

The Australian Securities Exchange, ASIC, individual organisations that matter in that aspect—such as IFSA and all those sorts of people—and major corporations got together and worked out the corporate governance principles, which then were used to overcome corporate inertia and resistance and to change the culture. Can you use that same approach to advance shareholder engagement issues?

Answer:

Regnan believes that the ASX corporate governance principles provided additional information on company governance and therefore enabled greater engagement by institutional investors in investee companies. Regnan's view however is that the level of reporting on environmental, social and corporate governance risk and performance by the vast majority of listed companies is still inadequate. As owners of companies, investors are entitled to clear information on ESG risk and governance and are still seeking greater disclosure by most companies. While the corporate governance principles built some momentum in this regard, they have not resulted in adequate information for institutional investors, much less retail investors, to adequately and properly engage with their companies on these issues.

I am asking you a specific question: are there any other categories where the opportunity should be provided to superannuants or unit holders for giving informed consent with respect to their investment other than: 'Here are the investment or default options you can choose'? If you want time to go away and think about that and come back to us on it, by all means do so.

Answer:

Considering its focus on Environmental, Social and Corporate Governance issues (ESG), Regnan advocates for clearer communication with superannuants on the ESG exposure and performance of their investments. As investment alternatives addressing ESG risk and performance develop, it is likely that specific asset allocation strategies addressing ESG risk and opportunity will be offered to superannuants and so consent will be required. Perhaps more importantly, it would not be inappropriate for informed consent to be sought by trustees on policy approaches to addressing ESG considerations in all their investments within the scope of seeking to maximise long term returns on member's funds.