

# NET ZERO MOMENTUM TRACKER

SUPERANNUATION SECTOR

SEPTEMBER 2020

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This report is part of a series of Net Zero Momentum Tracker assessments focusing on sectors within the Australian economy. Net Zero Momentum Tracker is a ClimateWorks Australia and the Monash Sustainable Development Institute initiative that demonstrates progress towards net zero greenhouse gas emissions in Australia. It brings together and evaluates climate action commitments made by Australian businesses, governments and other organisations.

Achieving net zero emissions prior to 2050 is a key element of the Paris Climate Agreement (UNFCCC 2015) to limit global temperature rise to well below 2 degrees Celsius above pre-industrial levels, and to strive for 1.5 degrees.

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## SUMMARY

# Super sector moves on emissions, as funds commit to net zero

Superannuation is an influential component of Australia's economy and a significant and growing source of investment in domestic assets. Within the next 20 years, superfunds could dominate domestic shareholdings, with collective ownership of up to 60 per cent of shares in the Australian Securities Exchange (ASX) (Deloitte 2019).

The long-term investment horizons of superannuation funds make them acutely vulnerable to the systemic disruptions associated with climate change. As investors in Australia's largest companies, including big corporate emitters, superannuation funds can play an important role in Australia's economic decarbonisation (PRI 2020a).

There are indications this sector is starting to transition. Conscious of the commercial implications of climate risks and of regulatory, legislative and policy requirements for action, institutional investors are acting to address the likely impacts of global warming. Under pressure from regulators and customers, many are emphasising engagement activities, such as asking the companies in which they invest to disclose – and, in some cases, address – their climate risks. Superannuation funds are themselves making commitments to reduce emissions funded through their investment portfolios, a further sign of gathering momentum for change.

Much more, however, remains to be done.

This Superannuation Sector report highlights the actions of 20 Australian superannuation organisations, and the commitments they have made to address emissions funded through their investments. It evaluates their alignment with the goal of net zero emissions by 2050, a key element of the Paris Agreement. The analysis focuses on the

largest Registrable Superannuation Entity Licensees, based on the value of assets under management (APRA 2019).

It finds that, despite the economic repercussions of the COVID-19 pandemic, efforts by Australian superannuation funds to address climate change risks are accelerating.

Our analysis found 20 per cent of superfunds assessed have targets, or have expressed an aspiration, to achieve net zero emissions by 2050 for their investment portfolios, of which:

- Three (Cbus, HESTA and UniSuper) have committed to achieve net zero by 2050 across their entire portfolio.
- One (Aware Super, formerly First State Super<sup>1</sup>) has expressed an aspiration to transition its portfolio towards net zero by 2050.

The analysis found the majority – 12 funds representing 60 per cent of those assessed – are engaged in a range of activities to reduce portfolio emissions intensity, but these are not yet aligned with net zero by 2050. Twenty per cent have no portfolio emissions reduction targets or commitments.

This study highlights the importance of engagement in transitioning portfolios towards net zero. At present, the strategies adopted by most funds are centred on investee engagement rather than the setting of net zero targets. In addition to encouraging greater disclosure from the companies in which they invest, some funds now ask the biggest emitters in their portfolios to align their strategies with the goals of the Paris Agreement through initiatives such as Climate Action 100+. Further, more funds are increasing their investments in clean energy; more are divesting from fossil fuels (Mazengarb 2019; Zhou 2019). From 2020, for instance, both HESTA and Aware Super started divesting from thermal coal companies as part of their longer-term targets to reduce emissions within their portfolios (First State Super 2020; HESTA 2020).

In the past few months, several Australian superfunds have announced important

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<sup>1</sup> First State Super changed their brand to Aware Super in September 2020.

commitments to reduce emissions across their whole portfolios.

In June 2020, HESTA made a commitment to reduce emissions funded through its investment portfolio by 33 per cent by 2030, and to net zero by 2050 (HESTA 2020). In August, Cbus gave a similar commitment (Cbus 2020a) and in September, UniSuper followed suit, committing to achieve net zero absolute carbon emissions in its investment portfolio by 2050 (UniSuper 2020). These announcements align with the benchmark established by the Net-Zero Asset Owner Alliance, the members of which have committed to transition their investment portfolios to net zero by 2050 and are now working on methodologies and strategies that can achieve such an outcome (NZAOA 2020; PRI 2020b).

The superannuation funds that have pledged to reach net zero by 2050 across their entire portfolios have set an important precedent. Achieving net zero emissions for the super sector depends on more Australian funds following this lead.

## NET ZERO BY 2050 EMISSIONS ASSESSMENT OF AUSTRALIA'S SUPERANNUATION SECTOR

WE ASSESSED THE CLIMATE COMMITMENTS AND ACTIVITIES OF 20 LEADING AUSTRALIAN SUPERANNUATION FUNDS AND FOUND THAT:

**20%**

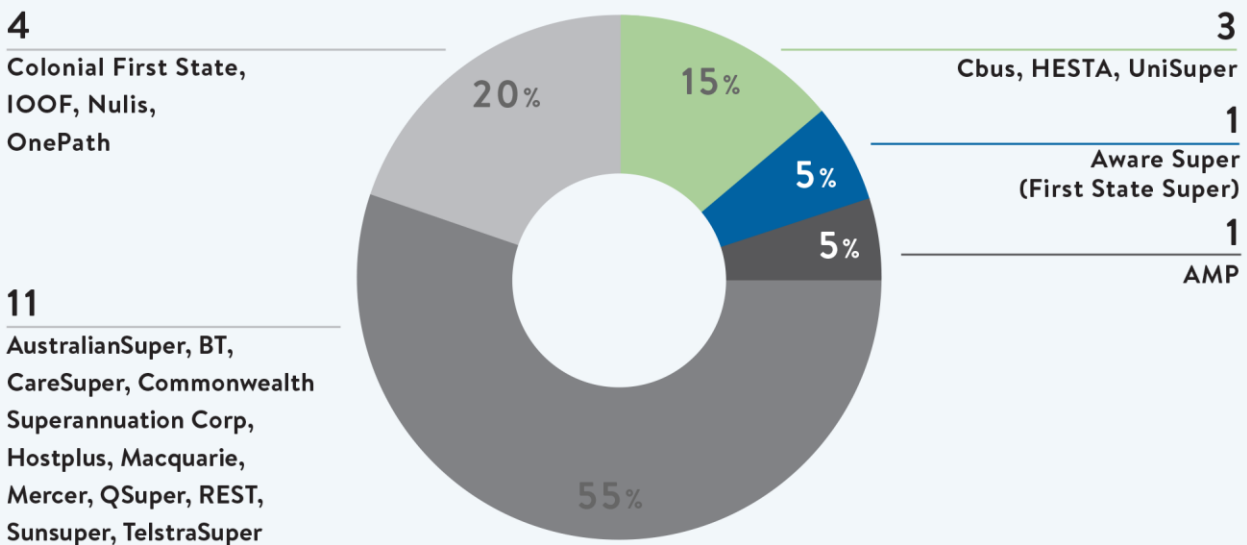
have targets or an aspiration to achieve net zero emissions by 2050 for their investment portfolios.

**60%**

are undertaking activities to reduce the emissions intensity of their portfolios, but these are not in alignment with net zero by 2050.

**20%**

have no disclosed portfolio emissions reduction targets or commitments.



- **FULLY ALIGNED**  
Net zero by 2050 target for entire portfolio
- **CLOSELY ALIGNED**  
Net zero by 2050 target that covers a significant proportion of portfolio
- **ALIGNED ASPIRATION/PATHWAY**  
Aspiration to achieve net zero by 2050 across portfolio or aligned interim target
- **PARTIALLY ALIGNED**  
Net zero by 2050 target for a small proportion of portfolio
- **NOT ALIGNED**  
Undertaking activities to reduce portfolio emissions intensity but not in line with net zero by 2050, or the alignment is unclear
- **NO TARGETS**  
No disclosed portfolio emissions reduction target or commitments

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## CONTEXT

Australia has one of the largest pension (superannuation) markets in the world (Tang 2020; Willis Towers Watson 2020). As such, it comprises an influential component of the Australian economy. In March 2020, 180 superfunds were managing assets with a pooled value of \$2.7 trillion (APRA 2020a, 2020b, ASFA 2020). This figure amounts to one and a half times Australia's GDP, and could grow to \$5 trillion or more by 2030 (Mather 2020). In 2018, superannuation funds owned almost half of Australia's shares (Davis 2019). It is anticipated they will collectively own up to 60 per cent of ASX-listed equity by 2040 (Deloitte 2019).

A significant proportion of superannuation investments support Australia's largest companies, including big corporate emitters, yet many superfunds are also proactively investing in green technologies and initiatives (Grieve 2020). This contradictory dynamic makes the sector an important stakeholder in Australia's transition to a net zero economy.

Australian superannuation funds – and institutional investors more broadly – increasingly recognise the likely impacts of climate change. The sentiment has been fostered by an acknowledgement of the commercial implications of the physical, transitional and litigation risks of global warming, coupled with rising expectations related to disclosure of these risks (IGCC 2020; KPMG 2020; RIAA 2019).

Physical risks arise from more frequent and extreme weather events that devalue assets such as property and infrastructure. Transitional risks are incurred through ongoing investment in fossil fuel dependent sectors, since these face asset devaluations and increased business costs as the global economy shifts to net zero emissions (KnowledgeBank 2020). Litigation risks related to climate change have grown in recent years, with legal cases in Australia nearly as frequent as those in the United States (Peel 2020). Indeed, a landmark case, brought against an Australian superannuation

fund by a customer claiming the fund is failing to protect his retirement savings from the financial implications of climate change, could set a worldwide precedent for how pension funds manage climate change-related financial risks (Khadem 2020).

Pressure continues to grow from shareholders (ACCR 2019) and regulators for institutional investors to identify and disclose these different risks, through frameworks such as the Taskforce on Climate-related Financial Disclosures (TCFD). Within the last 12 months, both the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA) have issued guidance for organisations encouraging the use of the TCFD's framework to disclose how they are evaluating and responding to climate-related risks and opportunities (APRA 2020c; ASIC 2019; KPMG 2020).

To reduce exposure to climate-related risks, some Australian financial institutions are divesting from fossil fuel companies, particularly those that produce or use thermal coal. Many institutional investors are focusing on engagement with the companies they invest in: primarily to seek greater disclosure, but more recently, to encourage decarbonisation (Jones 2020a; Regnan 2019).

Thirteen of the funds featured in this report (AustralianSuper, AMP, Aware Super, BT, CareSuper, Cbus, HESTA, Macquarie, Mercer, QSuper, Sunsuper, TelstraSuper, UniSuper) are signatories to Climate Action 100+, an investor initiative that advocates for engagement with 'the world's largest corporate greenhouse gas emitters' to encourage them to 'take necessary action on climate change' (Climate Action 100+ 2020a). This includes commitments from boards and senior management to reduce greenhouse gas emissions across their value chain, in line with the goals of the Paris Agreement.

Ten of the superfunds we have analysed (AustralianSuper, Aware Super, CareSuper, Cbus, HESTA, Hostplus, QSuper, REST, TelstraSuper, UniSuper) are members of the Australian Council of Superannuation Investors (ACSI 2020). ACSI engages with

companies on behalf of its members to influence their ESG performance. Such engagement includes encouraging companies to identify climate risks and disclose the strategy, metrics and targets they use to manage them through frameworks such as the TCFD. This, ACSI says, facilitates an acceleration of change ‘by pushing companies towards best practice reporting and management of climate risk’ – and, in some cases, can entail setting emissions reduction and efficiency targets for short- and medium-term timeframes, with the view of achieving net zero emissions by 2050.

Members of the UN-convened Net-Zero Asset Owner Alliance, which include some of the world’s largest pension funds and insurers, have set an important precedent by committing to transition their investment portfolios to net zero by 2050 through their work with corporates, asset managers and policy makers (PRI 2020b). In August 2020, Cbus became the first Australian financial institution to join this alliance.

The challenges experienced by Australians in 2019 and 2020 – droughts, floods, fires and the COVID-19 pandemic – are likely to transform the Australian economy in ways that will necessarily affect the superannuation sector. Market shocks, reduced contributions associated with rising unemployment, and the release of funds to those in need (as per new government policy) will likely result in funds losing value and may foster greater industry consolidation through fund mergers (KPMG 2020).

Expectations that the economic repercussions of the pandemic would derail investor climate change actions and commitments have, however, so far proved largely unfounded. Internationally, there are even signs that fall-out from the virus has galvanised investor resolve to appropriately mitigate the even greater potential economic impacts of climate change (Tigues 2020). For instance, the Institutional Investors Group on Climate Change (including its regional members, the Asia Investor Group on Climate Change, Ceres, and the Investor Group on Climate Change), CDP, the Principles for Responsible Investment and the UNEP Finance Initiative

have signed a statement sent to G20 countries and New Zealand encouraging global governments to factor climate change risk into economic recovery plans (Investor Agenda 2020a).

In the wake of the COVID-19 outbreak, some Australian superannuation funds have continued to raise the ambition of their climate commitments. In June, HESTA became Australia’s first superannuation fund to set a portfolio-wide target of net zero by 2050 (HESTA 2020). The following month, Aware Super committed to reduce emissions in its listed equities portfolio by at least 30 per cent by 2023 and advocate for an economy-wide 45 per cent reduction in greenhouse gas emissions by 2030 (First State Super 2020). In August, Cbus announced a net zero by 2050 portfolio target, supported by a commitment to reduce portfolio emissions by 45 per cent by 2030 (Cbus 2020a). In September, UniSuper followed suit, committing to achieve net zero absolute carbon emissions in its investment portfolio by 2050 (UniSuper 2020).

Superannuation funds are also among other influential Australian finance and industry sector representatives calling for the federal government to commit to a net zero by 2050 target and to invest sustainably to stimulate post pandemic economic recovery (Foley 2020; Jones 2020b; Morton 2020; Pupazzoni 2020).

AustralianSuper is the Investor Representative for Climate Action 100+ for Australia and New Zealand (Climate Action 100+ 2020b), and a founding partner of the Australian Industry Energy Transition Initiative, working directly with companies to reduce supply chain emissions in hard-to-abate sectors (ClimateWorks Australia 2020).

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## ANALYSIS

The Net Zero Momentum Tracker assessed the pledges, commitments and activities of 20 Australian superannuation organisations to evaluate their degree of alignment with achieving net zero emissions by 2050.

The analysis focused on the largest 20 Registrable Superannuation Entity Licensees, based on the value of assets under management (APRA 2019) (Figure 1).

Table 1 illustrates each superannuation organisation's net zero ambition, based on the pledges, commitments and activities that address emissions associated with each fund's investment activities – the material emissions for this sector. These emissions are often referred to as portfolio or financed emissions.

Table 2 provides the results from a more granular assessment of each organisation's portfolio emissions intensity reduction activities and initiatives under six asset classes. These asset classes are: equities (shares in listed companies), private equity, fixed interest, infrastructure, property and agriculture and forestry. The activities considered by the assessment include: decarbonisation commitments addressing specific asset classes (net zero property portfolio commitments for example); investments in low carbon technologies and initiatives; divestment; and investee engagement. Engagement activities are acknowledged as aimed at reducing portfolio emissions intensity when this is explicitly stated. They are not evaluated as equivalent to setting a portfolio or asset class-wide net zero or interim emissions reduction target, as they are usually focused on a small number of companies or assets within an asset class.

The data used for this analysis, and additional detail on the analysis approach, is provided in the appendix.

Of the 20 superannuation organisations assessed:

- Three (Cbus, HESTA and UniSuper) have commitments targeting portfolio emissions that are 'fully aligned' to net zero by 2050. Cbus is targeting net zero portfolio emissions by 2050 via a 45 per cent reduction in portfolio emissions by 2030. HESTA has committed to develop a Climate Change Transition Plan that will reduce its portfolio carbon emissions by one-third by 2030, and to net zero by 2050. UniSuper is committed to achieve net zero absolute carbon emissions in its

investment portfolio by 2050, supported by interim goals and strategies.

- One (Aware Super) has expressed an aligned aspiration – to 'seek to transition towards achieving net zero emissions by 2050'.
- One (AMP) is partially aligned, since it has a net zero by 2030 target for its property portfolio.
- Eleven funds have made commitments or are undertaking activities that will reduce portfolio emissions intensity, but these are not aligned with net zero by 2050.
- Four funds have made generic expressions of acknowledgement or intent regarding climate change, but have no commitments or initiatives that will reduce the emissions intensity of their portfolios.



**FIGURE 1:** Distribution of superannuation organisations assessed by net zero ambition – where the bubble size is proportional to assets under management.

**RSE LICENSEES' NET ZERO AMBITION LEVEL**



- **FULLY ALIGNED**  
Net zero by 2050 target for entire portfolio
- **CLOSELY ALIGNED**  
Net zero by 2050 target that covers a significant proportion of portfolio
- **ALIGNED ASPIRATION/PATHWAY**  
Aspiration to achieve net zero by 2050 across portfolio or aligned interim target
- **PARTIALLY ALIGNED**  
Net zero by 2050 target for a small proportion of portfolio
- **NOT ALIGNED**  
Undertaking activities to reduce portfolio emissions intensity but not in line with net zero by 2050, or the alignment is unclear
- **NO TARGET**  
No disclosed portfolio emissions reduction target or commitments

## TABLE 1: ASSESSMENT OF NET ZERO AMBITION

The superannuation organisations listed are the 20 largest Registrable Superannuation Entity (RSE) Licensees, based on the value of assets under management, reported in APRA's annual fund-level superannuation statistics, June 2019 (APRA 2019). The assessment of net zero ambition is informed by Table 5 in the appendix. The organisations in each ambition group are ordered by assets under management.

Portfolio Net Zero Ambition	Total assets (\$'000)	RSE Licensee
★	\$ 83,242,826	UniSuper
★	\$ 53,818,727	HESTA
★	\$ 53,168,127	United Super (Cbus)
■	\$ 103,129,286	Aware Super (First State Super)
▲	\$ 73,471,882	AMP Superannuation (N.M Superannuation)
●	\$ 217,104,324	Commonwealth Superannuation Corporation
●	\$ 172,409,105	AustralianSuper
●	\$ 115,308,453	QSuper
●	\$ 93,213,920	BT
●	\$ 72,584,595	Sunsuper
●	\$ 58,156,117	REST
●	\$ 46,043,000	Hostplus
●	\$ 27,507,746	Mercer Superannuation (Australia)
●	\$ 22,713,920	Macquarie Investment Management Limited
●	\$ 22,458,172	TelstraSuper
●	\$ 19,915,651	CareSuper
○	\$ 103,232,405	Nulis Nominees (Australia)
○	\$ 86,837,976	Colonial First State Investments Limited
○	\$ 39,351,565	OnePath Custodians
○	\$ 30,176,327	I.O.O.F. Investment Management

### Fully aligned

The organisation has a target to achieve net zero by 2050 across its entire portfolio, supported by a strategy and/or interim targets.

### Closely aligned

The organisation has a target to achieve net zero by 2050 across a significant proportion of its portfolio, supported by a strategy and/or interim targets.

### Aligned aspiration/ pathway

The organisation has expressed an aspiration to achieve net zero by 2050 across its portfolio, or has an interim target aligned to this goal.

### Partially aligned

The organisation has a target to achieve net zero by 2050 across a small proportion of its portfolio.

### Not aligned

The organisation has made a commitment, pledge or is undertaking activities that will reduce portfolio emissions intensity but not in alignment with net zero by 2050, or the alignment is unclear due to insufficient information.

### No emissions reduction targets or activities

The organisation has not disclosed any portfolio emissions reduction targets, commitments or activities.

**TABLE 2: ASSESSMENT OF PORTFOLIO EMISSIONS REDUCTION COMMITMENTS AND ACTIVITIES**

This assessment of portfolio emissions reduction activities and initiatives is informed by the pledges and commitments summarised in Table 4 (included in the appendix).

RSE Licensee	Equity (shares) <sup>2</sup>	Private equity	Fixed interests	Infrastructure	Property	Agriculture and forestry
AMP Superannuation (N.M Superannuation)	■	○	■	■	★	○
AustralianSuper	■	■	○	■	○	○
Aware Super (First State Super)	☆	○	○	○	○	○
BT	■	○	○	○	○	○
CareSuper	■	○	○	○	○	○
Colonial First State Investments Limited	○	○	○	○	○	○
Commonwealth Superannuation Corporation	○	○	○	■	○	○
HESTA	★	★	★	★	★	★
Hostplus	■	○	○	○	○	○
I.O.O.F. Investment Management	○	○	○	○	○	○
Macquarie Investment Management Limited	■	○	○	■	○	○
Mercer Superannuation (Australia)	■	○	○	○	○	○
Nulis Nominees (Australia)	○	○	○	○	○	○
OnePath Custodians	○	○	○	○	○	○
QSuper	■	○	○	○	○	○
REST	■	○	○	○	○	○
Sunsuper	■	○	■	○	○	○
TelstraSuper	■	○	○	○	○	○
UniSuper	★	★	★	★	★	★
United Super (Cbus)	★	★	★	★	★	★

- ★ Net zero emissions target or aspiration that includes all assets within the investment category.
- ☆ Explicit emissions reduction commitment that is heading towards net zero.
- Specific initiative that will reduce portfolio emissions intensity that is not heading towards net zero or alignment is unclear.
- Generic expression of intent or no information.

<sup>2</sup> Engagement activities have been acknowledged as aimed at reducing portfolio emissions intensity within a portion of an organisation's equity portfolio when this was explicitly stated.

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## NEXT STEPS

‘The reality is that things are coalescing fast around us. We have the reality that all states and territories in Australia have made commitments, for instance.’

That was how chief investment officer Kristian Fok described the context for Cbus’ new commitments (Butler 2020). His comments highlighted the sector’s growing awareness of the emissions funded through their investments – and the risks associated with those emissions. As a result, many funds have become increasingly proactive about the decarbonisation of their portfolios.

In 2020, the ambition of climate action in the sector has risen considerably, with three of Australia’s largest superannuation funds (Cbus, HESTA and UniSuper) committing to transition their portfolios to net zero by 2050. Cbus has also become the first Australian financial institution to join the Net-Zero Asset Owner Alliance, an international coalition of institutional investors seeking to achieve the global transition to net zero.

Full sectoral alignment to net zero by 2050 depends on other funds following these examples – that is, setting their own portfolio wide net-zero-by-2050 targets.

It should be noted that the methods by which investors will achieve their targets remains to be defined. That lack of clarity presents a significant barrier for funds hesitating about making their own commitments to a net zero portfolio target.

In response, the Net-Zero Asset Owner Alliance (NZAOA 2020) has outlined methodologies and tools needed to support net zero portfolio target setting and realisation. These are being refined through work such as the Science Based Targets methodologies for financial institutions (SBTi 2020), the EU taxonomy for sustainable activities (TEG 2019) and Network for Greening the Finance

System’s (NGFS) climate scenarios (NGFS 2020).

Through such activities, the members of the Net-Zero Asset Owner Alliance are providing leadership for the transition and defining the terms on which it takes place. But that leadership rests on their own commitment to transition their portfolios to net zero by 2050.

More than half of the superannuation funds considered in this report are pursuing emissions reductions through engagement with investees via initiatives such as Climate Action 100+. In addition to involvement in this initiative, the superannuation funds we assessed to be ‘fully aligned’ with the goals of the Paris Agreement have pledged to reach net zero by 2050 across their entire investment portfolios, setting an important precedent for the sector. Achieving net zero emissions for the super sector depends on more Australian funds following this example.

In other words, by setting targets now, superfunds create the context in which their commitments become realisable. By normalising net zero pledges, they bolster the expectation those pledges will be kept and spur the development of methods for sectoral decarbonisation.

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## Case studies

### HESTA

HESTA manages about \$52 billion in assets for over 860,000 members, predominantly in the healthcare sector. In June 2020, the fund committed to reduce emissions funded through its investment portfolio by 33 per cent by 2030 and to net zero by 2050 (HESTA 2020). HESTA is the first Australian superfund to set a net zero target for its portfolio and its commitment set an important precedent for the superannuation sector.

HESTA has stated its target will be supported by a detailed Climate Change Transition Plan, which will outline how the fund will manage the risks and opportunities presented by climate change so as to align investment activities with 'a below-two-degrees world'.

### UNISUPER

UniSuper is a superfund for those working in Australia's higher education and research sector. It has more than 450,000 members and \$80 billion in net funds under management. In September 2020, the fund committed to achieve net zero absolute emissions in its investment portfolio by 2050 (UniSuper 2020).

To support this target, by 2021 UniSuper will require all of its portfolio companies (in active in-house Australian portfolios) to have 'Paris aligned commitments'. These goals build on an existing policy to exclude from their portfolio companies that generate more than 10 per cent of their revenue from thermal coal.

### CBUS

Cbus Super was established in 1984 to service employees within the building and construction industries (though it now allows applications from all industries). As of 30 June 2020, it represented a total membership of 774,000 with \$54 billion of funds under management (Cbus 2020b).

In August 2020, the fund announced it would cut emissions from its investments by 45 per cent within the next 10 years as it committed to achieve net zero emission by 2050, in line with the Paris Agreement (Cbus 2020a).

Under a new Climate Change Roadmap, Cbus is developing a 'stranded assets framework'. It seeks to identify the carbon emissions associated with its investments, acknowledging that many assets unable to transition to net zero will not see out their conventional economic life. Recognising that different sectors of the economy will decarbonise at different rates, it is establishing pathways to achieve portfolio targets for each class of assets.

Cbus has also joined the United Nations Convened Net-Zero Asset Owner Alliance, the first Australian financial institution to join this important international coalition.

## FURTHER RESOURCES

Initiatives relevant to financial institutions seeking to align their portfolios with net zero by 2050 are listed below:

- **UN-convened Net-Zero Asset Owner Alliance** (PRI 2020b)  
A growing coalition of investors (currently representing nearly \$5.0 trillion of assets under management) pledging to transition their investment portfolios to net zero emissions by 2050.
- **The Investor Agenda** (Investor Agenda 2020b)  
Supports investors in setting portfolio emissions reduction targets that are consistent with achieving global net-zero emissions by 2050 or sooner. It provides a set of actions for investment, corporate engagement, investor disclosure and policy advocacy.
- **IIGCC Paris Aligned Investment Initiative** (IIGCC 2020a)  
An initiative examining how investors can align their portfolios with the Paris Agreement. The initiative's draft Net Zero Investment Framework was published for consultation in August 2020 (IIGCC 2020b). It provides recommended actions, metrics and methodologies to assist investors in decarbonising their portfolios and increasing investment in climate solutions in line with 1.5°C warming scenarios.
- **Science Based Targets (SBTi) methodologies for financial institutions** (SBTi 2020)  
SBTi champions target setting based on commitments consistent with limiting global temperature rise to well below 2 degrees Celsius or 1.5 degrees Celsius above pre-industrial levels. It is developing a framework for setting Paris-aligned investment portfolio targets for real estate, mortgages, power generation project finance, equities, corporate bonds and corporate loans. It is anticipated that this framework will be finalised in the last quarter of 2020.
- **Climate Action 100+** (Climate Action 100+ 2020)  
An investor coalition committed to engaging with significant emitters and companies with the opportunity to drive the clean energy transition. It seeks to ensure that they are minimising and disclosing the risks and maximising the opportunities presented by climate change and climate policy.
- **Network for Greening the Finance System's (NGFS) climate scenarios** (NGFS 2020)  
The NGFS is a consortium of 42 central banks and banking supervisory authorities. It has published climate scenarios to provide a common framework for banks, governments, investors and regulators to assess climate risks associated with policy and investment decisions. The NGFS have pledged to continuously improve these scenarios to make them 'as relevant as possible for economic and financial analyses.'
- **EU taxonomy for sustainable activities** (TEG 2019)  
A proposed economic classification system for environmentally sustainable activities, aligned with the EU's sustainable policy objectives. It is designed to guide investment decisions on environmentally friendly economic activities to help drive capital towards sustainability objectives.
- **The Paris Agreement Capital Transition Assessment** (PACTA 2020): Open source IP rights free software that helps investors to assess the overall alignment of their portfolios with various climate scenarios and with the Paris Agreement, based on forward looking asset level company data. To date, the tool has been used by over 1,500 financial institutions with more than US\$106 trillion in assets under management.

## Appendix

### ORGANISATIONS AND DATA

The organisations considered by this analysis are the 20 largest Registrable Superannuation Entity (RSE) Licensees, based on the value of assets under management, reported in APRA's annual fund-level superannuation statistics, June 2019 (APRA 2019).

Table 3 lists these organisations and data sources consulted. Tables 4 summarises the information used to inform the analysis. The analysis considers published pledges and targets that support a pathway to net zero emissions and other publicly available information regarding commitments and initiatives to reduce portfolio emissions.

**TABLE 3: COMPANIES AND DATA CONSIDERED BY THE ANALYSIS**

RSE Licensee	Total assets (\$'000)	Funds under trusteeship	Main asset classes	Memberships	Sources
AMP Superannuation (N.M. Superannuation)	73,471,882	Future Directions Fund (Master Trust) Wealth Fund (Wrap platforms)	Australian shares International shares Property Fixed interest Cash Alternative assets (including private equity)	Climate Action 100+ PRI IGCC	AMP Capital- ESG and Responsible Investment Philosophy AMP Sustainability Report 2019 AMP Corporate Sustainability Website AMP Carbon Disclosure Project Report PRI Transparency Report 2020
AustralianSuper	172,409,105	AustralianSuper	Australian equities International equities Private equity Infrastructure Property Credit Fixed income Cash Others	Climate Action 100+ PRI ACSI IGCC	2019 Annual Report Climate Change report 2020 2019 Sustainability Report Environmental, Social and Governance-Website
Aware Super (First State Super)	103,129,286	First State Superannuation Scheme	Cash International equities Australian equities Fixed income Property Private equity Infrastructure and real assets Credit income Other alternatives	Climate Action 100+ PRI ACSI IGCC	Annual Report 2019 media release - Time for superfunds to take immediate action against climate change: First State Super Climate Change Portfolio Transition Plan FSS Responsible ownership- Website Responsible Investment- Climate Change Position Statement [2014] Responding to Climate Change [2016] Responsible Investment: Environmental, Social & Corporate Governance Policy

RSE Licensee	Total assets (\$'000)	Funds under trusteeship	Main asset classes	Memberships	Sources
BT	93,213,920	Retirement Wrap ASGARD Independence Plan Division Advance Retirement Suite	Australian shares International shares Cash Fixed interests Property	Climate Action 100+ PRI IGCC	BT Funds Management Limited Annual Report 2019 BT Sustainable Investment approach 2019 BT Financial Group Stewardship Policy 2019 BT Website BTFG MySuper Environmental Social and Governance Policy 2017 BTFG Responsible Investment Position Statement BTFG Climate-related disclosures- Superannuation and Investments December 2018
CareSuper	19,915,651	CareSuper	Australian shares International shares Property Infrastructure	Climate Action 100+ PRI ACSI	CSR Website Corporate Responsibility and Sustainability Policy- April 2019 Responsible Investing Policy- February 2020 Climate Change Position Statement - Website Sustainability Practices- Website PRI Transparency Report 2020
Colonial First State Investments Limited	86,837,976	Colonial First State FirstChoice Superannuation Trust Commonwealth Essential Super Colonial First State Rollover & Superannuation Fund	Cash Fixed Interest Australian Shares International Shares Property and Infrastructure securities Yield securities Alternatives	PRI IGCC	Colonial First State Investments Limited- Annual Report 2019 CBA Annual Report 2019
Commonwealth Superannuation Corporation	217,104,324	Australian Defence Force CSS Fund Military Superannuation & Benefits Public Sector Superannuation Accumulation Plan Public Sector Superannuation Scheme	Cash Fixed income Equity (shares) Property Infrastructure Private equity Hedge fund	IGCC	Annual Report 2019 Annual Report 2019 - to members Stewardship: Sustainability through an investment lens Your super and climate change Our investment philosophy - Website Investment Options and Risk
HESTA	53,818,727	Health Employees Superannuation Trust Australia	Cash Global debt Property International shares Australian shares	Climate Action 100+ PRI ACSI IGCC	Annual Report 2018/19



RSE Licensee	Total assets (\$'000)	Funds under trusteeship	Main asset classes	Memberships	Sources
			Infrastructure Private equity Alternatives		
Hostplus	46,043,000	HOSTPLUS Superannuation Fund	Cash Fixed income Property Infrastructure Equity (shares) Private equity	PRI ACSI	Annual Report 2019 Our Investment Governance - Website Responsible Investment Policy 2020 PRI Transparency Report 2020
I.O.O.F. Investment Management	30,176,327	AvWrap Retirement Service IOOF Portfolio Service SMF Eligible Rollover Fund	Property Private equity Infrastructure Timber and Agriculture Fixed interests Infrastructure Cash Hedge funds		IOOF- Corporate Governance Statement 2019
Macquarie Investment Management Limited	22,713,920	Definitive Superannuation Plan Macquarie Superannuation Plan	Australian shares International shares Fixed interest Infrastructure Property Private equity	Climate Action 100+ PRI	Annual Report 2020 Macquarie Group FY20 ESG Equator Principles Implementation - October 2019 Macquarie and climate change TCFD implementation progress and scenario analysis-July 2020 MIRA- Infrastructure sustainability report-August 2020
Mercer Superannuation (Australia)	27,507,746	Mercer Portfolio Service Mercer Super Trust	Australian shares International shares Property Infrastructure Alternatives Fixed interest Cash	Climate Action 100+ IGCC	Annual Report 2019 Investing in a time of climate change. Mercer Investments Australia Limited- Climate change management reporting- September 2019 Sustainable Investment Policy 2020. Mercer Superannuation (Australia) Limited- February 2020 Responsible Investment- Website
Nulis Nominees (Australia)	103,232,405	MLC Super Fund MLC Superannuation Fund Premium Choice Retirement Service DPM Retirement Service	Cash Fixed interest Property Australian equity International equity Hedge funds Private equity		Nulis 2019 Annual Report Responsible Investment Policy (2018) -Nulis Nominees (Australia Limited) - MLC Super Fund and MLC Superannuation Fund MLC Super Fund Annual Report 2019 MLC Superannuation Fund Annual Report 2019 Premium Choice Annual Report 2019 DPM Annual Report 2019

RSE Licensee	Total assets (\$'000)	Funds under trusteeship	Main asset classes	Memberships	Sources
OnePath Custodians	39,351,565	One Path Masterfund Retirement Portfolio Service	Cash Property Fixed interests Australian shares International shares Private equity Alternative investments (hedge funds, structures credit, others)		OnePath Custodians - Financial Report 2019 IOOF- Responsible Investment Position Statement July 2020 IOOF- ESG Risk Management Policy: OnePath Custodians Pty Limited- April 2020 OneAnswer Investment Funds Guide
QSuper	115,308,453	QSuper	Cash Fixed interest Equities Real estate Infrastructure Private equity Alternatives Commodities Other	Climate Action 100+ ACSI IGCC	Annual Report 2019 Investment Choice Guide 2020 SRI option- Website Investment Principles Investment Philosophy and Strategy 2009-18
REST	58,156,117	Retail Employees Superannuation Trust	Growth Alternatives (Credit) Infrastructure Bonds Cash Basic Cash Growth Alternatives (Agriculture) Property Overseas Shares Defensive Alternatives Growth Alternatives (Equity Strategies) Private Equity Australian Shares	PRI ACSI IGCC	Annual Report 2019 Investment Guide 2020 Climate Change Position Statement Rest's approach to sustainable investing- Website
Sunsuper	72,584,595	Sunsuper Superannuation Fund	Australian shares International shares Private capital Property Diversified strategies Infrastructure Fixed interest Hedge funds and alternative strategies Cash	Climate Action 100+ PRI	2018-19 Annual Report Sunsuper Responsible Investment Report 2018-19 ESG Policy -August 2019 Environmental, social and governance reporting- Website
TelstraSuper	22,458,172	Telstra Superannuation Scheme	Australian shares International Shares Property Fixed Interest Cash Infrastructure	Climate Action 100+ PRI ACSI IGCC	Annual report 2019 Sustainable Investment Policy TelstraSuper Climate Change Statement

RSE Licensee	Total assets (\$'000)	Funds under trusteeship	Main asset classes	Memberships	Sources
			Cash Private equity Credit Alternative debt		
UniSuper	83,242,826	UniSuper	Australian shares International shares Cash Fixed interests Property Infrastructure Private equity	Climate Action 100+ PRI ACSI IGCC	Annual Report 2019 Climate Risk and our investments 2019 Climate risk management and investments at UniSuper UniSuper website
United Super (Cbus)	53,168,127	Construction & Building Unions Superannuation (CBUS)	Australian shares Global shares Private equity Infrastructure Property Alternative debt Fixed interest Cash	Climate Action 100+ PRI ACSI IGCC UN- Net-Zero Asset Owner Alliance	Cbus Annual Report 2019 Cbus- Built on trust-Responsible Investment Supplement 20190 Cbus Website

## PLEDGES AND COMMITMENTS

**TABLE 4: PORTFOLIO EMISSIONS REDUCTION COMMITMENTS AND ACTIVITIES**

RSE Licensee	Portfolio emissions reduction targets	Portfolio emissions reduction activities	Engagement	Responsible investment options
AMP Superannuation (N.M. Superannuation)	AMP Capital managed Real Estate funds aim to be zero net carbon by 2030 for Scope 1 and 2 emissions and by 2040 for material scope 3 emissions	<p>AMP Capital Real Estate target will be achieved through phasing out fossil fuels, running on 100% renewable energy, making buildings highly efficient and working with the tenants.</p> <p>The Superannuation Trustee has formally adopted the AMP Capital ESG Investment Philosophy and includes an ESG overlay as part of the due diligence process for the appointment and review of investment options.</p> <p>Assessing the ESG performance of AMP Capital investments, through dedicated investment specialists.</p> <p>9% of AMP Capital's AUM invested in environmentally and socially themed areas. 29% of infrastructure AUM invested in environmentally and socially themed areas.</p>	<p>Monitoring companies and assets, and encouraging improved recognition of ESG considerations in business policies, practices and disclosures. Engagement is one of the preferred approaches to influence an investment's performance. AMP Capital engages directly with companies and policymakers on climate change and also through a range of initiatives.</p> <p>Early signatory of UN-PRI and Climate Action 100+ participant.</p>	<p>AMP retail clients have access to a wide range of investment options, which includes the low carbon funds offered by AMP Capital.</p> <p>MyNorth Sustainable Managed Portfolio offers responsible investing (available through an adviser).</p>
AustralianSuper	No information	<p>Within the energy sector, AustralianSuper plans to invest around \$1 billion in renewables via the equity and infrastructure portfolios, and expect this to grow over time.</p> <p>Endorse the adoption of the Taskforce on Climate-related Financial Disclosure frameworks (TCFD) recommendations by companies.</p> <p>AustralianSuper has identified the pathways to a low carbon portfolio in its TCFD report. Tracking the carbon intensity of the portfolio; international equities portfolio is currently 44% less carbon intensive than the benchmark and the Australian equity portfolio 17% less carbon intensive.</p> <p>Has been awarded an A+ rating for its Overarching Approach to Responsible Investment and Listed Equity-</p>	<p>AustralianSuper is a founding member of Climate Action 100+ (CA100+), the current global chair and a member of the global steering committee.</p> <p>Actively engaging with companies on their alignment to Net Zero 2050, the risks relating to future fossil fuel consumption and physical changes in climate.</p> <p>Comprehensive company engagement program, both directly and collaboratively with other investors.</p> <p>AustralianSuper is a founding partner of the Australian Industry Energy Transition Initiative, working directly with companies to reduce</p>	<p>The Socially Aware option removes investment in companies that own fossil fuel or uranium reserves.</p>

RSE Licensee	Portfolio emissions reduction targets	Portfolio emissions reduction activities	Engagement	Responsible investment options
		Active Ownership in the UN's Principles for Responsible Investment (PRI) Global Assessment Report 2020.	supply chain emissions in hard to abate sectors.	
Aware Super (First State Super)	<p>The Fund will seek to transition our investment portfolio towards carbon neutrality, which means achieving net zero emissions by 2050.</p> <p>Aims to reduce emissions in its listed equities portfolio by at least 30% by 2023.</p> <p>The Fund will actively advocate for an economy-wide 45 per cent reduction in greenhouse gas emissions by 2030 and is looking to replicate this in its portfolio in the same timeframe.</p>	<p>Aware Super will divest from thermal coal miners from October 2020 as part of a comprehensive plan to respond to climate change risks (for companies with more than 10% of their revenue from thermal coal mining). Also excluding companies that source more than 20% of their operational revenue from coal, oil and gas.</p> <p>Where practicable, aiming to: incorporate climate change into the consideration of its investments across asset classes, whether managed internally or externally; requesting disclosure of investment managers' policies on climate change.</p>	<p>The RI team has been developing and implementing a direct engagement program across select areas of the portfolio. Engagement has focussed on 4 key areas: Listed equities engagement; Climate Action 100+ investor engagements; Investment manager engagement; Directly owned asset engagement.</p>	<p>Aware Super offers two investment options that allow members to invest their superannuation in companies that engage in socially responsible practice:</p> <ul style="list-style-type: none"> <li>- a diversified option, and</li> <li>- a single asset class Australian equities option.</li> </ul> <p>Exclusions of these options include thermal coal mining and fossil fuels.</p>
BT	No information	<p>Committed to:</p> <ul style="list-style-type: none"> <li>- Considering climate-related impacts in investment decision making.</li> <li>- Working to understand and assess how climate-related impacts in the investment portfolios will develop over time, and taking this into account when making strategic decisions on behalf of its customers.</li> <li>- Ensuring company engagement and proxy voting activities consider climate-related impacts material to the companies in which they invest.</li> </ul>	<p>BT is engaging with the companies it has invested in to achieve positive change in areas such as sustainability and disclosure to improve long-term shareholder value. Engagement can also involve discussions with regulators, professional bodies and other entities.</p> <p>Engaging through BT's external portfolio managers, in their direct discussions with companies and encouraging them to consider climate risk in their investment process.</p>	<p>The corporate superannuation products give members the choice of socially responsible and ethical funds, including: BT Ethical Share Fund; and BT Sustainable Share Fund.</p>

RSE Licensee	Portfolio emissions reduction targets	Portfolio emissions reduction activities	Engagement	Responsible investment options
		- Calculating carbon intensity metrics for its portfolios and to provide customers with climate-related information.	BT plays an active role in collaborative engagement efforts, such as Climate Action 100+.	
CareSuper	No information	<p>ESG performance minimum threshold set for listed equities: The fund's sustainable listed equity managers target better ESG and carbon performance than their respective benchmarks.</p> <p>Investments include those that should prove resilient to the impacts of climate change and/or will benefit from the transition to a low-carbon economy.</p> <p>Require investment fund managers across all asset classes to comply with CareSuper's Responsible Investing Policy.</p>	Engage with investee companies on ESG (including climate change) via investment managers as well as collaborative initiatives. Engage regularly with investment managers to understand how they integrate ESG and other risk factors into their research and decision-making.	Offering investment choices that allow members to avoid or reduce their exposure to thermal coal investments through the Sustainable Balanced and the Direct Investment options.
Colonial First State Investments Limited	No information	<p>Monitors emissions both at portfolio level and across Colonial First State Investments Limited (CFSIL). Climate and carbon metrics are factored into decisions when making portfolio changes.</p> <p>Aims to manage, reduce and/or mitigate the ESG and climate risks of each portfolio over time and where appropriate.</p>	Encourages investment managers to engage with the company management or collaborate with other investors in an engagement. These issues may relate to climate change, human rights, environmental and resource management amongst others. As a PRI signatory, Colonial First State also use the PRI's collaboration platform.	No information.
Commonwealth Superannuation Corporation	No information	<p>Over A\$676 million invested in high-quality private and public assets- including wind farms, waste management infrastructure projects, and renewable energy initiatives that add to the net new supply of facilities (as at 30 June 2019) .These investments reduce our portfolio carbon emissions by over 200,000 tonnes of CO2 per annum.</p> <p>Comprehensively considering which companies will benefit from transition to a lower carbon world. Will continue to assess all risks and opportunities arising from climate change.</p> <p>Managing climate investment risk in three main ways by: investing in renewable energy opportunities, supporting</p>	We engage and work with a diverse group of investment managers, advisers and shareholder groups, to leverage scale in the promotion of ESG awareness, integration and continuous improvement.	No information

RSE Licensee	Portfolio emissions reduction targets	Portfolio emissions reduction activities	Engagement	Responsible investment options
		robust transitions away from coal, and improving its net portfolio carbon footprint over time.		
HESTA	Committed to reducing the absolute carbon emissions in its investment portfolio by 33% by 2030 and to be 'net zero' by 2050	Committed to remove all investment in carbon emissions by 2050. First major Australian superfund to place a thermal coal mining restriction across all investment options. Committed to reducing our environmental impact by activities including: investing members' super responsibly, choosing key suppliers that share HESTA's focus on sustainability and minimising our carbon footprint.	Co-filed a shareholder resolution at BP's AGM, requiring the firm to align its investment program with goals within the Paris Climate Change Agreement. Will be engaging with a number of asset managers to discuss physical risks stemming from climate change, and how they can mitigate its impact on infrastructure and real estate. Climate Action 100+ participant.	Eco Pool: A socially and environmentally responsible option. Invests in companies with superior environmental, social and governance performance as assessed by HESTA's managers. Exclusions include fossil fuels.
Hostplus	No information	Climate change risks are taken into account to the extent they are relevant to the Fund's overall investment strategy and investment portfolio. Committed over \$1 billion to Australian venture capital managers, including funds that are building water treatment systems, autonomous taxis and cars, and supporting clean energy funds that create new ways to produce, store, distribute, own and trade renewable energy.  The Trustee stress tests Hostplus' investment strategy for numerous scenarios, including scenarios which consider climate change. These help to inform decisions around the appropriate investment strategy.	Hostplus' ESG approach is a preference for engagement with, over divestment from, an asset class, industry, sector or company. Maximising ability to constructively engage with multiple companies by engaging with companies collectively through the Australian Council of Superannuation Investors (ACSI). Hostplus is a founding member of ACSI.	Socially Responsible Investment (SRI) option offered to members. This option has a range of exclusions including investments in thermal coal miners.
I.O.O.F. Investment Management	No information	Reviewed approaches to the measurement and scoring of portfolios against the Responsible Investing Statement of Principles and its rolling out an investment database system (Factset) capturing individual security holdings of its investment managers, which once complete (expected in FY 2020) will assist the monitoring exposure to ESG sensitive sectors and score funds on carbon exposure and other dimensions of Responsible Investing.	Engaging with managers, to evaluate the extent of ESG integration in their portfolios and ensure risk is managed appropriately.	No information

RSE Licensee	Portfolio emissions reduction targets	Portfolio emissions reduction activities	Engagement	Responsible investment options
Macquarie Investment Management Limited	No information	<p>\$A2.0b assets managed under MIM's targeted Responsible Investment strategies.</p> <p>\$A3.2b funds managed in line with MIM's clients' specific ESG goals and screening preferences.</p> <p>Macquarie has:</p> <ul style="list-style-type: none"> <li>- \$A9.0b invested or arranged in renewable energy and energy efficiency projects in FY2020.</li> <li>-12,800 MW of renewable energy assets in operation or under management at 31 March 2020.</li> <li>- 13.6% of total funded equity investments exposed to renewable energy at 31 March 2020.</li> </ul> <p>Macquarie Infrastructure and Real Assets: aiming to reduce the greenhouse gas (GHG) emissions intensities of the existing infrastructure portfolio over time. New products include two renewables funds dedicated to investment in renewable energy.</p>	<p>Committed to engaging with investors on ESG issues.</p> <p>Macquarie Investment Management's Equity and Fixed Income Investment teams have access to ESG analytical tools that provide insight into portfolios' carbon footprint, allow them to stress-test issuers and portfolios for different carbon pricing scenarios, and offer guidance.</p> <p>Climate Action 100+ signatory.</p>	<p>Macquarie Investment Management (MIM) manages several strategies for which ESG is core to the investment process. An overview of these strategies is available upon request. MIM can create portfolios, mandates and segregated accounts, based on specific client requests that aim to align their organisation or personal values with their investments.</p>
Mercer Superannuation (Australia)	No information	<p>The assets of the Mercer Super Trust, are invested in funds managed by Mercer Investments (Australia) Limited (MIAL). MIAL has completed climate scenario modellings and is integrating findings into asset allocation and portfolio construction decisions. MIAL will increasingly align portfolios with a 2°C scenario where consistent with investment objectives.</p> <p>Includes a small exposure to Mercer Sustainable Opportunities (infrastructure, private equity and natural resources) which allocates to environmental themes including renewable energy, energy efficiency, waste, water, together with robust impact reporting.</p>	<p>Mercer participates in collaborative industry initiatives, including Climate Action 100+.</p> <p>Includes climate change in manager engagement activity. Request information on manager views on material ESG issues and how they are considering these in investment analysis and portfolio construction (all asset classes).</p> <p>Communicate with companies directly on occasion.</p>	<p>Offers seven Socially Responsible Investment options to choose from, with the exclusions list including other activities beyond fossil fuels. Mercer's SRI Fund in Australia won't invest in companies with more than 10% revenue in carbon intensive fossil fuels and targets 20% below benchmark carbon footprint results.</p>
Nulis Nominees (Australia)	No information	<p>There are currently no Fund wide exclusions, though future exclusions are to be considered as part of the annual review of Nulis Responsible Investment policy.</p>	<p>Believes that appropriate engagement with investment entities promotes their consideration of ESG factors resulting in improved practices and strategic decisions.</p>	<p>Will seek to provide socially responsible investment options that allow members to have</p>



RSE Licensee	Portfolio emissions reduction targets	Portfolio emissions reduction activities	Engagement	Responsible investment options
			<p>Each Investment Manager is expected to engage with investee companies on ESG matters, where appropriate.</p> <p>Aims to be an active participant in the responsible investment industry. This includes participation in industry forums, engagement with industry bodies and the completion of RI surveys.</p>	<p>their superannuation invested into dedicated responsible investment options, generally seeking to avoid companies deemed harmful to society or the environment.</p> <p>MLC Super Fund and MLC Superannuation Fund currently include several socially responsible investment options.</p>
OnePath Custodians	No information	Assessing the carbon footprint of its portfolios to identify sources of carbon risk.	Carbon footprint and climate change: engaging closely with underlying managers to assess their ability to incorporate and appropriately value the long-term implications of climate change on company holdings.	OnePath Sustainable Investments, Perpetual Ethical SRI and Stewart Investors WorldWide Sustainability Options take into consideration ESG factors.
QSuper	No information	QSuper considers ESG within a framework focused on providing competitive returns for our members.	Climate Action 100+ participant.	Socially Responsible Investment option: seeks investments in areas as Clean Energy, Conservation and the environment, Waste reduction and recycling, and Green building. Avoids investments in fossil fuels.
REST	No information	<p>Preparing to measure the carbon footprint of our equity portfolio.</p> <p>Climate change issues are factored into our asset allocation and strategy-review processes.</p> <p>Sole owner of the Collgar Windfarm, Western Australia's largest renewable energy project.</p>	Working with investment managers, investment adviser, and the Australian Council of Superannuation Investors (ACSI) to engage with companies and entities, and to improve disclosure of climate change risks and opportunities.	No information

RSE Licensee	Portfolio emissions reduction targets	Portfolio emissions reduction activities	Engagement	Responsible investment options
Sunsuper	No information	<p>We support the goals of the Paris Agreement and actively encourage companies to improve their climate risk readiness.</p> <p>Activities in 2018-19 included: measuring the carbon footprint of listed shares portfolio, assessing property and infrastructure investments against the Global Real Estate Sustainability Benchmark (GRESB) Assessment, and conducting climate scenario analysis on our Balanced option.</p> <p>Through investing in green bonds, Sunsuper is able to simultaneously generate a financial return for members and help finance the transition to a low carbon economy. In 2019, Sunsuper invested in the Affirmative Investment Management Global Impact Bond Strategy as its first dedicated green-bond manager in the Fixed Income portfolio.</p>	<p>Climate Change is an area of activism for Sunsuper. Sunsuper collaborates with other global investors and engages with stakeholders, managers, and both listed and unlisted investee entities on this issue. Sunsuper believes that engaging widely on ESG issues will improve behaviours, promote best practice and lead to better understanding of business and strategic decisions. Sunsuper's engagement program will involve both direct and collaborative activities. Climate Action 100+ participant.</p>	<p>Sunsuper's Socially Conscious Balanced option invests in companies that limit its material exposure – that's no more than 5 per cent of its total revenue – to several industries including: fossil fuel explorers, miners or energy generators.</p>
TelstraSuper	No information	<p>Actively investing in industries that we feel do have good ESG credentials. Actively invest in clean energy infrastructure opportunities such as wind and solar electricity generators.</p> <p>The projects TelstraSuper is invested in, include: AGL renewable energy sources in Australia, and Wind and solar portfolios globally</p>	<p>TelstraSuper believes that advocacy and engagement are important avenues for effecting change. TelstraSuper is a member of the Australian Council of Superannuation Investors (ACSI), a signatory to the Principles for Responsible Investment (PRI) and a signatory to Climate Action 100+. TelstraSuper proudly supports the engagement and advocacy activities of these organisations.</p>	No information.
UniSuper	<p>At a whole-of-fund and portfolio level, achieve net zero absolute carbon emissions by 2050.</p> <p>100% of portfolio companies (material, active, in-house Australian investments) to have Paris-aligned operational commitments by the end of 2021.</p>	<p>Factoring decarbonisation as a core investment theme in all portfolios:</p> <ul style="list-style-type: none"> <li>- Applying a shadow carbon price to material investments that UniSuper expects to hold for the medium to long term.</li> <li>- Excluding companies that generate more than 10% of their revenues from thermal coal mining.</li> </ul> <p>2030 pathway includes:</p> <ul style="list-style-type: none"> <li>- Allocating capital to companies needed to achieve the ultimate goal of net zero.</li> </ul>	<p>Undertaking extensive engagement and a range of advocacy activities. Discussing emission reduction targets and strategies with 100% of UniSuper's portfolio companies (material, active, in-house Australian investments) at management and board levels.</p> <p>The investment team has close engagement with Australian corporates, and collaborates with climate-focussed action groups, including: Climate Action 100+ and Investor Group on Climate Change.</p>	<p>Provides three sustainable and environmental options for members: Sustainable balanced, Sustainable High Growth and Global Environmental Opportunities. These do not invest in fossil fuel exploration.</p>

RSE Licensee	Portfolio emissions reduction targets	Portfolio emissions reduction activities	Engagement	Responsible investment options
	<p>Contribute to a 45% reduction in Australia's emissions by 2030. UniSuper will target an absolute reduction in emissions at a portfolio level by 2030 where practical (with net zero unlisted property and infrastructure portfolios by 2030).</p>			
<p>United Super (Cbus)</p>	<p>Portfolio target committing to net zero greenhouse gas (GHG) emissions reductions by 2050.</p> <p>Targeting a portfolio reduction of 45% absolute emissions reduction by 2030.</p>	<p>Cbus has joined the United Nations Convened Net-Zero Asset Owner Alliance.</p> <p>Introducing a dedicated climate opportunities investment strategy representing 1% of our total portfolio. An analysis of Cbus' carbon footprint contributed to the decision to re-weight the portfolio by 8.1% to global shares. This contributed to this year's reduction in emissions.</p> <p>In March 2019, Cbus' CEO was appointed to the steering committee of the Australian Sustainable Finance Initiative. A new target has been set for the infrastructure fund managers to commit to net zero carbon emissions. Committing to net zero carbon emissions for the property portfolio by 2030.</p> <p>Infrastructure team has invested in renewable assets in Australia, and Cbus Property is one of the global leaders in green commercial construction.</p> <p>Proactively seek opportunities to invest in the transition and to improve portfolio resilience to climate change by mitigating exposure to risk.</p>	<p>2019 Progress: 100% of companies have been engaged through ACSI and Climate Action 100+</p> <p>80% of the companies are reporting against the TCFD.</p> <p>Engaging with the most intensive fossil fuel companies with other asset owners through 'Climate Action 100' and ACSI.</p>	<p>No information</p>

## ASSESSMENT OF EMISSIONS-REDUCTION AMBITION

Table 5 details the assessment of emissions reduction ambition for each of the organisations considered by the analysis. This assessment considers commitments and activities that address

emissions financed by each organisation's investments. It is informed by the assessment of portfolio emissions reduction activities and initiatives outlined in Table 2, and the pledges and commitments summarised in Table 4. This assessment is based on the following criteria:

Net zero target?	Indicates whether an organisation has set a net zero emissions target across its portfolio (Yes), has set a net zero target for only a portion of its portfolio (Partial), has expressed an aspiration to achieve net zero emissions (Aspiration) or no information can be found regarding a net zero target (No).
Interim emissions reduction target?	Indicates whether an organisation has defined an interim emissions reduction target across its portfolio (Yes), has set an interim emissions reduction target for a portion of its portfolio (Partial) or no information can be found regarding an emissions reduction target (No information).
Emissions reductions activities?	Indicates whether an organisation has a commitment or is undertaking activities that will reduce its emissions.

Based on the above criteria, each organisation's emissions reduction ambition was assessed as follows:

★	Fully aligned	The organisation has a target to achieve net zero by 2050 across its entire portfolio, supported by a strategy and/or interim targets.
☆	Closely aligned	The organisation has a target to achieve net zero by 2050 across a significant proportion of its portfolio, supported by a strategy and/or interim targets.
■	Aligned aspiration/pathway	The organisation has expressed an aspiration to achieve net zero by 2050 across its portfolio, or has an interim target aligned to this goal.
▲	Partially aligned	The organisation has a target to achieve net zero by 2050 across a small proportion of its portfolio.
●	Not aligned	The organisation has made a commitment, pledge or is undertaking activities that will reduce portfolio emissions intensity but not in alignment with net zero by 2050, or the alignment is unclear due to insufficient information.
○	No emissions reduction targets or activities	The organisation has not disclosed any portfolio emissions reduction targets, commitments or activities.

**TABLE 5: ASSESSMENT OF EMISSIONS-REDUCTION AMBITION**

RSE Licensee	Total assets (\$'000)	Portfolio net zero ambition	Net Zero target?	Interim emissions reduction target?	Emissions reduction activities?
UniSuper	\$ 83,242,826	★	Yes	Partial	Yes
HESTA	\$ 53,818,727	★	Yes	Yes	Yes
United Super (Cbus)	\$ 53,168,127	★	Yes	Yes	Yes
Aware Super (First State Super)	\$ 103,129,286	■	Aspiration	Partial	Yes
AMP Superannuation (N.M. Superannuation)	\$ 73,471,882	▲	Partial	No information	Yes
Commonwealth Superannuation Corporation	\$ 217,104,324	●	No information	No information	Yes
AustralianSuper	\$ 172,409,105	●	No information	No information	Yes
QSuper	\$ 115,308,453	●	No information	No information	Yes
BT	\$ 93,213,920	●	No information	No information	Yes
Sunsuper	\$ 72,584,595	●	No information	No information	Yes
REST	\$ 58,156,117	●	No information	No information	Yes
Hostplus	\$ 46,043,000	●	No information	No information	Yes
Mercer Superannuation (Australia)	\$ 27,507,746	●	No information	No information	Yes
Macquarie Investment Management Limited	\$ 22,713,920	●	No information	No information	Yes
TelstraSuper	\$ 22,458,172	●	No information	No information	Yes
CareSuper	\$ 19,915,651	●	No information	No information	Yes
Nulis Nominees (Australia)	\$ 103,232,405	○	No information	No information	No information
Colonial First State Investments Limited	\$ 86,837,976	○	No information	No information	No information
OnePath Custodians	\$ 39,351,565	○	No information	No information	No information
I.O.O.F. Investment Management	\$ 30,176,327	○	No information	No information	No information

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## WHAT IS THE NET ZERO MOMENTUM TRACKER?

Reaching net zero emissions is a core action of the Paris Agreement goal to limit global warming to well below 2 degrees Celsius and strive for 1.5 degrees. Many major global companies have incorporated this goal into their business strategies. In Australia, businesses and governments are doing the same, but there is no easily accessible place to assess these commitments, making them difficult to track.

The Net Zero Momentum Tracker tells the story of Australia's growing momentum towards net zero across key sectors in the Australian economy through a series of sector reports supported by an online platform.

[WWW.NETZEROTRACKER.ORG](http://WWW.NETZEROTRACKER.ORG)

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ClimateWorks Australia is an expert, independent adviser, committed to helping Australia, South East Asia and the Pacific region transition to net zero emissions by 2050. It was co-founded through a partnership between Monash University and The Myer Foundation and works within the Monash Sustainable Development Institute.

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