



# LEGISLATIVE ASSEMBLY

## FOR THE AUSTRALIAN CAPITAL TERRITORY

### SELECT COMMITTEE ON ESTIMATES 2024-2025

Ms Nicole Lawder MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair),  
Miss Laura Nuttall MLA

### ANSWER TO QUESTION ON NOTICE

Asked By: Mr Andrew Braddock MLA

Addressed to: Treasurer

Reference: Treasurer -Government investments

Hearing Date: 30/7/2024

In relation to: Palantir Technologies

QON lodgement Date: 01/08/2024

Answer Due date: 08/08/2024

With respect to the government's shareholding in Palantir Technologies:

- (1) Can you confirm that the shares were obtained between October and December 2021 consistent with the information published quarterly on the Treasury's website?
- (2) Does the Government agree that Palantir Technologies activities in support of US Military operations present a need for human rights considerations under the Responsible Investment Policy?
- (3) Does the Government agree that Palantir Technologies activities concerning database linking and predictive behavioural analysis present a need for human rights considerations under the Responsible Investment Policy?
- (4) At the time of obtaining the shares, was the government or its investment portfolio managers aware of Palantir Technology's alleged involvement in the Cambridge Analytica scandal and related inquiries made by the UK parliament?
- (5) Has Palantir Technologies been at any time considered for a possible exclusion on the basis of involvement in a severe ESG controversy under the Responsible Investment Policy? If so, when?

**Andrew Barr MLA:** The answer to the Member's question is as follows:

- (1) The company was included in the parent developed market international shares index in May 2021 and was included in the Government's custom ESG developed market international shares index (portfolio holdings) in December 2021.
- (2)-(4) The ACT Government considers specific company screening for investment in the context of the Responsible Investment Policy, which incorporates a comprehensive and dynamic framework that continually monitors and assesses listed companies across a broad and evolving range of business activities and environmental, social and governance ("ESG") risks and ESG-related controversies to reduce financial risks and improve the sustainability of

long-term returns. The evaluation of activities such as those referenced in questions (2)-(4) are conducted at arms-length from Ministers, based on the exclusion framework provided by the Government to its investment managers.

The framework is supported by established, well documented and extensive ESG-related controversy assessment research methodologies and rating processes to allow for the timely and consistent assessment of over 1,600 listed companies in the ACT Government's allowable investment universe.

The ESG Controversy screen provides ongoing assessments of ESG-related controversies, whether actual or alleged, in which company operations and/or products allegedly have a negative environmental, social and/or governance impact as reported by the media, nongovernmental organisations ("NGOs"), civil society groups, academia, regulators, international organisations and other stakeholders.

The comprehensive and ongoing assessments of listed company ESG Controversies help to identify and exclude investment in companies involved in very severe ESG-related incidents that may impact stakeholders, the environment, company operations and investment sustainability.

Notably, the ESG controversy research aligns to the underlying principles of global norms comprising, for example, the UN Global Compact, the UN General Principles of Business and Human Rights, the International Labour Organization Conventions, and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, and the ESG controversy assessment process is continual and ongoing and consistently applied across all listed company investments.

Companies identified under the Responsible Investment policy ESG controversies assessment to be '*Directly involved in Very Severe*' ESG controversies are excluded from the Government's investment universe.

- a. The '*Very Severe and Direct*' rating means, in relation to human rights and community, excluding companies that are directly complicit in alleged violence, human rights abuses or human rights violations.

Importantly, maintaining an ESG-related controversy assessment framework which is supported by independent research, clear, consistent and transparent methodologies and processes, with assessment criteria aligned with accepted international norms and conventions is a key principle of the Responsible Investment policy framework.

- (5) All companies included in the International and Australian parent indices and the Government's custom ESG International and Australian indices (allowable investment universe) are assessed on an ongoing basis against the Government's Responsible Investment policy framework. If an individual company is flagged under the framework assessment and fails any of the range of investment exclusion criterion, the company would be removed from the relevant ESG custom index and divested.

Approved for circulation to the Select Committee on Estimates 2024-2025

Signature: 

Date: 8.8.24

By the Treasurer, Andrew Barr MLA