

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: F12

Type of question: Hansard, F&PA Committee, Page 24, 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: ... Again, I just want an example of how we are attempting to improve the behaviour of Philip Morris through our ESG approach.

Mr Burgess: As I mentioned, we would expect our managers to engage with any company that we invest in to ensure that they operate at the standards that we expect. We monitor that very closely. You have given detail today. I would have to take that on notice, come back to you and discuss that. We will provide that to you on notice.

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 Philip Morris 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.