Mr Danny Casey

Chair

Trustee Board

Catholic Super

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Dear Mr Casey

I am writing to you as a member of Catholic Super because of my deep concern with climate change and because my Catholic faith is asking me to question whether the way I live is harming the planet and its poorest people. Let me explain my faith and values first and then I will explain why I am concerned about Catholic Super’s approach to climate change.

Pope Francis wrote the encyclical *Laudato Si’* in response to the grave and urgent ecological crises facing humanity. He outlines a clear vision for the Church to enter into an ‘integral ecology’. This means that the Church and all its members must live in a way that respects the deep connection between all the things that share our planet, the biosphere of the earth, or ‘our common home’. Pope Francis talks about needing to let go of ‘anthropocentrism’, the idea that we as a species think that the world revolves around us, that we are gods, above everything. Pope Francis has made it abundantly clear that we need to let go of this sinful thinking and move towards an integral ecology. He explains that our actions that degrade the integrity of the earth are sins against each other and God.

Pope Francis established the Dicastery for Promoting Integral Human Development in Rome to support action by Catholics all around the world to respond to the vision of *Laudato Si’*. The Dicastery has launched an action platform that calls on families, dioceses, schools, universities, health services, religious orders and businesses to embark on a 7-year journey towards an integral ecology. Within the Dicastery action platform, those who sign up for the 7-year journey are called to divest from fossil fuels and any other activity harmful to people or the planet. That has of course prompted me to investigate my own finances to determine if my money is in any way contributing to harming the planet or people.

My understanding of the situation in Australia is informed by what I consider the best available, independent scientific advice on what we must do to play our part in meeting the challenge of integral ecology in general and climate change in particular. The latest Intergovernmental Panel on Climate Change report released on 7 August 2021 is a game changer. The focus of all our efforts needs to shift to achieving significant change in CO2 emissions in this decade. The critical time for change is now. The Climate Council of Australia argues that Australia should be aiming to reduce emissions by 75% (below 2005 levels) by 2030, and reach net zero by 2035 in order to play our role in meeting the Paris climate goals, while global emissions must reach net zero by 2040 at the latest.

In light of all of the above, I have taken a close look at Catholic Super’s website to see if I can be confident that my values and my financial arrangements are in alignment. I was both heartened and concerned by what I found. I was heartened to find your commitment to the Principles for Responsible Investment and the application of Environmental, Sustainability and Governance (ESG) criteria. I am pleased that you offer members a ‘PositiveIMPACT’ option. I also note that you have a *Climate Change Position Statement*. I was most heartened to read your latest *Responsible Investment Report*. It gives me confidence that my super is with an organisation that is taking the challenges of climate change seriously and trying to communicate this with its members. I note that the report says that the Board has agreed to achieving Net Zero by 2050, something that is not mentioned in your *Climate Change Position Statement.* I also note that you are taking active steps to measure the carbon emissions across your portfolio and recognise the technical challenges involved.

What I am most concerned about is that your current *Climate Change Position Statement* has not yet responded to the latest IPCC report. This should be done urgently as it is now clear that the goal of decarbonising the fund’s portfolio by 2050 is completely inadequate. Unfortunately, you seem to equate Net Zero by 2050 with being ‘in line with the Paris Agreement’. This is not the case. The Paris Agreement is to keep global warming well below 20C (aiming for 1.50C). More rapid emissions reductions are required in the next decade. I am aware that other superannuation funds, such as NGS Super, have committed to achieving a carbon neutral portfolio by 2030. This level of commitment is not out of reach of Catholic Super and I ask that the Board reconsider the fund’s target as a matter of urgency.

I am also concerned that the fund has got the balance between ‘engagement’ and ‘divestment’ wrong. I welcome the steps you have made towards transparency on proxy voting and engagement strategies in the *Responsible Investment Report*. What is not clear is how you are exercising these tools of influence. For example, you report on the number of times you have voted on ‘potentially contentious’ ESG issues but not on how you voted, why you voted the way you did, and what impact you hoped to achieve in exercising your votes. I have looked at the proxy voting register for 2020 on your website and it is very difficult to see how Togethr Trustees (the trustee of Catholic Super) has used its influence to good effect. For example, I note that you voted against a shareholder resolution that Rio Tinto Limited set emissions targets. The recent report from the Australasian Centre for Corporate Responsibility *Super Votes* shows that Catholic Super only voted in favour of ESG resolutions on 5 out of 43 occasions—12 per cent. I note and welcome that among the ‘portfolio exclusions’ you have become a signatory to the ‘Tobacco-Free Pledge’.

On a positive note, I welcome the statements in the *Responsible Investment Report* which indicate that Catholic Super is committed to the long-term task of meeting the standards of reporting of the Task Force on Climate Related Financial Disclosures (TCFD). However, it is not clear that Catholic Super has embarking on the 7-year journey towards integral ecology as recommended by the Dicastery for the Promoting Human Development. The *Responsible Investment Report* is a good start but it does not indicate that Catholic Super grasps the urgent action required in the next ten years. Many of us have started our own journey and are changing our lifestyles because we know that financial decisions of any kind, including choosing the right super fund, are a moral act.

I am not ignorant of the fact that your primary obligation to your members is to protect our retirement incomes. But from the research I have done it seems clear that organisations that have taken wise steps in favour of the planet have not suffered financially, quite the opposite. My hope is that, when Catholic Super completely divests from fossil fuels, my returns will increase as a result. I always thought that helping creation meant making sacrifices in some way, but I now know that this is not necessarily the case. I cannot in good conscience continue in a super fund that is knowingly contributing to the degradation of the planet. I have no interest in a comfortably retirement lived at the expense of future generations.

I ask that the Board of Catholic Super reconsider its targets and strategies in relation to carbon emission, particularly from fossil fuels. This means that you give the risks arising from climate change a higher priority in managing my retirement income. This may also require you to take a leadership role in the superannuation industry consistent with the values, principles and strategies set out by Pope Francis in *Laudato Si’*.

Yours sincerely

Name

Catholic Super membership number