Case Study
Sustainable Development Investing (SDI)
**Case Study: Aware Super**  
Implementing the GISD Sustainable Development Investing (SDI) definition

Aware Super is using the SDI definition to measure the SDG alignment of its investments. In 2018, Aware Super, a pension fund based in Australia with 1.1 million members and approximately AUD$150 billion in assets, set a goal of strengthening its measurement of environmental and social impact and linkages to the SDGs. Aware Super subsequently developed an impact management framework focused on selective social and environmental sub-themes, from job creation to climate change solutions. Each included investment is expected to contribute to two or more sub-themes, and thus positively contribute to target indicators under one or more SDGs.

The SDI definition has been used as a way of translating the SDGs into practical steps that are part of the ESG assessment. Aware Super has adopted the SDI definition, which is incorporated as part of their investment due diligence and is completed by its Responsible Investment team. It is applied to prospective investments under its private markets portfolio, consisting of infrastructure, property, and private equity assets. It asks the following questions as part of its defined process:

1. **Does the investment positively contribute to the SDGs?** Given the threshold of contributing to at least one SDG, the Aware Super analyst is asked to identify the “headline SDG” that the investment makes a positive contribution to and the specific indicator(s) under this SDG. Some investments may contribute to multiple SDGs, so the form also asks about any secondary SDGs.

2. **Do the investment’s positive contributions exceed any negative impact on the SDGs?** The analyst identifies the potential negative impacts of the company’s activities and then determines whether the positive contributions outweigh any negative ones. If the answer is positive or neutral, the investment is viable from an SDG perspective and continues to the third step. However, if it is negative, the investment is considered to not meet the SDI definition, and the SDI assessment ends here.

3. **Are the company’s business practices and reputation aligned with the SDGs?** The analyst determines whether the company is transparent about its business practices through, for instance, making sustainability reporting available to Aware Super, and whether this reporting meets minimum sustainability expectations. In doing so, the analyst must also consider “unofficial reports” in the public domain, such as news and other public reports that might indicate that the company is not aligned with the SDGs, even if its self-reporting tells a different story.

4. **Is the investment SDI consistent?** The analyst assesses this information to determine whether, on balance, the company is “transparent and adequately disclosing on its sustainability practices, which are not inconsistent with unofficial reports”. If the investment, which already makes a net positive contribution to the SDGs, meets this standard, then it is considered to be consistent with the SDI definition.

**The GISD SDI Definition**
The GISD Alliance, as one of its first deliverables, defined sustainable development investing (SDI) as a high benchmark for the market. Members saw that there were a multitude of ESG definitions and frameworks, but none focused specifically on what qualified as investing in the SDGs. GISD thus introduced the SDI definition so it can be used by institutional investors and banks and mitigate the risk of SDG-washing. Two years after the publication, GISD is publishing a series of case studies on the ways through which GISD members are implementing the definition.
Aware Super will focus on active ownership for any SDI-neutral or negative investments. If an investment is determined to be SDI-neutral or negative, Aware Super could still proceed with the investment. However, the negative aspects of the investment that have been identified must be remediable through engagement and are thus built into the active ownership plan. Conversely, if an investment is considered to be SDI-positive, the investment team and company agree what impact metrics are to be included in reporting. This does not immediately take place for SDI-neutral or negative investments since they are no obvious positive impacts to be tracked under the impact reporting framework.

Example of usage: Vocus acquisition

Aware Super has applied this process to its 2021 acquisition, in a consortium with Macquarie Asset Management, of Vocus Group for AUD$ 4.5 billion.

Vocus builds, owns and operates fibre networks across Australia and New Zealand, thereby connecting people, businesses, governments, and communities to the world and its opportunities for growth and employment. As a headline SDG and indicator, the Aware Super team thus identified:

- **SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**
  - SDG 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

As a secondary SDG and indicator, the team also identified:

- **SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**
  - SDG 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Given the fibre network market, the team acknowledged potential negative impacts relating to data privacy and security risks, and potential malalignment of working conditions between the Australian parent company and those in the 3rd party-operated Filipino call centre it utilises. However, with consideration to the monitoring and mitigation efforts to minimise these risks, these were not assessed to exceed the positive contributions under the headline and secondary SDGs.

Finally, the team concluded that Vocus is transparent about its sustainability and had provided the required information. Aware Super will nonetheless continue to evaluate Vocus’ contributions to the SDGs, focusing on (a) its climate action plan, including emissions reduction and data centre electricity; and (b) providing internet access to regional, rural and less advantaged areas of Australia, New Zealand and overseas.

On this basis, the investment was considered to be consistent with SDI.
The Global Investors for Sustainable Development (GISD) is an alliance of 30 business leaders convened by the United Nations Secretary-General to provide decisive leadership in mobilizing resources for sustainable development.