

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2012-2013

Finance and Deregulation Portfolio

Department/Agency: Future Fund Management Agency

Outcome/Program:

Topic: ESG Policy

Senator: Di Natale

Question reference number: F11

Type of question: Hansard, F&PA Committee, Page 23, 16 October 2012

Date set by the committee for the return of answer: Friday, 30 November 2012

Number of pages: 1

Question:

Senator DI NATALE: The question I have is that, given the behaviour of that company, how is it consistent, again, with ensuring that our ESG policy targets those industries with a poor track record and ensures that we improve that behaviour?

Mr Burgess: I think today you have outlined a series of views and opinions on the behaviours of companies—

Senator DI NATALE: No, these are facts. I have outlined a series of facts about the behaviour which these companies are engaged in.

Mr Burgess: As I mentioned, when we are presented with facts as you have outlined today, we will review them and look at them. So I will take that on notice and come back to you with a comment on those issues.

Answer:

The Board's Ownership Rights and ESG Risk Management policy sets out the framework for the exercise of voting rights and engagement with companies to encourage governance arrangements that support the proper treatment of the share or capital holder, the appointment and retention of fiduciaries (or their equivalents) of the highest quality and high standards of behaviour.

We have a process to understand and research ESG-related risks and opportunities and to vote on resolutions and engage with companies through our managers and also directly.

In October 2012, the Board requested the Board Governance Committee - and that Committee agreed - to consider the Fund's investments in cigarette and tobacco product manufacturers. This work has started and will include consideration of the comments made in relation to Gudang Garam and ESG issues generally, the costs and implications of exclusion as well as the Board's ability, given its responsibilities and obligations, to act in this area.

The Committee will provide its findings to the Board, the Board will make a determination and this will be communicated publicly.