

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
STATEMENT

## CONTENTS

- 03 Introduction
- 07 Background
- 09 Investment at Monash University
- 10 Monash University Environmental,  
Social and Governance Strategy
- 13 Implementation of Environmental,  
Social and Governance Strategy

**Monash University Council**  
Meeting: May 2016  
Approved: 24 August 2016  
Next Review: August 2019

Please consider the environment  
before printing this statement.



## INTRODUCTION

**Community discussion and awareness of the relationship among the economic, social and environmental choices that a large organisation makes is high.**

It is of significant interest to our students, staff and alumni. The University is also deeply engaged in research and education that encourages informed debate, policy and action on these matters.

The agreement reached at the 2015 United Nations conference on climate change in Paris commits every country in the United Nations to limit global warming to well below 2 degrees and to pursue efforts to limit increase in temperature to 1.5 degrees. All countries meeting at the United Nations have also recently committed to seventeen Sustainable Development Goals that include taking urgent action to combat climate change. As a community leader, Monash will respond to the Paris Agreement and the Sustainable Development Goals with actions and investment strategies that contribute to sustainable development and a path to net zero carbon emissions.

The University's new Strategic Plan, *Focus Monash*, commits the University to social and environmental sustainability. The University, therefore, has a responsibility to ensure that it has a clear position on the principles underpinning its expenditure, investment, or receipt of philanthropic or other major funds for its investment portfolio that is consistent with the ethics and values of the University.



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MONASH MAINTAINS

1.2M

SQUARE METRES  
OF BUILDINGS,  
LAWNS AND GARDENS

(67 TIMES THE SIZE OF THE MCC)

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**ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
WORKING GROUP**

**In August 2015 the Vice Chancellor established a working group to prepare an environmental, social and governance statement for Monash University Council.**

**The Working Group included the following members of Monash University Council:**

**THE HONOURABLE SIMON CREAN (Chair)**

Member, Estates Committee and Resources and Finance Committee

**PROFESSOR REBEKAH BROWN**

Director, Monash Sustainable Development Institute; Member, Estates Committee

**MR MARK CUBIT**

Investment Advisory Committee and Member, Resources and Finance Committee

**PROFESSOR SIMON MOLESWORTH**

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70%  
OF STAFF  
& STUDENTS  
USE SUSTAINABLE  
TRANSPORT TO GET TO CAMPUS

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## BACKGROUND

In researching and preparing the guiding statement, the Working Group considered the Environmental, Social and Governance aspects of investment decisions but also noted the significant capacity of the University to lead by influencing outcomes through its education and research resources and its role in coordinating and collaborating across government and non-governmental institutions and organisations. This capacity to work and influence beyond Monash is seen as critically important to the purpose of this statement.

Monash University's vision is to strive to achieve excellence in research and education, built through a deep and extensive engagement with the world, to serve the good of our communities and environment. Monash aims to build the strength, networks and scale of its international research and education across campuses and faculties to ensure they respond to the issues and opportunities of our region and the world.

To achieve its goals, the University must be financially, socially and environmentally sustainable and must reflect its values in the way it operates; acting ethically, fairly, transparently and with generosity of spirit. The University's practice must also support these goals with our campuses aiming to become exemplars of environmental practice (*Focus Monash: Strategic Plan 2015-2020*).

Monash University has a fiduciary duty to protect and enhance the value of its investments for the long-term benefit of the University. It is imperative that Monash University's investment policy also reflects the University's values, reinforcing the University's commitment to benefit society and the environment and demonstrating leadership and innovation to support and enhance its vision in research and education.

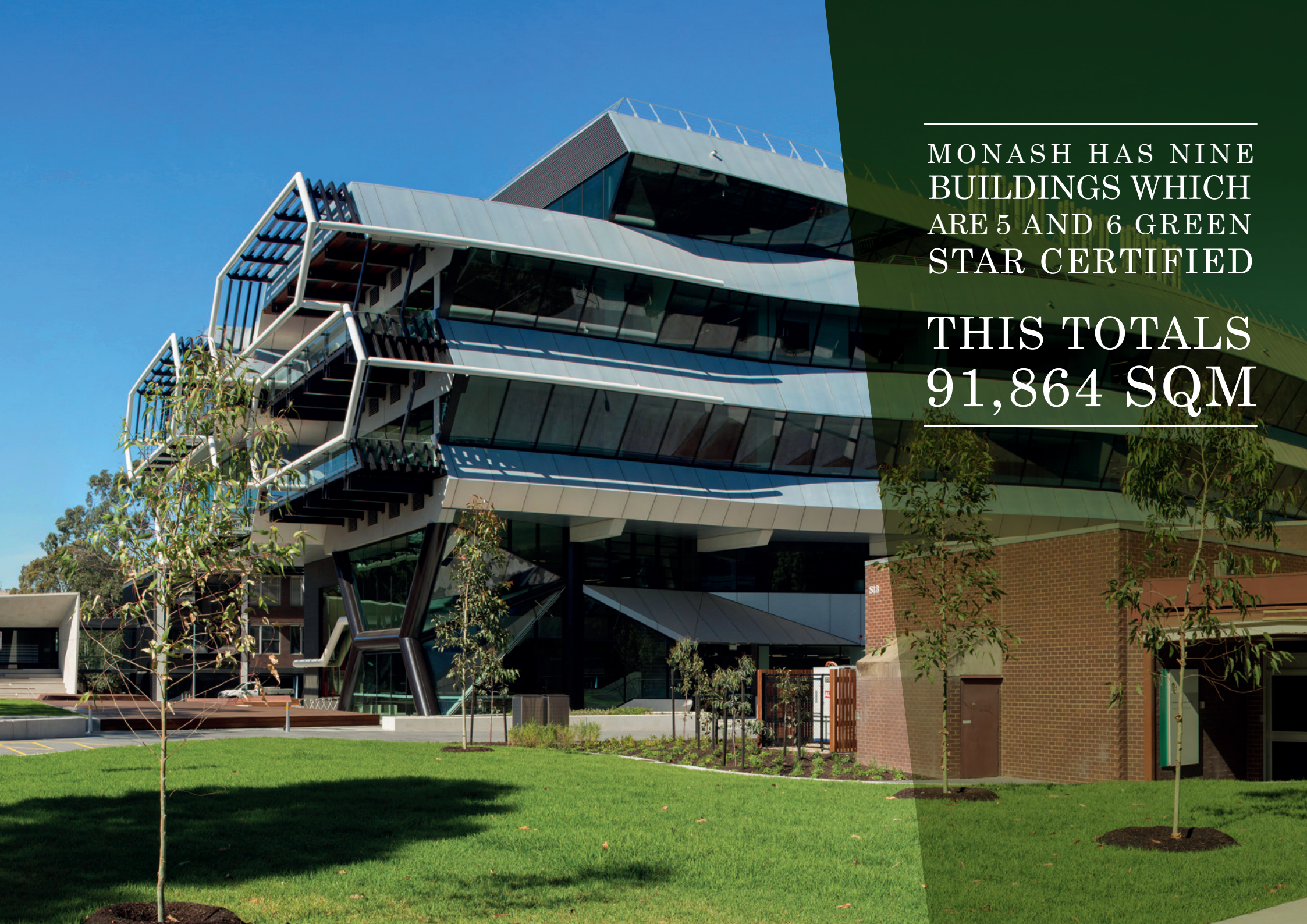
There is growing evidence that consideration of environmental, social and governance issues positively influences the long-term financial performance of companies. Integration of environmental, social and governance issues into investment analysis and decision-making offers the University potential investment advantages by selecting companies which carry less risk, thus protecting and managing its investments for the long term. By proactively engaging and contributing to the early stages of environmental, social and governance investment development, Monash University will provide leadership to investors and to the wider community and seek to actively broaden the scope of risks that need to be considered in investment analysis.



As Australia's largest tertiary institution, Monash University is in a unique position to practise and promote behaviours that contribute to sustainability within the local, national and global community. Monash University is committed to demonstrating leadership by incorporating sustainability principles, awareness and understanding into its teaching, research, operations and community engagement (Monash University Environmental Sustainability Policy).

The aim of the Sustainable Development Goals is to encourage countries and the private sector to focus simultaneously on all dimensions of sustainable development: economic prosperity, social inclusion and environmental sustainability. Monash will lead an influential regional network of universities and other organisations that aims to mobilise scientific and technical expertise in support of sustainable development problem solving. Central to achieving the Sustainable Development Goals is the imperative of tackling climate change by reducing carbon emissions and identifying new opportunities as the world moves to a low carbon economy.





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MONASH HAS NINE  
BUILDINGS WHICH  
ARE 5 AND 6 GREEN  
STAR CERTIFIED

THIS TOTALS  
91,864 SQM

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# MONASH UNIVERSITY ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY

## Goals of Environmental, Social and Governance Strategy

Leveraging its research, teaching and operational capabilities, Monash will adopt a proactive, multi-dimensional Environmental, Social and Governance Strategy, the goals of which will include:

### 1. Utilising its research and teaching capacity by:

Leading the Sustainable Development Solutions Network Australia Pacific Region that aims to mobilise scientific and technical expertise in support of sustainable development problem solving.

The University becoming a signatory to the Principles for Responsible Management Education and thereby committing to determining the most appropriate means of applying those principles to teaching and research, being cognisant of differing relevance from faculty to faculty.

The University becoming a signatory to the *'Universities commitment to the Sustainable Development Goals'* charter.

Undertaking broad research to accelerate environmental, social and governance investment and sustainable finance.

Increasing the understanding of environmental, social and governance investment issues and sustainable finance throughout the University's curriculum to improve environmental, social and governance investment approaches and the knowledge of future investors.

### 2. Leading in campus sustainability practice

Monash has been successful to date in holding its campus carbon emissions flat during a period of considerable growth. To continue to lead and to be consistent with the Paris Agreement, Monash will target net zero carbon emissions in the shortest feasible time frame. A new road map and time frame to achieve this will be determined by June 2017. Application of the ClimateWorks Pathways to Deep Decarbonisation will be utilised to achieve the ambitious changes in energy efficiency, low carbon electricity, electrification, fuel switching and offset tree planting in pursuit of this goal.

Monash will lead in the application of innovative and exemplar sustainability solutions on its campuses to improve its campus performance and to set an example for others to follow.

### **3. Influencing investment managers through active engagement on environmental, social and governance issues**

Through our investment fund managers, Monash will act to influence corporate behaviour on environmental, social and governance issues.

Monash's Environmental, Social and Governance Strategy will develop over time to ensure it is having maximum impact and influence. At this stage, the capacity of indirect investors to engage with specific industries on environmental, social and governance investment issues can be challenging. With an increasing global focus on the analysis of environmental, social and governance factors in the investment process, improved outcomes will be achieved over time. In this dynamic environment, Monash aims to be at the forefront of developing and leading the incorporation of environmental, social and governance principles into its investment policy ('Environmental, Social and Governance Investment').

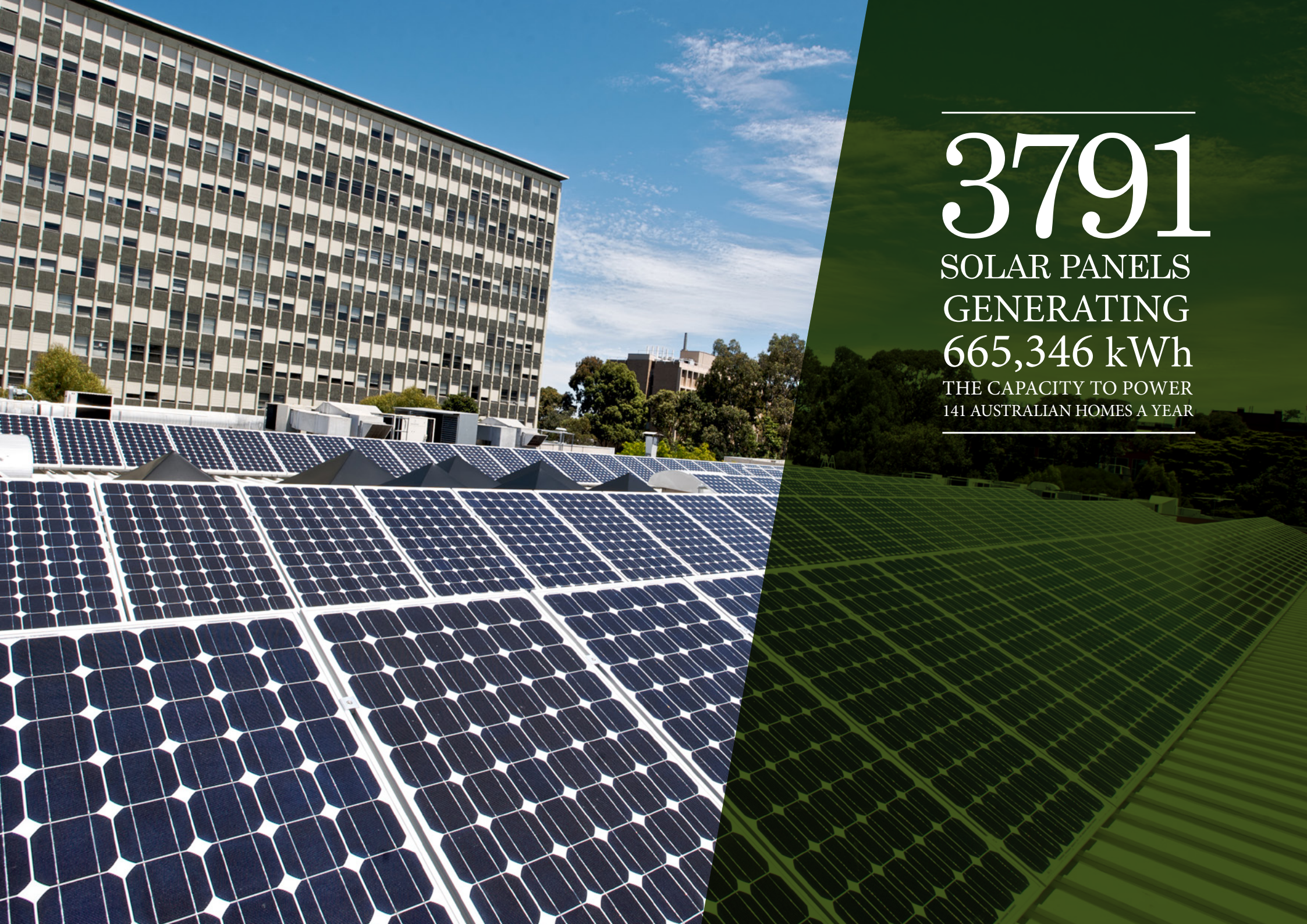
### **4. Screening of the University's investments**

The University will annually review the current environmental, social and governance factors relating to its direct and indirect investment portfolios and apply appropriate positive and/or exclusionary screens.

Since the commencement of the Working Group, Monash has confirmed it has no direct investments in companies whose primary business is production of fossil fuels. In addition, Monash has now been successful in proactively excluding companies whose primary activity is coal production from more than 90% of its indirect investment portfolio. It is expected that the remaining 10% of the portfolio is unlikely to contain coal investments, as coal producers now comprise an insignificant proportion of the global listed equity market. Although the current assessment of the University's exposure to investment in coal production is extremely low, the University will actively work with fund managers to exclude companies whose primary activity is coal production from its indirect investment portfolio.

### **5. Transparent monitoring and reporting**

Environmental, social and governance investment issues will be reported through the Resources and Finance Committee and Estates Committee to University Council. In addition, to actively and transparently monitor and report on the progress of the incorporation of environmental, social and governance factors into the University's teaching, research, investment and campus practices, a new annual Environmental, Social and Governance Report will be published.



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# 3791

SOLAR PANELS  
GENERATING  
665,346 kWh

THE CAPACITY TO POWER  
141 AUSTRALIAN HOMES A YEAR

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# IMPLEMENTATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY

Implementation of the Environmental, Social and Governance Strategy will involve a range of areas of the University.

## 1 RESEARCH

### *Sustainable development research*

The University will:

- Undertake research to further understanding of environmental, social and governance risks and solutions
- Utilise interdisciplinary research resources to develop solutions and coordinate a regional response to the sustainable development problems identified in the United Nations Sustainable Development Goals.

### *Environmental, social and governance investment*

The University will:

- Undertake research to identify gaps in Australian and international environmental, social and governance investment policies and processes
- Use research resources to investigate improved approaches to environmental, social and governance investment standards, indexes and processes.

## 2 TEACHING

To improve the understanding of environmental, social and governance investment issues, risks and sustainable finance in the student population and future managers, the University will become a signatory to the Principles for Responsible Management Education. The mission of Principles for Responsible Management Education is to transform management education, research and thought leadership globally, based on the Principles for Responsible Management Education and the United Nations Sustainable Development Goals. The ***Six Principles of Responsible Management Education*** provide a framework for management and business programs of higher education institutions to embed corporate sustainability into research, education and campus practices.

# IMPLEMENTATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY

continued

The Monash Business School, a current signatory and Principles for Responsible Management Education Champion, will lead the implementation of Principles for Responsible Management Education in management and business programs across the University determining the most appropriate means of applying those principles to teaching and research, being cognisant of differing relevance from faculty to faculty.

Monash will report on progress to all stakeholders and exchange effective practices related to these principles with other academic institutions.

### 3 ENGAGEMENT

The University will:

- Aim to be a key influencer in local, regional and international networks that result in improved adoption of sustainable development solutions
- Seek to influence the transition to a net zero carbon economy by engaging with governments and businesses and utilising the knowledge and technologies developed from its research.

### 4 CAMPUS

The University will:

- Set 5 year infrastructure investment goals to measure and monitor its transition to a net zero carbon emissions organisation
- Utilise the University's research and teaching capability to develop our campuses as exemplars of environmental practice.



3.8M LITRES

MONASH IS COMMITTED  
TO WATER HARVESTING  
AND NOW HAS 3.8 MILLION  
LITRES OF WATER STORAGE.



# IMPLEMENTATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY

continued

## 5. RESPONSIBLE ENVIRONMENTAL, SOCIAL AND GOVERNANCE INVESTMENT

The University will incorporate implementation details of the Environmental, Social and Governance Strategy into the Monash University Investment Policy and Procedures.

*The environmental, social and governance investment process will:*

- Require the University and investment fund managers to be signatories to the United Nations Principles for Responsible Investment. The **Principles of Responsible Investment** works to understand the investment implications of environmental, social and governance factors and to support its international network of investor signatories in integrating these factors into their investment and ownership decisions.
- Utilise a best practice rating scheme or third party review to select investment fund managers and/or investment funds
- Include an initial assessment of the current environmental, social and governance status of the University's investment portfolio
- Include an annual review of current environmental, social and governance risks
- Include an annual review of investment in low-carbon assets including renewable energy and low-carbon technologies
- Require fund managers to actively engage with investment companies on environmental, social and governance issues with an increased emphasis on environmental and social issues.

In the course of engagement with investment fund managers, if the University finds such managers to be unresponsive or unwilling to become responsive to our approach to environmental, social and governance principles within a time frame which the University Council considers reasonable, we will divest from all investments with those managers.

*Reporting of environmental, social and governance investment*

The University will monitor and publicly report environmental, social and governance investment.





