



Sustainable Investing Case Study: Social Engagement

IG Wealth Management partners with leading global asset managers who share our commitment to **Sustainable Investing** because it helps reduce investment risk and enhance our clients' financial well-being over the long term.

Our asset managers are expected to engage with companies when they identify a material **Environmental, Social, Governance (ESG)** issue or company practice they believe may have an impact on the long-term sustainability of a company and ultimately, its investment performance.

Engagement is an effective strategy used to communicate with companies in order to influence, remedy, and improve their ESG business practices leading to real world benefits with measurable outcomes.

BlackRock®

COMPANY ENGAGED

The “Company” is a real estate group, listed on the Australian Stock Exchange with activities across the property investment and development spectrum, as well as retail services.

ESG ISSUE

Social – Human capital management / Purpose

SITUATION

Larry Fink's 2019 letter to CEOs discussed the inextricable link between profits and purpose, specifically, how important it is for companies to align their mission, vision, and values with their day-to-day operations.

“We are pleased to see companies increasingly recognize that their license to operate can depend on their ability to balance sustainable financial performance with delivering value to society. A purpose-driven approach to corporate strategy represents an evolution from traditional practices that relied substantially — if not entirely — on traditional financial metrics.”

BlackRock Investment Stewardship's (BIS) team in Australia engaged with members of the company's leadership team to discuss their purpose and new and innovative sustainability strategy and mission overhaul. The sustainability strategy, which they had announced publicly, was to be imbedded in their business model.

“The company’s senior representatives articulated a deep belief in “purpose” as a key to success and an effective way to communicate with their key stakeholders.”

ASSET MANAGEMENT TEAM

ACTION

BIS engaged with the Chairman, several directors, and head of sustainability. The company’s senior representatives articulated a deep belief in “purpose” as a key to success and an effective way to communicate with their key stakeholders, including investors and employees. They explained that creating inclusive and diverse workplace and communities benefited the company, its employees and those in the places where it is present. The company is committed to playing a role in increasing the stock of affordable housing as part of its purpose-based long-term strategy. It is also working to reduce the environmental impact of its processes and building stock. The company’s strategy is supported by ongoing sustainability initiatives which include enhanced human capital management programs, demonstrated internal and external community investment/outreach, and the company expects to reach net zero carbon emissions by 2030.

OUTCOMES

In our view, the company’s efforts on human capital management went above and beyond its peers and the marketplace. The company demonstrated that its mission drives their strategy and business practices.

The company representatives acknowledged that, while they were pleased with the progress to date, they wanted to continue to evolve the approach to these key business issues. This led to a review of the company’s parental leave program. The company had already instituted unlimited paid voluntary leave but thought that offering an industry-leading 20-week parental leave would boost morale and foster a more engaged workforce.

¹ Human Capital Management (HCM) is one of the key engagement priorities of BlackRock’s stewardship team. “When we engage with companies on HCM, we consider material factors including ensuring employee health and safety, employee training and development programs, supply chain concerns (i.e. policies and practices covering contingent workers, contractors and subcontractors), wellness programs, and support of employee networks. Our approach to engagement on human capital management explains our thinking on this key issue and outlines the topics we regularly discuss with boards and management.”

<https://www.blackrock.com/corporate/literature/publication/blk-commentary-engagement-on-human-capital.pdf>

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