



## **MEDIA STATEMENT**

December 15, 2020

### **QSUPER AND CLIMATE CHANGE**

QSuper will incorporate the carbon emissions targets of the Paris climate accord into a robust approach to investment decision making which will assess climate change risks and opportunities.

Its position has been set out to members in its recent annual members meeting and in the answers to members' questions, now published on its website.

They describe a series of actions to measure and manage climate change risks to preserve the returns of its members in line with its legislative requirement to meet the sole purpose test.

QSuper believes that aiming for the Paris targets implies support for "net zero emissions" by 2050, an outcome necessary to meet an end-of-century cap on global warming. The Paris accord aims to keep the global temperature rise this century to well below 2 degrees above pre-industrial levels.

The actions QSuper has in place include:

- A full analysis of the portfolio to quantify its exposures to carbon;
- Active engagement with the management of its investments to understand their approach to managing for climate change;
- Participation in industry organisations that encourage management for climate change risk.

These actions will inform decisions on how to invest consistently with QSuper's climate change policy which states a desire to: *"achieve more informed investment decisions through increased understanding and reporting of climate change risks and manage climate change risks and opportunities consistent with the transition to a low carbon economy largely consistent with the Paris Accord."*

The Chief Investment Officer, Mr Charles Woodhouse, told members at the fund's recent annual members meeting:

"Your fund is mindful of the rising investor activism and the need to balance desire for investment in sustainable industries with its obligation to invest for the sole purpose of maximising members' interests.



“We are active in our stewardship program to encourage businesses we invest in to both understand and act on their environmental impact.

“...You can be assured that QSuper will step through this carefully, recognising your interests come first and recognising that sustainable investment is wise investment.”

The QSuper chair, Mr Don Luke, told the same meeting the board was “passionate” about acting on climate change.

And the Investment Committee chair, Mr Walter Ivesa, explained the focus the board had given this year to balancing members’ long term returns with climate change. He said: “We see climate change risk as an investment risk that can impact the achievement of our investment objectives for our members. As a Board we believe that the transition to a low carbon world economy, as envisaged in the Paris agreement, is necessary to address and manage climate change.

“The transition to a low carbon economy poses a number of risks to businesses across the world and, as well as the physical risk obviously from climate change, that can impact assets that we invest in. So, our strategy is very much built around understanding those risks, understanding climate change risks and the focus of our climate change policy is to make the best possible investment decisions, using the best possible information around climate change risks and how they might impact our portfolio.

“With that in mind, we've tasked ...the Investment Team to do a body of work, which is all about improving, better quantifying, better measuring, better assessing the impacts of climate change on our portfolio. That will inform the way that we manage climate change risk in our portfolio.

“The way we can manage climate change risk in the portfolio can range from engagement with the companies that we invest in, with the asset managers that look after our specific investments, to understand their individual strategies for managing climate change risk and how they're going to manage their businesses in the transition to a low-carbon economy.

“So, they're just some examples of the approach, but it can go as far as potential divestment, or non-investment, if we consider that the balance between risk and return is unacceptable. ....the Board's primary focus is to manage climate change risks in ways that can best achieve our long-term investment returns for you, our members.”

The full extent of QSuper’s approach will take shape during next year.

**About QSuper** QSuper is one of Australia’s largest superannuation funds, with more than \$120 billion in funds under administration. From humble beginnings over a century ago, today we manage the retirement savings of more than 594,000 members.

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