

# Climate action statement

Last updated: 20 May 2021

Sunsuper believes that climate change represents one of the most significant risks of our time, with widespread implications not only for the environment but also global economies, technological developments and broader society. The physical and transition risks of unchecked climate change span asset classes, geographies and industries, and will continue to emerge for decades.

Like all super funds, Sunsuper is required to promote the financial interests of our members. From an investment perspective, this means making decisions that we consider will generate the highest risk-adjusted returns for our members. While higher-risk investments may generate higher long-term returns, they may also mean bigger losses and, therefore, it's also our job to manage investment risk. Climate change is a material financial risk that we consider in making investment decisions and appointing investment managers.

## Our commitment to net-zero emissions by 2050

Globally, policymakers are yet to agree strong, coordinated action to combat climate change. Nonetheless, we believe the Paris Climate Agreement's aim of keeping global warming to well below 2°C above pre-industrial temperatures, and pursuing efforts to limit warming to 1.5°C, is critical to maintaining the orderly functioning of economies and markets.

We believe that a net-zero emissions target by 2050 will increasingly be accepted by markets as the base case through which economies will operate. We also believe that a net-zero emissions investment portfolio will, in the long term, provide the highest risk-adjusted returns for our members. Consistent with this, Sunsuper's investment strategy includes a commitment to aligning our investment portfolio with net-zero emissions by 2050, on the basis that it will promote members' financial interests.

## Sunsuper's Climate Action Plan

Our target of a net-zero emissions investment portfolio by 2050 is central to our Climate Action Plan (CAP), which was approved by the Sunsuper Investment Committee in June 2020 on the basis that it will promote the financial interests of our members. Our CAP outlines how we will measure, manage and mitigate climate risk within our investment portfolio to reach our target while always keeping in mind our duties to members.

Our Climate Action Plan includes a set of actions across three key pillars to achieve our net-zero emissions target:

- **Research and data collection** - ensuring we have access to high-quality climate data and analytics relevant to investment decisions to support executing the CAP.
- **Engaging with the companies we invest in** - using our influence to advocate for climate action and policies.
- **Evolving our investment portfolio** - incorporating targets in our investment strategies to manage risks and maximise opportunities in the transition to a low-carbon economy.

## Research and data collection

To meet our net-zero emissions by 2050 ambition, it is important that we have access to high-quality climate research, data and analytics across the total portfolio to inform investment decisions. Since 2015, we have continued to improve our ability to measure and monitor climate investment risks and opportunities through activities including scenario analysis and measuring the carbon footprint of our listed shares portfolio. Examples of other actions under this pillar include:

- working with our unlisted investment managers to increase availability of climate exposure and asset resilience data, and
- employing risk management tools such as stress testing and climate scenario analysis.

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## Engaging with the companies we invest in

We use our influence to encourage our investee companies to manage and disclose their climate risks. Our focus is to ensure our investee companies are adopting policies and strategies to reduce their emissions aligned with the goals of the Paris Agreement and the transition to a low-carbon economy.

Our stewardship activities must provide comfort that the companies we invest in have a role in a low-carbon economy, and that they are transitioning at a sufficient pace to justify their market price. In addition, we're committed to partnering with like-minded investors to drive change such as through collaborative initiatives like Climate Action 100+. Examples of actions under this pillar include:

- expanding our Australian listed shares direct engagement program to cover companies with material climate-transition risks,
- actively reviewing ASX climate-related shareholder resolutions at AGMs, and
- engaging in select domestic and international collaborative initiatives to champion climate action.

## Evolving our investment portfolio

Effective engagement with investment managers and companies is an important activity to manage climate risks; however, it may not address all of the attendant financial risks. Equally, we recognise that the transition to a low-carbon economy presents opportunities for economic growth and investment returns for members. This pillar is focused on actions that help to monitor and manage our investment portfolio's exposure to climate risks and ensure that attractive, low-carbon transition opportunities are seized. Examples of actions under this pillar include:

- developing a portfolio decarbonisation pathway to 2050, including interim targets for 2030 and 2040, and
- measuring and targeting exposure to low-carbon/climate-friendly solutions.

## Transparency and reporting

We believe publishing our full CAP would likely prejudice our ability to make and divest investments on favourable terms on behalf of our members. However, one of the actions in our CAP includes enhanced transparency and reporting. Sunsuper's Responsible Investment Report is published on our website. Further, in addition to publishing this summary, we will continue to provide information to members about our approach and activities to manage climate change investment risks and opportunities.

In the meantime, you can [find out more](#) about Sunsuper's broader approach to responsible investing on our website.