon so we are aware of issues that will become prominent in the future.

We are transparent

We measure our activities and report on our progress, so our members can be confident that we do what we say we do.

We partner

We recognise that through partnership and collaboration we can share knowledge and learnings and better protect our portfolio from systemic risks.

Our key beliefs



We act in our members' best financial interest



We aim to apply our responsible investing approach across our total portfolio



We advocate for a more sustainable future

You can read our [Responsible Investment Policy](#) [here](#).



1. Material ESG risks and opportunities are those that are likely to affect business or investment performance.

Our portfolio wide investment exclusions

Our approach to responsible investment primarily centres around ESG integration, investment stewardship and advocacy. However, in limited circumstances, we also apply investment exclusions. More detailed information on our portfolio wide investment exclusions is available on our [website](#).

Our portfolio wide priorities

At the portfolio level, we have a set of ESG priorities that are areas of focus for our Responsible Investment Team. These priorities also flow across the portfolio to protect and preserve member value and we also seek to apply them across the broader Fund. These priorities generally represent a systemic risk to our portfolio, are the subject of regulation, or are closely linked to our members and the industries in which they work. Our priorities are regularly reviewed and are informed by research across emerging issues and regulation, materiality to our portfolio, and engagement with a broad range of stakeholders.

Our portfolio wide priorities are:

- Climate Change
- Nature and Biodiversity Loss
- Workplace Health and Safety
- Investing in the Real Economy
- Modern Slavery

Our stewardship priorities

Our stewardship work encompasses our advocacy, engagement and voting activities, largely focused on our listed equity portfolio. Our stewardship priorities incorporate several of our portfolio-wide priorities, those of climate change, modern slavery and workplace health and safety. They also extend beyond our portfolio-wide priorities to include issues we believe are relevant to protecting members' best financial interests across our equities portfolio.

Our stewardship priorities are:

- Climate Change
- Corporate Governance
- Diversity, Equity and Inclusion
- Human Rights
- Inequality
- Nature and Biodiversity Loss
- Workplace Health and Safety
- Workers' Rights
- Modern Slavery

Commonly asked questions and answers about our approach to climate change

Q&A



Q Why is climate change important to super funds?

A. We believe that a fair and fast transition to a low carbon economy will generate the best opportunities for our members, through the protection and enhancement of investment returns, creation of new jobs, and lowering the cost of living. Achieving this will require collaboration and a focus on real world impact. Uncontrolled climate change could negatively impact our members in multiple ways including:

- reducing their investment returns as they look to retire
- impacting their ability to live and work in certain locations
- increasing their energy, resilience, and insurance costs
- impacting their health and the social cohesion of the communities they live in.

Q What are the key pillars of our climate change strategy?

A. The key pillars of our climate change strategy are:

1. Advocate for policy settings that support a fair and fast transition to a low carbon economy.
2. Aim to reduce real world emissions within our portfolio.
3. Invest in companies whose activity supports climate change mitigation and/or adaptation.

Our climate goals are as follows:

- Net zero portfolio carbon emissions by 2050;
- Contribute to a 45% reduction in real world emissions by 2030 (compared to a 2019 baseline);
- Allocate capital to climate change investments; and
- Engage with our priority list of Australian listed equity companies.

You can read more about these goals [on our website here](#).

Within our climate change strategy, we have a set of public climate change goals and climate change principles and have used climate change roadmaps to identify key actions we aim to achieve within a set period of time. We are now looking to develop a new Climate Action Plan to succeed our third Climate Change Roadmap. This plan will capture short, medium and long term actions that we believe will support our climate change strategy.

Q Why is climate change advocacy important?

A. The energy transition is a whole of economy transition and a level of coordination is required to prevent a disruptive or disorderly transition. A disruptive or disorderly transition may impact investment returns and our members retirement savings. In addition, climate change presents a systemic risk – it cascades through the economy and society. Portfolio diversification can't protect against climate change, so we therefore have a role to play in engaging in systems level change.

Advocating for policy settings that support a fair and fast transition benefits our members in several ways:

- Improves and protects investment returns
- Increases energy security
- Reduces the risk of skills shortages
- Increases the likelihood that impacted workers and communities will be supported.

We see policy advocacy as a key pillar of our climate change response, and engage regularly with government, regulators and standards setters.

Q What is our approach to climate change investments?

A. We invest in climate change investments globally where the investment risk/return is attractive. Given the ongoing development of methodologies and taxonomies for identifying climate change investments, we have developed an internal framework that identifies companies whose activities support climate change mitigation and/or adaptation. We refer to these as climate change investments and we aim to measure our exposure to climate change investments annually.

Q How do we reduce emissions within our portfolio?

A. While our advocacy work focuses on the systems level (policies and standards that apply across the economy), we also contribute to the move towards a low carbon economy by focusing on reducing the emissions of the companies we own.

We do this by:

Integration – one of the key climate change principles we are currently working to implement involves the consideration of climate change risk within investment decision making processes.

Use of climate change overlays – a number of our quantitative equity strategies implement one or more climate overlays aimed at constraining carbon emissions and/or limiting exposure to potential stranded assets.

Engagement – identifying and engaging with a priority list of Australian companies on climate change and working with our service providers to engage with a broader set of Australian and global companies on climate change.

Voting – we use our voting rights to communicate our support or otherwise of how companies are responding to climate change.

Q Why don't you divest from companies that invest in fossil fuels?

A. As the trustee of a super fund, we are subject to a number of strict statutory and general law obligations regarding the way we administer the Fund and how we invest for our members.

These obligations require us to invest for the purpose of maximising the retirement outcomes for all of our members and our members' best financial interests are the determinative factor when investing.

Given the long-time horizon of climate change, there is an ongoing tension between short term performance and managing climate change risk. We utilise company engagement and policy advocacy to reduce long term risk while protecting members' near-term investment returns.

Divestment is an option available to investors, but the research suggests it requires near total adoption from all investors to be truly effective². Divestment by a small number of investors has been found to have minimal impact on a company's cost of capital and little real world impact³.

In addition, the energy transition requires the global community to leave value in the ground. We believe that supportive policy settings are needed to allow this to happen, we don't believe investors alone can drive this change.

Q Why does it help to stay invested?

A. Arguments that support the need for investors to remain invested in companies or assets that risk being stranded during the energy transition include being present to support impacted workers and communities, and to engage with, support and encourage company transition. In doing so, our aim is to help ensure the transition is as orderly and fair as possible so that our members' benefits are maximised.

If done well, we believe the energy transition should include a fair transition for workers and communities and lead to job creation and nation building, which is positive for the economy and our members' investment returns. We have already been involved in situations where assets have been shut down and investors needed to advocate on behalf of impacted workers to ensure a fairer outcome. We believe such work helps foster ongoing support for the energy transition which helps to protect member returns.

We take this matter seriously and continue to evolve our approach as further information and better tools for analysing our investments becomes available.

Further information

Further information on our areas of focus beyond climate change can be found in our [2024 Responsible Investment Supplement](#) and you can find out more about our responsible investment approach by visiting mediasuper.com.au/investments/responsible-investing.

2. Johansmeyer (2022). How fossil fuel divestment falls short. Harvard Business Review. <https://hbr.org/2022/11/how-fossil-fuel-divestment-falls-short>
3. Plantinga and Scholtens (2024), The finance perspective on fossil fuel divestment. Current Opinion in Environmental Sustainability, 66(101394) <https://doi.org/10.1016/j.cosust.2023.101394>



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