

SUPERANNUATION VOTING TRANSPARENCY REPORT

1. Name of asset owner/ fund manager & fund name chosen to assist with queries below:

Future Fund

2. Brief Description of Asset Owner:

The Future Fund is the Australian Federal Government operated sovereign wealth fund.

3. Funds Under Management: \$141 billion as at 31 March 2018

URL: <https://www.finance.gov.au/investment-funds/future-fund/investment-performance-and-financials/>

4. Memberships

Association	Membership
UNPRI	No
FSC	No
RIAA	No
ACSI	No

5. Do they publically disclose a clear policy on how ESG issues are incorporated in all of their equity investment activities (i.e not just for SRI funds?) and do they screen any particular industry?

The Future Fund has an ESG policy dated 28 February 2017 and a Statement of Investment Policies dated February 2018 which, as well as the Future Fund, covers the other funds managed by the Future Fund Board of Guardians. Neither document contains much by way of specific detail about particular ESG concerns of the Future Fund.¹

Separate from its policies, in its Annual Report the fund mentions its interest in environmental quality, climate change, human and labour rights, occupational health and safety, supply chain risks, corruption and corporate governance. In addition, on its FAQ page it describes its attitude to climate change stating climate change risk is “evaluated in the same fashion as all other relevant risk considerations.”

¹There is at clause 4.2 of the ESG Policy a brief list of important Governance Principles the Future Fund subscribes to.

There is no separate Proxy Voting Policy, it appears the Future Fund only exercises voting rights in regard ASX investments.² In its Annual Report it states it has in the past supported shareholder resolutions that are “seeking better disclosure of a company’s exposure to climate risk where the current disclosure is lacking,” however, no specific resolutions are mentioned.

The Future Fund has negative screens for tobacco related products and military weapons related conventions Australia has ratified. (1)

URL: <http://www.futurefund.gov.au/investment/how-we-invest/esg> (1)

2016/17 Annual Report (2)

Environmental, Social and governance Policy (3)

Score (1.25 out of 3) (1 for having a policy and 0.25 for having a brief list of Governance principles, 0 for Environmental and Social, there is only a very brief mention of particular interests of the Future Fund in the Annual Report.)

6. Do they publicly disclose their voting record for either or both their ASX and international holdings?

The Future Fund’s proxy voting records are styled as summary statistics and do not describe the unique proposals, companies or resolutions which the fund has voted on.

Although the statistics are partially categorised and both domestic and international companies are included, they do not show the fund’s voting history against specific proposals.

Furthermore, voting decisions are categorised in a non-standard way. Rather than describing decisions to vote “for” or “against” a proposal, they are described as voting “in agreement with the board” or “in disagreement with the board.” This adds an extra layer of complexity to comparative analysis, and we would recommend that the fund adopt a standard approach in future.

URL: ANR 2016/17 (pg. 28-29)

Score (1 out of 5)

7. LAGGING

Score 0 as only very brief Summary Table is available in the Annual Report

8. Proxy Advisor used:

N/A

9. Since June 2015 has the Fund lead filed or co-filed any ESG related shareholder resolutions at ASX 100 listed companies?

Not to the knowledge of the ACCR.

² See Clause 4.5 of the February 2017 ESG Policy.

10. Prose:

The Future Fund has a fairly basic ESG policy which contains minimal reference to specific ESG issues. It has no separate Proxy Voting policy. Despite the fact the Future Fund is owned by the taxpayers in Australia its disclosure of its proxy voting record does not meet basic standards required of:

- any compliant disclosure by a private-sector member of the industry trade association the FSC; or
- most private-sector super funds, under obligations imposed on them by the Commonwealth.