CLIMATE TRANSPARENCY REPORT 2020

Vision Super

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PRI Principles for Responsible Investment

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-37CF7301-DA20-4B28-BC31-8E17FABEE7FC/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as "private". Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the PRI website and on the Data Portal.

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

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TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

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ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	Vision Super
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US$ 5 - 9.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2006
Region	Oceania
Country	Australia
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

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Vision Super

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

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Investment policy

SG 01	Mandatory	Public	Core Assessed	General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.

SG 01.6	Additional information [Optional].

In line with the Stronger Super Reforms in Australia and meeting the requirements of industry standards and guidance on proxy voting disclosure, the Trustee approved a proxy voting policy distinct from the ESG policy. Guidance on our proxy voting disclosure is in line with the regulatory requirements as follows;
Financial Services Council FSC Standard 1 – Code of Ethics and Code of Conduct (Oct 2016)
• Financial Services Council FSC Standard 13 - Voting Policy, Voting Record and Disclosure (March 2013)
• Financial Services Council FSC Standard 20 - Superannuation Governance Policy (March 2013) &
• The website disclosure requirements set out in SIS Act s.29QB(1)(b) and SIS Regulations 2.38(2) (n) and (o)

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation’s investment time horizon.

◉ Yes

	Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

We ask all our fund managers questions on how they are considering climate-risks and are evaluated on the quality of the timeliness around their responses. Some of fund managers are less focussed on risks and opportunities. Unfortunately this is by far the most common position across the fund manager universe.

In these cases we challenge the manager to think about the implications of climate change and explore what it means for their portfolios. Progress has been slow but even within these more typical organisations there is a wide range of perspectives and thinking about the issues.

As example, some of our active global equity portfolios are highly growth focused. These fundamental investment managers focus on growth and innovation, and strive to identify exceptional businesses that are on the right side of changes affecting their industries and the markets they serve (typically operate in less carbon-intensive industries). In the shift to a low-carbon economy, they believe that many of their portfolios businesses are facilitators of that shift while others are poised to be beneficiaries.

These fund managers seek to manage climate risks in two ways. First, their investment criteria tend to lead them to high growth companies that typically operate in less carbon-intensive industries. Second, in the course of conducting their fundamental research, they are attuned to how climate risks may affect a business's long term value creation.

Some portfolios have an average weighted carbon intensity significantly lower than the benchmark over time and in the advent of the TCFD recommendations, our managers intend to evaluate their strategy pertaining to climate change to ensure they can meet clients' evolving policy and reporting needs.

Our fund managers also in the course of conducting their fundamental research, are attuned to how climate risks may affect a business's long term value creation.

Active managers are required to consider the transition to an economy with at most 2 degrees of warming above pre-industrial levels indicate how climate-risks are factored into the assessment of particular portfolio positions. This position changed to 1.5 degree degrees of warming in October 2018 following the IPCC report revising the "safe" level of warming human civilisation can tolerate.

Any material direct investment should include a reasonable estimate of the impact of phasing out fossil fuel

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usage consistent with limiting global warming to no more than 1.5◦C above the pre-industrial global mean temperature.

Vision Super had also previously submitted a letter to every Federal parliamentarian in Australia asking for certainty and bi-partisanship around energy policy and progress in transitioning to a zero-degree world.

The Fund also offers its members the option of investing in a sustainable super solutions product, which is a passively managed 100% low-carbon benchmark which has gathered a favorable response from our members on account of its low-cost and low-carbon features. The Australian and international passive equity portfolios are managed to a low carbon mandate and we ensure we send a strong message through our voting for specific climate change risk resolutions on a case by case basis.

○ No

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

◉ Yes

	Describe the associated timescales linked to these risks and opportunities.

The associated timescales linked climate risks and opportunities will vary depending on the asset class investment. As example, infrastructure and property type investment projects would be considered as being fairly capital intensive with relatively longer time horizons.

Regulatory responses as a result of climate risks should also provide investors an opportunity in new markets and technologies.

As a support investor of the Climate Action 100+ initiative, we are aligned to the TCFD requirements and expect our fund managers to do the same. If not, we ask them to explain and why that is not the case.

Similar to the TCFD recommendations we think that an appropriate timeframe to assess physical climate risks and opportunties are as follows:

- Short term: 3-5 years
- Medium term: 5-20 years
- Long term: 20+ years

○ No

SG 01.8 CC	Indicate whether the organisation publicly supports the TCFD?

◉ Yes

○ No

SG 01.9 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

○ Yes

◉ No

	Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.

ESG risks are material risks that have the potential to affect our members' long term interests. Climate change risk is a primary concern among environmental risks. In addition, ignoring sustainable investment opportunities such as energy efficiency, water and waste management in investment portfolios may lead to a loss of value and materially increase risk.

Climate change is one of the greatest environmental risks that our investment portfolio faces. We are committed to:

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- Considering, identifying and managing climate change as a material financial risk for the purposes of our risk management framework. We will consider, identify and seek to take advantage of any investment opportunities available from the transition to a zero carbon emissions economy
- Monitoring the carbon performance of the portfolio and striving for improvements
- Ensuring that climate change risks are considered by our advisers and investment managers, including proper assessment of the data available and full company disclosures
- Ensuring that climate change risks are analysed as part of the due diligence procedures for new investments
- Participating in climate change related collaborative initiatives

Vision Super has made a formal statement to become carbon netrual by 2050. The fund is considering a roadmap of how we can best acheive this objective.

Vision Super is integrated into the Australian economy and its investments are integrated into the global economy. We have to act within this context. The transition and the pace it occurs at will depend on what is happening more broadly. As we note elsewhere in this submission, a focus on the demand side of the equation has barely been mentioned or begin to be dealt with and yet it will be critical. And this will involve massive cultural change.

Vision Super also integrates valuation into its consideration of climate risk. We also integrate community expectations and standards into our approach. For example, while there might be an appropriate price for carbon intensive assets in considering a transition to a zero carbon world, we will no longer invest in companies generating significant revenues from thermal coal mining nor tar sands. One difficulty we face is that in our view investment managers are generally well behind the pace in managing carbon risk with some notable exceptions.

Vision Super also does not consider climate-related risks in isolation. In our view, inequality (sometimes manifested through excessive executive remuneration) impacts on a society's ability to make effective decisions on climate change for example. Gender and other forms of diversity, particularly wealth diversity, can lead to better governance and decision making at companies and other bodies.

SG 1.10 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

☑ Public PRI Climate Transparency Report

☐ Annual financial filings

☑ Regular client reporting

☑ Member communications

☐ Other

☐ We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

	Board members or trustees

☑ Oversight/accountability for climate-related issues

☐ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

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Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

☑ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

Other Chief-level staff or heads of departments

☑ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

Portfolio managers

☑ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

Investment analysts

☑ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

Dedicated responsible investment staff

☑ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

Investor relations

☑ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

External managers or service providers

☑ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

Other role, specify (1)

Climate Action / ESG Team

☑ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

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SG 07.6 CC	For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The Trustee considers ESG risks to be material risks that have the potential to affect our members' interests. Specifically, the Trustee identifies climate change risk as a primary concern among environmental risks. In addition ignoring sustainable investment opportunities such as energy efficiency, water and waste management in investment portfolios may lead to a loss of value and materially increase risk.

The Trustee considers climate change to be one of the greatest environmental risks that its investment portfolio faces. The Trustee is committed to:

- Considering, identifying and managing climate change as a material financial risk for the purposes of our risk management framework. We will consider, identify and seek to take advantage of any investment opportunities available from the transition to a zero carbon emissions economy;
- Monitoring the carbon performance of the portfolio and striving for improvements;
- Ensuring that climate change risks are considered by the Trustee's advisors and investment managers including proper assessment of the data available and full company disclosures;
- Ensuring that climate change risks are analysed as part of the due diligence procedures for new investments; and
- Participating in climate change related collaborative initiatives.

ACSI, on behalf of members, manages and monitors climate-related priority companies and provides updates to member funds via formal semi-annual engagement reports and other informal member briefings on a quarterly basis. These reports track progress on climate-related objectives for specific companies and provides updates on broader climate change trends in the market.

Management can also be informed on climate-related issues through ACSI's Member Council and climate specific events and meetings. We also have CGI Glass Lewis as the other proxy research provider who also assists with climate-related issues and through their partnership with ESG research provider Sustainalytics.

Note: The reference to 'informal member briefings' above relates to shorter updates provided at Member Council meetings.

Management have also appointed MSCI as an ESG research provider where it will allow the fund to evaluate in detail its carbon emission exposures across portfolios (equities & bonds) to a much more granular level.

SG 07.7 CC	For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

Management conducts a formal review of its ESG policy minimum annually which is considered by the Investment Committee, and the Board. Management is constantly looking to improve and extend what we do. In our annual reviews we assess efficacy including a review of our proxy voting, impact on returns and use of resourcing.

The internal investment team looks to implement any decision making in an efficient way as soon as practical without adversely affecting returns to its members. This can be fairly rapid for liquid investments (generally less than 6 months) but can take longer for unlisted/private market investments. We also look to avoid unnecessarily inconvenience our managers by making several changes at once rather than piecemeal.

Management also has a regular schedule of reviews for each product on an annual basis and performance against responsible investment strategies and objectives form part of this review.

Lastly, ESG integration is managements preferred approach, however,we do not believe that many managers do this effectively.

Further, ACSI on behalf of members, manages and monitors climate-related priority companies and provides updates to member funds via formal semi-annual engagement reports and other informal member briefings on a quarterly basis. These reports track progress on climate-related objectives for specific companies and provides updates on broader climate change trends in the market.

Management can also be informed on climate-related issues through ACSI's Member Council and climate specific events and meetings.

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SG 07.8 CC	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

☐ Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)

☑ Request incorporation of TCFD into regular client reporting

☑ Request that external managers complete PRI climate indicator reporting

☑ Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide

☑ Other

	Specify

We formally write to all our fund managers annually with respect to their ESG initiatives over the last year and specifically focus on TCFD recommendations.

☐ We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1

SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

☐ Yes, in order to assess future ESG factors

☐ Yes, in order to assess future climate-related risks and opportunities

☑ No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.3	Additional information. [OPTIONAL]

Frontier Investment Advisors undertakes scenario model "E" analysis, in an SAA sense, through their Climate Change module on "PRISM". Vision Super has access to this service and its included withing Frontier's r review as part of Vision Supers Investment Policy. The model allows us to provide various return outcomes after based on our strategic asset allocations under the following five climate change scenarios:

- No Action - there is no meaningful and coherent global policy response to climate change. The return estimates provided in this scenario allow only for physical impacts from climate change.
- Limit t=2 - policy action on a global basis enacted from the present that limits global average temperature increases to 2 degrees (based on median estimates, so that avoiding a breach of the limit is not guaranteed). Emissions follow an "optimal" pathway.
- Limit t=2 (2030 delay) - policy action on a global basis enacted from 2030 that limits global average temperature increases to 2 degrees (based on median estimates, so that avoiding a breach of the limit is not guaranteed). Prior to 2030, emissions pathway is similar to the "No Action" scenario.
- Paris Pledge - policy action based upon the aggregate pledges made by countries in 2015.

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1

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SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

☑ Changing demographics

☑ Climate change

☑ Resource scarcity

☑ Technological developments

☑ Other, specify(1)

	other description (1)

Our external ESG provider ACSI uses company engagement and proxy voting for ASX-listed companies as a tool for managing climate change risks and opportunities.

☐ Other, specify(2)

☐ None of the above

SG 14.2	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

☐ Established a climate change sensitive or climate change integrated asset allocation strategy

☑ Targeted low carbon or climate resilient investments

	Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		2	742	098	329
Currency	AUD				
Assets in USD		1	857	496	339

	Specify the framework or taxonomy used.

Australian Equities Passive Low Carbon Portfolio

The mandate is optimised to have significantly less carbon output than the benchmark, whilst providing benchmark like returns.

Optimising to lower these measures across the mandate lowers both the potential amount of carbon emitted by the mandate's holdings as well as its average carbon intensity. The optimisation is also designed to control turnover levels, and to minimise risk.

Real Index Australian small companies portfolio

Vision Super designed this product in collaboration with Realindex and it is now being utilised by other investors. The RealIndex approach is a fundamental indexing one. While continuing to control for other risks (sector and stock), the mandate has a lower carbon intensity than it otherwise would have. Note that depending on valuation, the portfolio may have a higher carbon intensity than the index. Through the cycle it will average a lower carbon intensity. We are not aware of any other products like this.

International Equities Passive Low Carbon Portfolio

The international mandate applies the MSCI Low Carbon Index where essentially the manager is investing in companies that have a 70% lower carbon exposure that the rest of the market. We are pursuing amendments similar as for RealIndex.

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☑ Phase out your investments in your fossil fuel holdings

☑ Reduced portfolio exposure to emissions intensive or fossil fuel holdings

☑ Used emissions data or analysis to inform investment decision making

☑ Sought climate change integration by companies

☑ Sought climate supportive policy from governments

☑ Other, specify

	other description

Our external engagement provider ACSI has been engaging with large domestic listed companies in the energy, resources and banking sectors on behalf of members.

☐ None of the above

SG 14.3	Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

☑ Scenario analysis

☐ Disclosures on emissions risks to clients/trustees/management/beneficiaries

☐ Climate-related targets

☑ Encouraging internal and/or external portfolio managers to monitor emissions risks

☑ Emissions-risk monitoring and reporting are formalised into contracts when appointing managers

☑ Weighted average carbon intensity

☑ Carbon footprint (scope 1 and 2)

☑ Portfolio carbon footprint

☑ Total carbon emissions

☑ Carbon intensity

☐ Exposure to carbon-related assets

☑ Other emissions metrics

☑ Other, specify

	other description

Initiatives around low carbon passive equity portfolios and exclusion of biggest carbon emitting issuers from our Australian passive bond portfolio.

☐ None of the above

SG 14.5	Additional information [Optional]

Further to SG 13.3 "Additional Information "

No Action (extreme temp.) - there is no meaningful and coherent policy response on a global basis but in this case, temperature rises and following from that, physical impacts, follow the 90th percentile of IPCC projections.

Furthermore, Frontier's reserach team continue to do more work on ESG more broadly as part of thier manager ratings process along with tackling the risks of climate change in thier portfolios in the medium term.

Further to SG 14 .1 "Other Specify 1" above:

ACSI has been engaging with ASX companies for years on the disclosure and integration of climate-related risks and opportunities. ACSI engages with a broad range of companies on climate risk and also prioritises particular companies based on materiality and exposure.

ACSI also uses proxy voting as a mechanism to create engagement on climate-related resolutions and as a tool for signalling where improvement on climate-related issues can be made.

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Further to SG 14.6 "Limitations & Weaknesses":

Data relating to Scope 3 emissions which are generally referenced as emissions that are a consequence of the operations of an organisation but are not directly owned or controlled by the organisation (i.e. indirect emissions due to activities of an organisation) are not very reliable and accurate. Scope 3 requires much more deeper thought and evaluation.

Furthermore, a shift to a low carbon investment again reinforces Vision Super's commitment to sustainable investment, which has included over a decade of major investment in renewable energy, wind, solar and hydro power. Vision Super wants Australia to become a zero carbon emission economy , but we know that it will take some time to transition to renewable and completely replace fossil fuels - including gas. In the meantime, Vision Super has adopted a sound ESG policy, a low carbon philosophy and has invested in lower carbon share indexes for our passive equity mandated portfolios. Vision is concerned about the lack of focus on demand management which will be required if the transition is to be successful.

For our active fund managers, its important to us that they have elements embedded within their process for similar ESG considerations and take into account our ESG Policy framework. With these managers we ask of them to account for the impact of phasing our fossil fuel usage and in line with the Paris Agreement limiting global warming to no more than two degrees celcius and above the pre-industrial global mean temperature.

Furthermore, Vision Super welcomes the renewed global focus on emission reductions as a result of the 2015 Paris Climate Summit, particularly as large scale change is needed for Australia's current energy mix to shift from 10% produced by renewable and 90% from fossil fuels. Stronger climate policy - such as carbon pricing and ambitious renewable energy targets, will speed up the transition to a low carbon future by leveling the playing field for renewable over fossil fuels.

The Fund was ranked 19th out of the world's 500 largest investors for our action on climate change in the the 2017 Global Climate Index by the Asset Owners Disclosure Project (AODP). The Global Climate Index ranks asset owners, fund managers and insurance firms, on how they manage climate risk in their investment portfolios. Vision Super received a "AA" rating in the index, placing us in the leading top 6% of asset owners in the world when it comes to managing climate risk and the top four responsible asset owners in Australia.

As a member of ACSI and as outlined within ACSI Governance Guidelines, there are specific practices and guidelines relating to disclosure of ESG risks. They use company engagement and proxy voting for ASX-listed companies as a tool for managing climate change risks and opportunities and engage with a broad range of companies on climate risk and also prioritizes particular companies based on materiality and exposure.

ACSI also uses proxy voting as a mechanism to create engagement on climate-related resolutions and as a tool for signaling where improvement on climate-related issues can be made.

ACSI and the Financial Services Council (FSC) have published the ESG Reporting Guide for Australian Companies. The Guide outlines the essential information and data that investors require to accurately price, analyse and manage ESG risks. ACSI recommends that companies report to the indicators listed in the Guide as a minimum standard.

ACSI encourages companies to disclose their ESG issues in a form that is consistent with existing disclosure frameworks.

Leading reporting frameworks and issues specific reporting guides include:

- Anti-corruption and bribery
- Global reporting initiative
- Integrated reporting
- Carbon disclosure project

ACSI also undertakes a number of submission to government during the course of the year and they can be located at the following webiste link: https://acsi.org.au/submissions/

Furthermore, ACSI is supportive and recommends the risk assessemnt and reporting framework in the Financial Stability Board's Taskforce on Climate-related Financial Disclosure (TCFD) and expect disclosure to extend to strategies along with targets and specific metrics to manage this risk. ACSI encourages companies to conduct and disclose scenario analysis and considers the transition risks of moving to a Paris-aligned eceonomy as well as the physical risks associated with unmitigated climate change. Similar to Vision Super policy and beliefs, ACSI also expects any company's trade/industry associations activities, to be consistent with the Paris Pledge Agreement.

For further information refere to website link: https://acsi.org.au/our-issues/climate-change/

Lastly, under our ACSI international proxy voting agreement, CGI Glass Lewis engaged with a number of companies on issues related to emissions. Because Glass Lewis is not authorized by its clients to advocate for specific issues or outcomes, Glass Lewis' engagement efforts have primarily consisted of information sharing and companies describing shareholder outreach and feedback. Glass Lewis has on occasion inquired about shareholders' feedback on issues related to the environment and climate change, among other environmental and social topics, and will also inquire about any follow up that a company may be taking following a shareholder vote on a shareholder proposal dealing with emissions or climate change.

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SG 14 CC	Voluntary	Public		General

SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	☐ All assets ☐ Majority of assets ☑ Minority of assets	We believe that carbon risk is not adequately priced into markets. As such, our index equity exposures are low carbon. We view carbon reporting as part of a broader approach on climate change. It is one of the first steps used in order to create more transparency at a portfolio level, and better understand the carbon intensity of a portfolio versus the benchmark, what's triggering that exposure, is it the sector allocation, or the company selection for example. The next phase would be to engage with respective fund managers and understand their thoughts on the carbon intensity within their portfolios including how prepared they believe the companies in their portfolios are to manage carbon risk and climate change risk. The managers are generally way behind on carbon with some notable exceptions.	Australian Equities are assessed by CO2 tonnes per $1M AUD Revenue. Global Equities assessed by CO2 tonnes per $1M AUD Revenue.	An industry standard calculation methodology is applied for the calculation of Weighted Carbon Intensity for the portfolio. The carbon intensity of a portfolio is the weighted average (weighted by the relative value of each holding) of the carbon intensity of each holding. The carbon intensity of the comparison benchmark is the weighted average (weighted by index holding weight) of the carbon intensity of each benchmark constituent. Portfolio weights are based on listed equities and unlisted equities, cash and cash like securities are removed when calculating the weights within the portfolio. The reporting provides insights into the portfolio and fund exposures to carbon intensive companies. Strengths: * It can be applied across different asset classes including debt. * It does not require other related market cap or sales data * The approach allows simple attribution analysis and portfolio decomposition. Weaknesses: * Does not capture any measure of investors responsibility * Sensitive to outliers

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Carbon footprint (scope 1 and 2)	☐ All assets ☐ Majority of assets ☑ Minority of assets	We decided to use carbon intensity rather than footprint as our most important measure of carbon risk in the portfolio.	Scope 1: Direct emissions (from sources that are owned or controlled by the company. Scope 2: Indirect emissions from consumption of purchased electricity, heat or steam. Currently around 2000 companies publicly report scope 1 &2 emissions to the Carbon Disclosure Project (CDP) which forms the initial source of carbon reporting data. Sustainalytics then incorporates additional reported carbon emission data from companies annual CSR/Annual Reports where it is publically disclosed but not included in the CDP data. Supplementing the reported data, estimates are derived for a further 8,000 companies to ensure maximum portfolio coverage. Estimates are created using industry specific regression models that consider elements including revenue levels and number of employees.	Sustainalytics estimates absolute scope 1 and scope 2 GHG emissions. In addition to absolute emissions, each company's carbon intensity (emissions normalized by revenue) is calculated. Sustainlytics also uses a modelled group to either sub-industry or peer group for which the estimation model is developed for scope 1 and scope 2. They then use a specific model for each modelled group in their coverage universe, ensuring that relatiosnhsips between features and greenhouse gas emissions are effectively captured. An estimation model is also applied that incorporates three different factors per modelled group, using three input variables (i.e. total revenue, gross PP&E, and employee count). The final estimate is the average of the three different factor outcomes. Carbon footprint is also limited in what it can actually tell us about a portfolio's exposure to carbon risks. Further metrics and data may be needed to get a true analysis. Quality data is crucial and a current limitation.
Portfolio carbon footprint	☐ All assets ☐ Majority of assets ☑ Minority of assets	Carbon footprint is a crucial first step for us as an owner of assets in understanding a portfolio's current carbon emission profile. It is important to take into perspective that this is a static metric that measures only one aspect of a portfolio's exposure to climate-related transition risk.	Metrics should include as recommended in the TCFD guidance document items associated with products and services that are designed for a lower-carbon economy, scopes 1, 2 and 3 emission, and also provide historical data for trends analysis and detail information on targets.	
Total carbon emissions	☐ All assets ☐ Majority of assets ☑ Minority of assets	Carbon emissions enable comparisons to be undertaken regardless of the portfolio size and it enables the ability to decompose the portfolio and do attribution ananlysis. An absolute number can also be used for carbon offsetting.		

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Carbon intensity	☐ All assets ☐ Majority of assets ☑ Minority of assets	Provides an overall intensity of portfolio by adjusting for the respective market cap of the company.	Carbon intensity is expressed in tonnes of carbon dioxide equivalent per million USD of total revenue. Furthernore, as outlined in a MSCI report in 2015, "Carbon Footprinting 101", carbon intensity expresses the carbon effiiciency of the portoflio and allows investors to measure the volume of carbon emissions per dollar of sales generated by portfolio companies over a specified time frame. The metric adjusts for company size and is a more accurate measurement of the efficiency of output, rather than a portfolios's absolute footprint. It can be argued that efficiency at the company level is best calculated using indusrty-specific measures of output, sales are used in the portfolio context as the best available measure of output when undertaking a comparison. Our carbon data, as provided by Sustainalytics, carbon intensity is a relative metric used to compare company emissions across industries. Sustainalytics divides the absolute emissions by total revenue (i.e. figures are expressed in tonnes of carbon dioxide equivalent per million USD of total revenue.	Portfolio carbon intensity is calculated by dividing the portfolio's total carbon emissions by the portfolio's total sales over that same period of time. Weaknesses: * It is a complicated calculation * Carbon intensity requires detailed issuer market cap data * Ownership means it may only be relevant to equity portfolios? Sustainalytics tries to base this on reported emissions but the vast majority of companies still fail to report, so in many cases teh emissions are based on proprietary estimation models. These models are carried out at subsidiary and peer group level for Scope 1 and 2 seperately.
Other emissions metrics	☐ All assets ☐ Majority of assets ☐ Minority of assets			

SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

◉ Processes for climate-related risks are integrated into overall risk management

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	Please describe

ESG risks are material risks that have the potential to affect our members' interests. Climate change risk is a primary concern among environmental risks. In addition, ignoring sustainable investment opportunities such as energy efficiency, water and waste management in investment portfolios may lead to a loss of value and materially increase risk.

Climate change is one of the greatest environmental risks that our investment portfolio faces. We are committed to:

- Considering, identifying and managing climate change as a material financial risk for the purposes of our risk management framework. We will consider, identify and seek to take advantage of any investment opportunities available from the transition to a zero carbon emissions economy
- Monitoring the carbon performance of the portfolio and striving for improvements
- Ensuring that climate change risks are considered by our advisers and investment managers, including proper assessment of the data available and full company disclosures
- Ensuring that climate change risks are analysed as part of the due diligence procedures for new investments
- Participating in climate change related collaborative initiatives

Management will also urge companies to disclose their carbon emissions and targets for reductions in Scope 1, 2 and 3 emissions that are aligned with the Paris Agreement, and will push for companies to provide independent evidence of action taken to progress towards the Paris climate change agreement emissions reduction target. We also believe that companies who position themselves as 'climate-aware' should avoid industry associations and lobby groups whose policies are inconsistent with the Paris climate change agreement. Any responsible trade associations would be urging its members to act and also requesting governements to take rmeasureable and responsible action.

The Board has determined that the case for any material direct investment should include a reasonable estimate of the impact of phasing out fossil fuel usage consistent with limiting global warming to no more than 1.5◦C above the pre-industrial global mean temperature. For investment in index strategies where no active assessment takes place, we will seek to have a carbon intensity less than the relevant index.

The Fund also has a diversified set of external fund managers who are mandated to consider ESG issues including climate change risk. We have also made decision to divest from thermal coal and tar sands on revenue metrics along with tobacco manufacturers.

Management is also trying to get better look through on stranded assets or weight of holdings owning fossil fuel reserves in the portfolio. i.e. Thermal coal, gas and oil, as some companies would also have unconventional sources of reserves such as oil sands and shale gas.

Other considerations are potential emissions from fossil fuel reserves and what clean technology solutions they are doing.

The Trustee as outlined in last years reporting framework continues to evolve its evaluation around climate change and climate risks, expected energy supply and demand along with valuations of companies with fossil reserves.

○ Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC	Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

◉ Yes

	Please describe

Our external ESG provider, ACSI, uses company engagement and proxy voting advice for ASX-listed companies as tools for managing climate change risks and opportunities.

ACSI has been engaging with ASX companies for years on the disclosure and integration of climate-related risks and opportunities. ACSI engages with a broad range of companies on climate risk and also prioritizes particular companies given their materiality and exposure. For FY2019, there were 20 high-risk companies which ACSI set climate-related targets for which included TCFD adoption.

ACSI also uses proxy voting advice as a mechanism to create engagement on climate-related resolutions and as a tool for signalling where improvement on climate-related issues can be made.

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ACSI is also actively supporting members' efforts in the Climate Action 100+ initiative, directly engaging companies alongside members who are lead investors and providing other insights like briefing members on discussions to date.

Vision Super is a support investor to the Climate Action 100+ initiative which will be conducted over a 5-year period. One focus is to encourage companies to use the Taskforce for Climate-Related Financial Disclosures Reporting Framework (TCFD). We are also talking to our managers about TCFD and encourage them to support these recommendations. We are a support investor for Australian based companies South 32 Limited, Qantas Airways Ltd, Woodside Petroleum Ltd and AGL Energy Ltd. Engagements are leading to outcomes and there have been significant moves by a number of major companies towards net-zero commitments in particular - this is happening both globally and in Australia.

Engagements in Australia are active and investors are engaging with all 13 companies and having productive engagements in nearly all cases, while some companies globally appear to be less responsive to engagement. Overall, companies still perform poorly if our goal is Paris alignment or a 1.5-2 degree trajectory and emissions reductions need to be steeper and we need to be seeing more companies move towards real solutions to decarbonisation by mid-century.

Disclosure and governance in Australia (comparative to some other regions) is tracking well. Most of the Australian focussed companies have clear board level responsibility for climate and most have either reported to the TCFD or have committed to do so.

Emissions reduction targets that include short, medium and long term and science based targets are a significant gap for the Australian companies and scope 3's both upstream (for the consumer goods companies in particular) and downstream (for the oil and gas and miners in particular) remain a significant challenge.

While Australian investors are seeing lots of disclosure on a range of topics, TCFD, trade association memberships and scenario analysis, the quality and coverage of this disclosure can be a mixed picture (some very high-level, some potentially too optimistic re: scenario analysis etc). It can also be challenging for investors to interpret the disclosure into actionable information.

Lastly, as Vision Super is aligned to the adoption of the TCFD requirements, we also expect our fund managers to be similarly aligned. If not, we ask them why not and please explain?

○ No, we do not undertake active ownership activities.

○ No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1

SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

◉ Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.

	%

42.1

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

	Area

☑ Energy efficiency / Clean technology

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	Asset class invested

☑ Listed equity

	Percentage of AUM (+/-5%) per asset class invested in the area

4.1

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☑ Private equity

	Percentage of AUM (+/-5%) per asset class invested in the area

0.023

☑ Property

	Percentage of AUM (+/-5%) per asset class invested in the area

5.9

☑ Infrastructure

	Percentage of AUM (+/-5%) per asset class invested in the area

9.4

☐ Hedge funds

☐ Cash

☐ Other (1)

☐ Other (2)

	Brief description and measures of investment

Listed Equity - IFM Indexed Listed Equities, Debt & Private Equity

Vision Super's investment in the Low Carbon Indexed Australian Equities strategy applies a number of previously outlined operational rules to produce a bias to low carbon stock selection at minimal risk.

For both IFM's debt and private equity investments, IFM avoid investments that have the potential to cause societal or environmental harm, such as tobacco, prisons/correctional facilities, controversial weapons/armaments and gambling. In more recent times, this has also been extended to coal mining and related sector investments, as such investments do not align with their ESG integration approach.

In 2019, IFM introduced a standalone ESG Assessment Model as part of their debt due diligence to formalise a structured approach to ESG analysis in this asset class. The model assigns each borrower an ESG Risk Assessment, which is an input into the borrower's overall Credit Rating.

During financial year 2019, IFM completed a high-level risk assessment of their their infrastructure portfolio utilising climate scenarios, including a two degree scenario, to understand the risk exposures and opportunities of individual companies. However IFM Infrastruture has a very highly carbon intensive portfolio, especially if scope 3 is taken into account (airports, ports, pipelines).

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☐ Renewable energy

☑ Green buildings

	Asset class invested

☐ Listed equity

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Private equity

☑ Property

	Percentage of AUM (+/-5%) per asset class invested in the area

5.8

☐ Infrastructure

☐ Hedge funds

☐ Cash

☐ Other (1)

☐ Other (2)

	Brief description and measures of investment

Property Asset Class - AMP Capital Real Estate

AMP Capital Real Estate (AMPCRE) have been participating in the Global Real Estate Sustainability Benchmark (GRESB) survey since 2011. ADPF participated in GRESB in 2019 and the fund score improved to 90%, up 5% from the 2018 score of 85.

AMP have also been investigating opportunities for teh installation of solar panels in Macquarie Centre for installation of a 545kWp solar-system in 2020.

AMPCRE operated shopping centres and office assets currently contribute through volunteering, fundraising and in-kind giving to support a huge variety of worthy causes, and the shopping centres also have a primary community partner. In 2018 (figures for 2019 pending), AMPCRE community engagement activities included the following:

Shopping Centres

- At least one community space within each centre
- The total value of space AMP donated to community groups was $744,000
- Fundraising for local groups raised a total of $149,000 across the shopping centre portfolio
- Employees donated 183 hours volunteering for community programs.
- Office& Industrial
- $46,000 was raised from events for various locally relevant charities

AMPCRE staff also have the opportunity to personally support charities and organisations through initiatives such as Workplace Giving or participating in ad-hoc volunteering and fundraising opportunities.

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☐ Sustainable forestry

☐ Sustainable agriculture

☐ Microfinance

☐ SME financing

☐ Social enterprise / community investing

☐ Affordable housing

☐ Education

☐ Global health

☐ Water

☑ Other area, specify

Infrastructure portfolio exposure via IFM Investors Australian and International Funds.

	Asset class invested

☐ Listed equity

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Private equity

☐ Property

☑ Infrastructure

	Percentage of AUM (+/-5%) per asset class invested in the area

8.2

☐ Hedge funds

☐ Cash

☐ Other (1)

☐ Other (2)

	Brief description and measures of investment

IFM Investors - Infrastructure

As a large investor in infrastructure assets, IFM's investments are vulnerable to both physical and transition climate change risks and opportunities, and IFM have a responsibility to act.

The following beliefs underpin IFM Investors' approach to climate change management:

- Climate change poses a systemic risk with potential to negatively impact the environmental, social and economic stability.
- Climate change presents significant risks and opportunities that can alter the risk return profile of assets for investors and asset managers.
- The Paris Agreement will help map a pathway to a safer climate to maintain economic prosperity. IFM support the Paris Agreement goal to limit the global average temperature to 2°C above pre-industrial levels.
- IFM diligently consider the impact of their investments on climate change and vice versa to support markets' long term growth and prosperity.

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- IFM understands the risks and opportunities that climate change poses for our infrastructure assets. During FY2019, IFM worked closely with their major Australian infrastructure assets and their co-owners to commit to emissions reduction targets and pathways.

IFM also measures their emissions footprint, establish emission reduction targets and pathways and undertake physical and transitional risk assessments.

○ No

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