



Changes to AustralianSuper's socially responsible investments

1. What is sustainable investing?

Sustainable investing, also known as socially responsible investing, is an investment strategy which aims to maximise both the investment return and environmental and social benefits and corporate best practice.

In general, sustainable investing favours corporate practices that promote environmental and consumer protection, human rights, and diversity.

2. How does a sustainable investment option work?

A sustainable investment option invests in companies that are leaders in terms of their economic, environmental and social sustainability.

A sustainable share investment is one which values companies which can demonstrate that they:

- have a strategic focus on the sustainability of their business which includes measuring impacts and setting targets for improvement
- accept responsibility for their environmental, social and economic impacts of their products and services
- are engaged and work constructively with communities, governments and non-government organisations to achieve sustainable outcomes
- are prepared to lead their industry in the development of sustainable practices
- are transparent when reporting on their performance.

3. Why is AustralianSuper changing its Australian Sustainable Shares and Sustainable Balanced options?

AustralianSuper has reviewed its Australian Sustainable Share and Sustainable Balanced options in order to better cater for the growing need and interest in these options. As part of this review, AustralianSuper wanted to ensure members continued to be provided with sustainable investment options that are both competitive and have the potential to provide strong long-term growth.

In addition, AustralianSuper was looking to take a more consistent investment approach between the Australian Sustainable Shares and the International Sustainable Shares options.

4. What is changing?

The screening criteria and process used to choose the underlying investments, for both the Australian Sustainable Shares and the Sustainable Balanced options is changing.

The new screening criteria will be different to the current investment approach in the following respects:

- **No automatic ethical exclusions**

In the past our investment manager excluded companies that it believed to receive a significant proportion of their revenue (at least 5%) from the manufacture or sale of alcohol or tobacco, the operation of gaming facilities or the manufacture of gambling equipment, uranium extraction or the manufacture of weapons or armaments. This automatic ethical exclusion will no longer take place.

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- A 'best-of-sector' approach

A best-of-sector approach seeks out sector-leading performance against environmental, social, governance and sustainability criteria. It aims to achieve diversity through investing across all industry sectors and to select best performing companies in each sector.

This means that companies are ranked within each industry sector, and the top 35% of each sector are selected (as 'best-of-sector'). The portfolio is then constructed to maximise the expected return using stocks only within this best-of-sector group.

The new process benchmarks economic, social, governance and sustainability performance that is appropriate to each sector and ranks the companies' performances against these benchmarks.

So, instead of excluding an entire industry, companies that can demonstrate superior performance against the various benchmarks within each sector are included. This acts as a positive incentive for companies to improve their performance against the benchmark.

5. When is the change coming into effect?

The change will take effect from Wednesday 13 January 2010. If you wish to change your investment choice prior to the change coming into effect, you'll need to do this online by midnight Sunday 10 January 2010 or send us your completed *Make an investment choice* form by close of business Friday 8 January 2010.

6. How can I make a change to my investment options?

To make a change to your investment option you can:

- Login to your personal account **MemberOnline** to change your options online – www.australiansuper.com/pension – you'll need your member number and PIN
- Download the Investment Choice Guide *Investing for your future* from our website – www.australiansuper.com/tools and complete the enclosed *Make an investment choice* form
- Call us on **1300 789 932** and ask us to send you a copy of the Investment Choice Guide *Investing for your future*.

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