

Dear Sunsuper,

Information regarding climate change risks

We are Sunsuper members and concerned that Sunsuper is not adequately taking climate change and its associated risks into account when making investment decisions concerning our superannuation.

Sunsuper does not have a publicly available climate action plan, policy, or statement. As a member, we are entitled to documents and information about how the fund is investing our money, particular investments, and how the fund is being managed, including the management of financial risks.

Climate change is a material financial risk, as recognised by Australian regulators and Noel Hutley QC in his legal opinions on directors' and trustees' duties and climate change. Prudent superannuation trustees are ensuring that their processes relating to financial risk are adapted to understand and manage the financial risk posed by climate change.

Understanding climate change risks

Since 2015 Sunsuper has conducted climate scenario analysis.¹ It is curious that it has taken Sunsuper until 2020 to approve a Climate Action Plan for its investment portfolio. Please provide the following information:

1. The results of all scenario analyses undertaken (noting that disclosure is recommended by the TCFD);
2. Copies of all advice received in relation to those analyses, or otherwise in relation to climate change risks to its investments;
3. Information on how the Board, Investment Committee or senior management responded to that advice, or responded to scenario analyses;
4. Since 2015, the steps the Board, Investment Committee and senior management has taken to educate themselves about climate change risks in order to adequately consider any advice on climate change risks.

Management of climate change risks

While Sunsuper identifies climate change as a material investment risk, we have been unable to find information on Sunsuper's website or member portal to understand how this risk is managed. Given our concerns and the lack of available information, can you please provide:

¹ Sunsuper 2019-20 Responsible Investment Report, p 6

1. A copy of the current Sunsuper Climate Action Plan referred to in Sunsuper's 2019-2020 Responsible Investment Report (**RI Report**);
2. If not in the Climate Action Plan, a copy of Sunsuper's emissions reduction strategy, including the 27 actions that Sunsuper has said will inform the decarbonisation pathway in line with targeting net zero emissions by 2050, and information on how each of these 27 actions are progressing;
3. A copy of any fund-wide climate change policy;
4. Information on whether or not Sunsuper has undertaken portfolio-wide scenario analysis on climate change risks. If so, please confirm Sunsuper's base scenario for a low carbon world, including whether the analysis is founded on scenarios modelled by the International Energy Agency, Network for Greening the Financial System, or other standard. Please also provide the results of such analysis;
5. Information on Sunsuper's views on its contribution to the long-term development and stability of the Australian economy given the physical impacts of climate change, and the economic impacts of a delayed transition to a low carbon economy;
6. Please tell us your views on the negative impacts of your current investments on climate change and whether or not expected climate risks may not be diversifiable;
7. A copy of Sunsuper's risk management framework or Investment Governance Framework, including a list of material risks;
8. Information about the climate change due diligence and risk assessment process that Sunsuper's investment managers, auditors, actuary and other advisors undertake with respect to equity assets, including any thresholds that may exclude certain investments;
9. Information on whether or not Sunsuper is planning to report against the TCFD.

Exposure of the portfolio to carbon policy risk

The RI Report provides information on weighted average carbon intensity, absolute emissions, and carbon footprint of its portfolio. Compared to the benchmark, Sunsuper is more exposed to emissions intensive investments and carbon policy risk. Can you please:

1. Explain why Sunsuper's carbon policy risk is higher than the broader stock market as at 30 June 2019 (based on carbon measurement of Sunsuper's portfolio vs benchmark based at p23);
2. Explain what steps have been taken by the trustee since 30 June 2019 to decrease climate risks;

3. Provide data as of 30 June 2020 on the same portfolio vs benchmark metrics as on p23;
4. Provide a complete list of the Australian and international shareholdings of the fund as at 30 June 2020 that includes the value of each holding for the whole fund, and the metrics for each company as on p23.

Policy on engagement with investee companies

From Sunsuper's RI Report and ESG Policy, it appears that Sunsuper's only forms of climate risk mitigation across its portfolio are through activism and/or direct engagement with investee companies. However, based on publicly available information, Sunsuper does not appear to have called on any specific company to alter its strategy in line with the goals of the Paris Agreement.

Can you please provide details of engagement by Sunsuper with investee companies, assets or sectors on climate change risk, including the method of engagement and the outcome of engagement.

Climate-related shareholder resolutions

According to ClimateAnalytics, to keep global temperatures consistent with the Paris Agreement, fossil fuels, including coal, oil and gas, must be phased out in OECD countries by no later than 2030. However, it appears that SunSuper has in fact voted against resolutions that require investee companies to disclose or implement targets to reduce their fossil fuel exposure, being 20 votes against vs 4 votes for.

Please provide the following information:

1. Whether Sunsuper has a policy for climate-related shareholder resolutions;
2. How many shareholder resolutions were considered by Sunsuper in 2019-20, and how many were related to climate change;
3. The advice Sunsuper received, the information it considered, and reasons why it voted against the following resolutions in 2019-20:
 - (a) AGL Energy - Annual General Meeting dated 19 September 2019 - resolutions 5(a), 5(b), and 6
 - (b) Suncorp Group Ltd - Annual General Meeting dated 26 September 2019 - resolutions 9(a) and (b)

- (c) Origin Energy - Annual General Meeting dated 16 October 2019 - resolutions 9(a) to 9(e)
- (d) Insurance Australia Group - Annual General Meeting dated 25 October 2019 - resolutions 7(a) and 7(b)
- (e) Westpac Banking Group - Annual General Meeting dated 12 December 2019 - resolutions 6(a) and 6(b)
- (f) ANZ - Annual General Meeting dated 17 December 2019 - resolutions 6 to 8
- (g) NAB - Annual General Meeting dated 18 December 2019 - resolutions 6(a), 6(b), and 7
- (h) Rio Tinto - Annual General Meeting on 10 March 2020 - resolution 23
- (i) Danske Bank - Annual General Meeting dated 17 March 2020 - resolutions from Philip C Stone items 15.1, 15.2 and 15.3
- (j) Topdanmark A/S - Annual General Meeting on 2 April 2020 - proposal D
- (k) Santos Ltd - Annual General Meeting dated 3 April 2020 - resolution 5(a)
- (l) Woodside Petroleum - Annual General Meeting dated 30 April 2020 - resolutions 4(a) to 4(d)
- (m) T Rowe Price Group - Annual Meeting of Shareholders dated 12 May 2020 - proposal 5
- (n) Equinor ASA - Annual General Meeting on 14 May 2020 - agenda Items 9 to 14
- (o) Union Pacific Corporation - Annual Meeting of Shareholders dated 14 May 2020 - proposal 5
- (p) United Parcel Service - Annual Meeting of Shareowners dated 14 May 2020 - proposal 4
- (q) Chevron - Annual Meeting of Shareholders dated 27 May 2020 - proposal 5

Please provide responses to the above requests within 30 days.

Kind regards,

