

# Responsible Investment Super Study 2021

Thursday 2 December





**Estelle Parker, Executive Manager, Programs at RIAA**

# About RIAA

- RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand, and is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.
- With over 450 members managing around AU\$40 trillion in assets globally, we are the largest and most active network of people and organisations engaged in responsible, ethical and impact investing in our region.
- Our membership includes super funds, fund managers, banks, brokers, impact investors, financial advisers, property managers, trusts, foundations, faith-based groups and individuals.



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P I M C O



**Victoria O'Keeffe**, Vice President and  
Institutional Account Manager at PIMCO

# Responsible Investment Super Study 2021





**Zsuzsa Banhalmi-Zakar, Research Manager at RIAA**

# Findings





# The Study

## Target:

- Largest APRA regulated super funds
- Plus super funds in underrepresented categories
  - Not APRA regulated
  - Public/faith-based

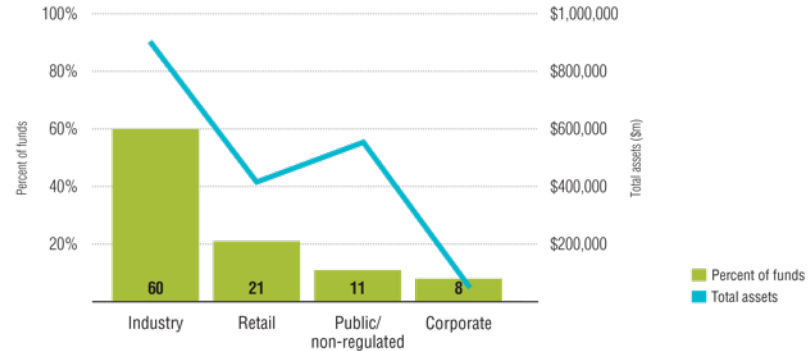
Total=53

## Timeframe covered:

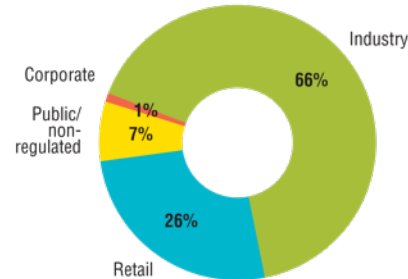
- mid-2019 to end of 2020

Reliance on the *Framework of Good Responsible Investment Governance* to identify leading practice

Total assets of super funds covered in this study, by category



Client accounts by super fund category



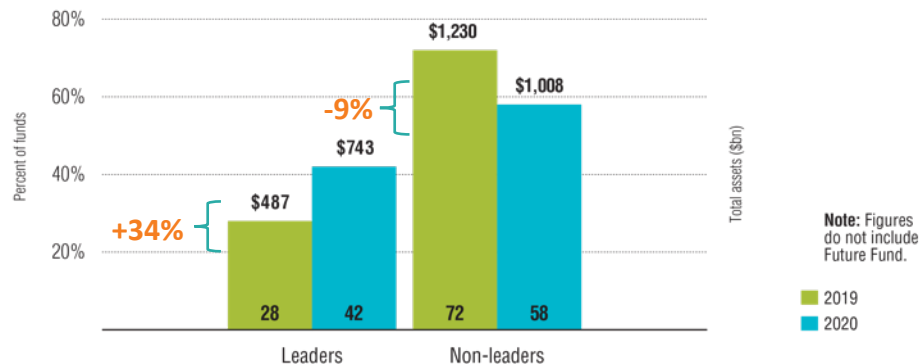
# RIAA's Framework of Good Responsible Investment Governance

Pillar	Name	Description	Maximum score
1	<b>Governance and accountability</b>	Board-level buy-in to responsible investment supported by formal accountability processes	10
2	<b>Commitment</b>	Extent and breadth of responsible investment approach and coverage aligned with investment and responsible investment beliefs	10
3a.	<b>Implementation</b>	Engagement, active understanding, voting, advocacy (as applicable)	10
3b.	<b>Implementation</b>	ESG integration, manager selection and monitoring (as applicable)	10
3c.	<b>Implementation</b>	Values investing, impact investing	10
4	<b>Measurement and outcomes</b>	Systems and metrics to track and manage responsible investment performance internally and externally; ways for measuring success	10
5	<b>Transparency and responsiveness</b>	Disclosures that build member confidence and broader stakeholder trust in the super fund's governance of responsible investment (as applicable)	10
Total possible score = 70			

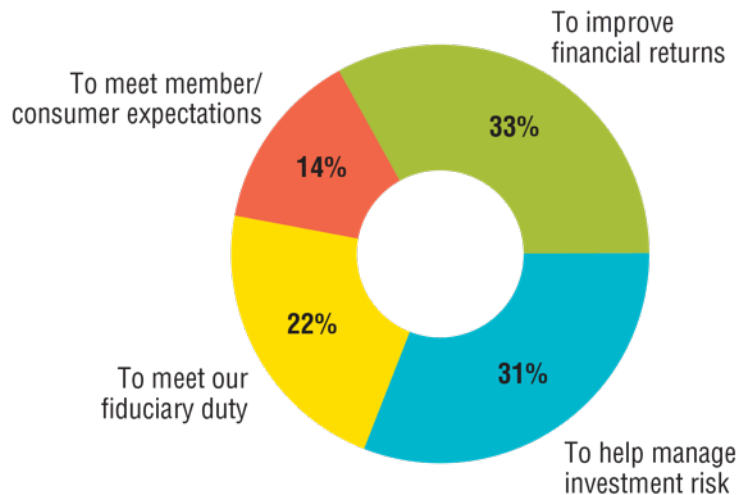
# Growth in responsible investment assets

- Share of leaders grows, while share of non-leaders shrinks, while **market growth is ~2%**
- Super funds demonstrating leading responsible investment practice on RIAA's Framework
- 13 leaders

Share of total assets between leaders and non-leaders in 2019 and 2020



# Top drivers for considering ESG in investment decision-making



# Performance of responsible investment super funds

Use MySuper products to compare performance

MySuper data characteristics:

- 40 yr of age
- \$50,000 balance
- Net return: annualised rate of return after administration fees, costs, taxes and advice fees have been paid

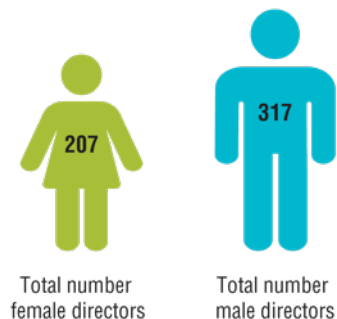
## MySuper performance of leaders and non-leaders

	MySuper net return (average)		
	Past 3-years	Past 5-years	Past 7-years
Leaders	8.44%	9.10%	8.29%
Non-leaders	7.57%	8.36%	7.73%
<b>Difference</b>	<b>+0.87%</b>	<b>+0.74%</b>	<b>+0.56%</b>

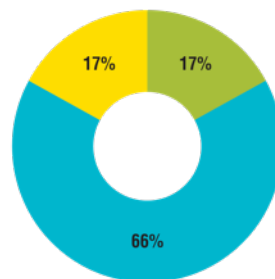
**Note:** MySuper figures are current as of June 2021, based on a balance of \$50,000. Data does not include Future Fund which does not have a MySuper product.

**Source:** ATO MySuper comparison tool, and APRA Annual MySuper statistics June 2020.

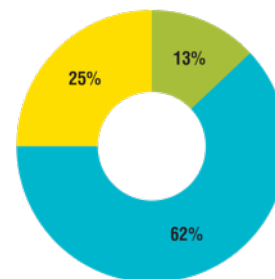
# Gender diversity on trustee boards



**FIGURE 15a Gender composition of trustee boards**



**Figure 15b Share of assets governed by boards with different gender composition**

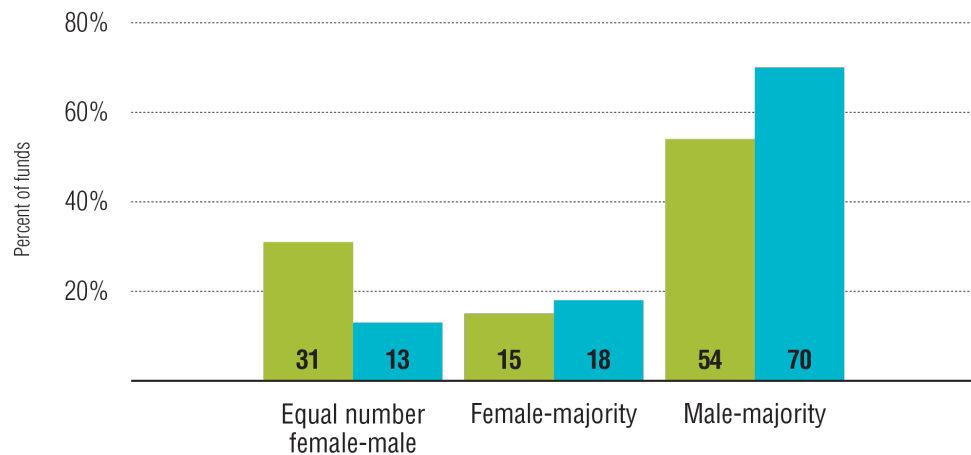


**Source:** Based on APRA Annual fund-level statistics June 30, 2020.

- Boards with more women than men
- Boards with more men than women
- Boards with equal number women and men

# Gender diversity on trustee boards

## Percentage of trustee boards with equal, female-majority and male-majority boards



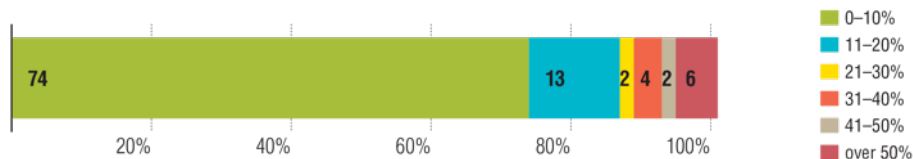
**Note:** Data sourced from APRA, which only distinguishes male and female genders in its reporting. RIAA recognises that boards may comprise people of other gender identities not captured by APRA.

**Source:** APRA Annual Fund-level Superannuation Statistics June 30, 2020.

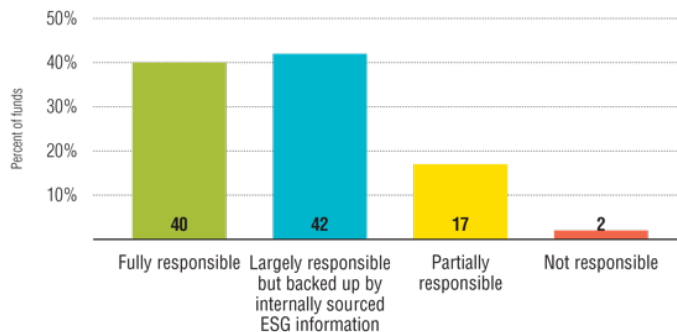
■ Leaders  
■ Non-leaders

# The role of external investment managers in helping super funds deliver responsible investment

Percentage of AUM managed internally by super funds



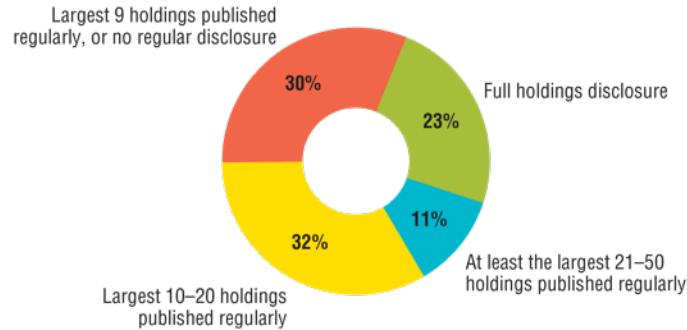
External managers' responsibility for providing ESG information to super funds



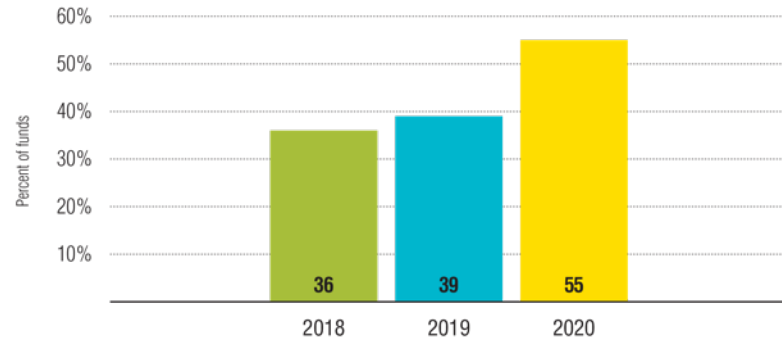


# Holdings disclosure and strategic asset allocation

## Holdings disclosure among super funds

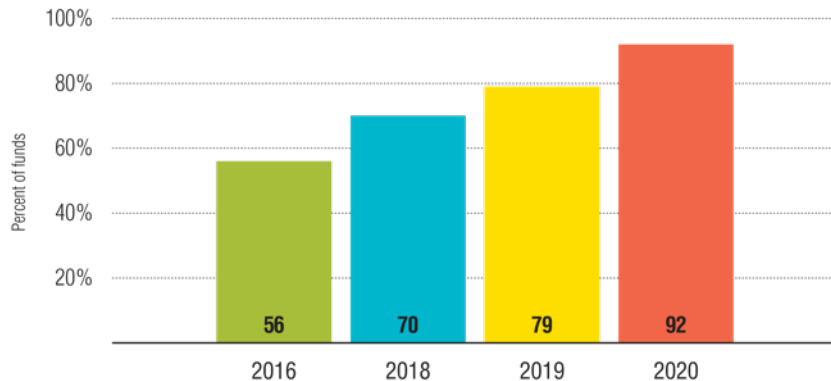


## Percentage of super funds that consider responsible investment in strategic asset allocation (2018-2021)



# Accountability and governance

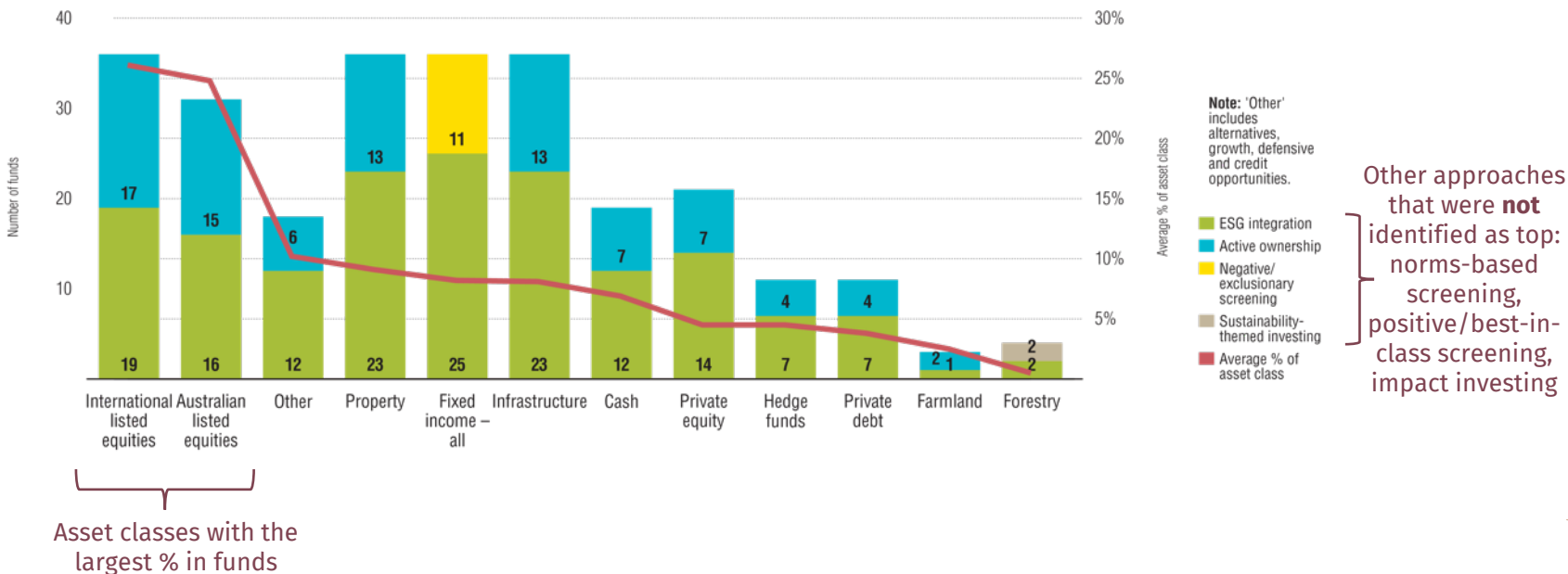
**Super funds with board-level accountability for responsible investment, including through sub-committees or dedicated secretariat (2016–2020)**



**Note:** Including through sub-committees or dedicated secretariat

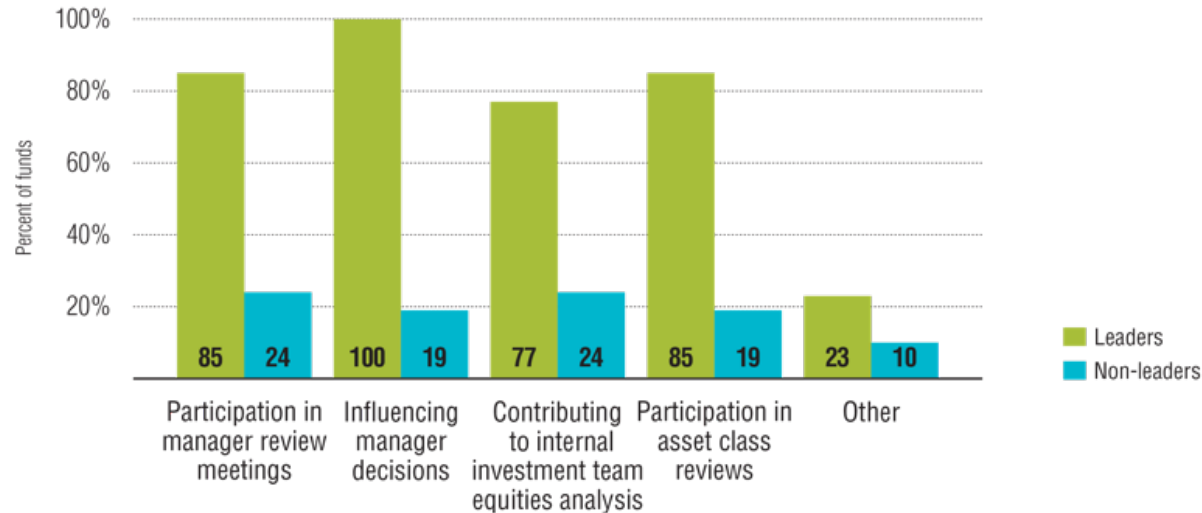
92% assess climate risk at a board level, compared to 74% in 2019 and 64% in 2018

# Top responsible investment approaches across main asset classes



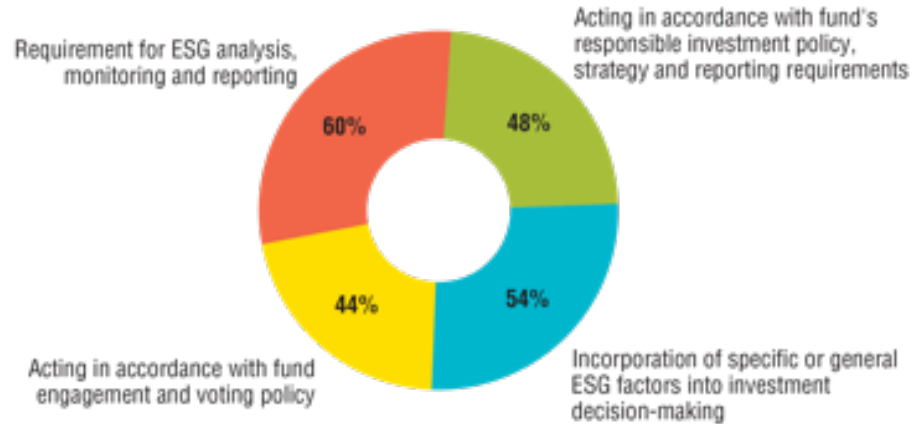
# Implementation: ESG integration

**Differences in how responsible investment or ESG staff provide input in decision-making between leaders and non-leaders**



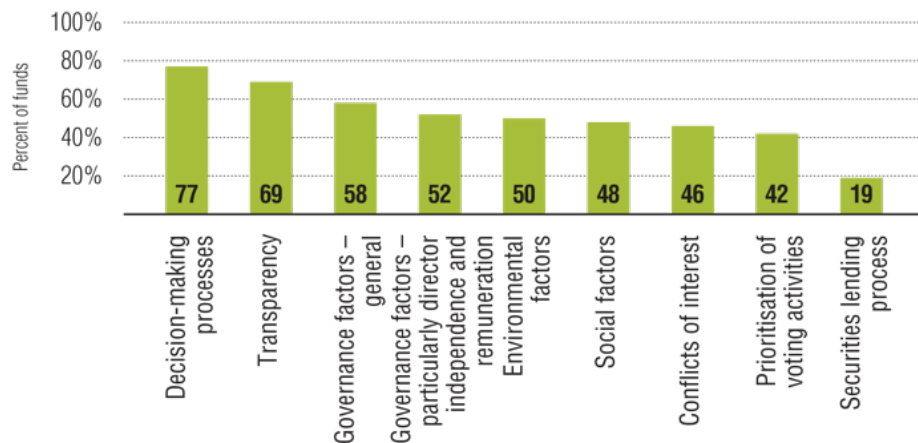
# Implementation: ESG integration

## Responsible investment expectations set out in Investment Management Agreements for listed equity and/or fixed income

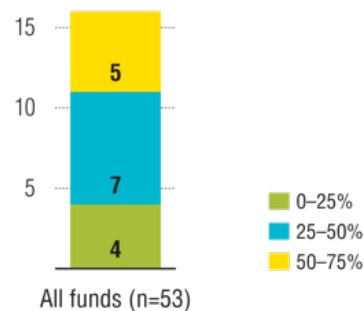


# Implementation: Voting

## Topics covered by super fund voting policies



## Number of funds that supported different percentages of ESG-related shareholder resolutions



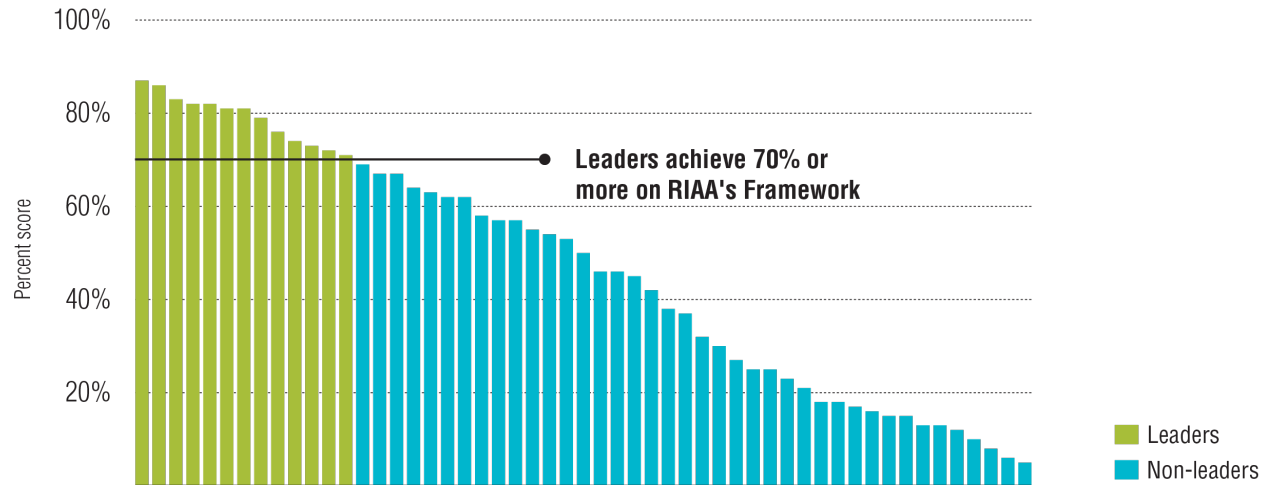
# Leading responsible investment super funds 2021

## Average performance of leaders and non-leaders across the pillars of RIAA's Framework



# Leading responsible investment super funds 2021

## Performance of super funds on RIAA's Framework (53 funds)





# Leading responsible investment super funds 2021

Fund name	Fund category
Active Super (formerly Local Government Super)	Industry
Australian Ethical Super	Retail
AustralianSuper	Industry
Aware Super	Industry
BT Superannuation	Retail
CareSuper	Industry
Christian Super	Industry
HESTA	Industry
Mercer Superannuation (Australia) Limited	Retail
Rest	Industry
Unisuper	Industry
United Super (Cbus)	Industry
Vision Super	Industry

# Panel discussion



**Simon O'Connor,**  
CEO at RIAA



**Ross Piper,** CEO at  
Christian Super



**Ryan Korinke,** Managing  
Director & Global Head of  
Sustainability at PIMCO



**Jessie Pettigrew,** Head of  
Sustainable Investment and  
ESG Risk at BT



**Liza McDonald,** Head of  
Responsible Investment  
at Aware Super

# Responsible Investment Super Study 2021



# RI Australia Conference 2022

## Thriving in the new era of responsible investment

Wed 6 & Thu 7 April 2022 - ICC Sydney and online

Early bird registration discounts end 21 December

[www.responsibleinvestment.org/events](http://www.responsibleinvestment.org/events)



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**RESPONSIBLE INVESTMENT  
ASSOCIATION AUSTRALASIA**  
Ground Floor, 555 Bourke St  
Melbourne Vic, 3000  
Australia

+61 3 7018 7653

[info@responsibleinvestment.org](mailto:info@responsibleinvestment.org)  
[responsibleinvestment.org](http://responsibleinvestment.org)



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