CLIMATE TRANSPARENCY REPORT 2020

Australian Ethical Investment Ltd.

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/-9A6995BA-6F1D-42B8-B718-E48B9F42259D/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.

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	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
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.

ORGANISATIONAL OVERVIEW

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

MAIN CHARACTERISTICS	
Name	Australian Ethical Investment Ltd.
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US$ 1 - 4.99 billion AUM
Main Asset Class	>50% Listed Equity Internally Managed
Signed PRI Initiative	2006
Region	Oceania
Country	Australia
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

Australian Ethical Investment Ltd.

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.

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].

Engagement on different issues, in different circumstances and using different engagement tools is addressed in some of our sector and issues frameworks, and in our screening and shareholder resolution policies.

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.

The prospects and value of the businesses and assets we invest in are exposed to risks and opportunities flowing from the many effects of climate change.

Physical impacts like sea level rise and extreme weather are already changing where and how buildings and infrastructure can be safely built. Changes in temperature and rainfall are affecting the productivity and viability of different types of agriculture.

Government climate policy action and inaction can radically alter the prospects of companies' products and technologies. Consumer climate action also affects business values when consumption choices favour businesses helping to reduce greenhouse gas emissions and shun big contributors to global warming.

Although some more severe consequences of climate change may arise only in the longer term, the regulatory and consumer action taken in the short term can accelerate both positive and negative impacts on the value of investments.

Beyond more immediate impacts on climate sensitive industries like energy and transport, climate change has flow-on effects across the economy.

We identify, assess and manage material climate-related investment risks through our ethical investment process. For example, our investment screening and company engagement guides us to sectors and companies which are aligning their businesses with the transition needed to limit global warming to 1.5 degrees. These companies are better positioned to manage many climate-related risks, such as the risk of introduction or increase in carbon pricing. However, the effects of climate change will be felt across the economy and society. Higher global warming threatens to disrupt trade and financial markets and carries significant risk of loss to all investment portfolios.

Our ethics research team monitors whether existing and emerging climate-related risks require review of our existing ethical assessments of companies and industry sectors, including our company engagement priorities. As an example, our periodic ethical review of a carbon intensive sector like the energy sector takes into account changes in renewable energy and energy efficiency and storage technologies and their social and environmental impacts; changes in levels of atmospheric carbon; changes in scientific understanding of the pace, extent and impacts of global warming; changes in energy infrastructure such as the grid; and changes in energy market supply and demand. Consequential changes to our ethical framework for the energy sector may include additional investment exclusions or inclusions (e.g. a change in our screening of biofuels), or a change in our engagement and advocacy objectives and priorities. The changes to our energy sector framework may then have flow on effects to other frameworks (e.g. to the way we assess the alignment of banks' lending with the Paris Agreement under our banking framework).

Alongside mitigation of climate change, companies' business models and strategies need to be adaptable to the physical impacts of current and future climate change. In the property sector, our assessment of Investa property group takes account of both their zero emissions and building efficiency targets as well as their adaptation initiatives.

Our carbon footprinting and climate alignment checks help us test the effectiveness of our management of climate risk.

○ 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.

Short term 0-3 years
Nearer term physical impacts of temperature increase such as more extreme weather and fires, and flow-on effects on climate sensitive sectors such as agriculture.
Changes in customer demand due to evolving expectations for climate action by business.
Changing government energy and climate policies and regulation such as tougher emissions standards and carbon pricing.

Medium term 3-10 years
In addition to the above:
Progressive physical impacts of temperature increase such as increases in sea level, and consequential technological, supply chain and other business and social disruption, including impacts on human health and well-being.
Growing pressure on threatened species.
Disruption of global trade from international disagreements about climate action and inaction. And from changing patterns of production and demand and growth.

Long term 10-100+ years
In addition to the above:
Social, political and economic disorder from climate harm suffered by people (including their displacement) and from increased inequality because different groups and countries suffer more harm than others.
Disrupting effect of potential and actual conflict between countries.

○ 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

	Describe

Our Ethical Charter applies to all our investment strategies. It guides us to invest in a way which minimises dangerous climate change, including to invest in sectors and companies which are aligning their businesses with the urgent transition needed to limit warming to 1.5 degrees. Key features of our approach which are relevant to climate risk and opportunity include:

Negative screening

We don't invest in fossil fuel companies or other companies assessed to be obstructing the action needed to limit warming in accordance with the Paris Climate Agreement. When we invest in the energy sector we require a positive contribution to the transition to a renewable energy system, and any fossil fuel revenue of a company must be below our thresholds (5% to 33%).

Positive screening

We invest in companies producing renewable energy and increasing energy efficiency, and otherwise supporting the urgent economic transition needed to limit warming to 1.5 degrees.

Investment management

Our assessment of investment opportunity and risk and our decisions to buy and sell individual investments and to otherwise manage our investment portfolios is informed by our ethical assessment of the climate impacts of companies and industry sectors - including impacts from the way products and services are produced, supplied, consumed and disposed of.

Targets

We have a zero emissions target for our investment portfolio, by 2050. This target date has been set in line with the recommendations of the Australian Climate Change Authority, but we will continue to work to move more quickly.

Influencing companies

We engage with companies to influence alignment of their businesses with the urgent transition needed to limit warming in line with the Paris Climate Agreement. This includes better management of the climate impacts of the way the company's products and services are produced, supplied, consumed and disposed of. We encourage, for example, better measurement and reporting of direct and indirect greenhouse gas emissions; emissions reduction target setting; and analysis of the resilience of the company's business strategy to different climate scenarios. Through our influence we aim to reduce companies' contribution to global warming as well as reducing climate-related harm to their business prospects.

We exercise positive influence on companies through private engagement, voting, public praise or criticism, shareholder resolutions and divestment.

Investment industry influence

We encourage other investors to use their influence to support the net zero emissions transition. We do this by sharing our experience of the opportunities and challenges presented by responsible investor climate action.

Public policy advocacy

Through policy submissions, consultation with government and our public voice we encourage more effective climate policy, including in relation to energy and other industry policy, carbon pricing and corporate climate disclosure.

Measurement and transparency

We measure and report our climate performance, including the emissions intensity of our share investments (carbon footprinting); the alignment of investments in the power and auto sector with the changes in power generation and car production needed to transition to net zero emissions; the emissions avoided by our investment in selected renewable and energy efficiency companies.

○ No

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

	specify

In our annual Sustainability and TCFD reports https://www.australianethical.com.au/sustainability-reporting-2019/

☐ We currently do not publish TCFD disclosures

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

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

	External managers or service providers

☑ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

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

Implementation of our Ethical Charter in our investment activities is overseen by our Ethical Advisory Group (EAG), comprising our Managing Director, Chief Investment Officer (CIO) and Head of Ethics Research. The board of directors in turn has oversight of the activities of the EAG through quarterly reporting of the activity of the EAG. (Refer indicator SG 07.2 for further information.)

Implementation of our Ethical Charter requires detailed assessment of the impacts of climate change on people, animals and the environment, which in turn affects the way we invest including through negative and positive screening, engagement and advocacy, and climate performance measurement and reporting (refer indicators SG 01.6 CC to 1.10CC for further information).

The board monitors and contributes to the way we address climate related issues in the following ways:

1. The ethics reporting to the board includes details of the work of the EAG reviewing climate relevant sectors, issues and engagement and advocacy priorities. For example this has included the EAG's periodic review of our energy, banking and food sector frameworks and setting of our net zero emissions target. Where significant changes are under consideration, these are reported to the board ahead of finalisation of changes by the EAG. The board actively scrutinises these changes and board insights inform the work of the EAG. Finalised changes are also reported to the board.
2. Our annual company strategy process involves the board in strategy formulation, review and final approval. Our strategy development and review takes account of key issues affecting our business, investments and stakeholders, and climate change is consistently among the most important key issues considered.
3. The board reviews, provides input into and approves the company's annual reporting, which includes detailed reporting of the climate performance of our investment activities.

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

Implementation of our Ethical Charter in our investment activities is overseen by our Ethical Advisory Group (EAG), comprising our Managing Director, Chief Investment Officer (CIO) and Head of Ethics Research. Implementation of our Ethical Charter requires detailed assessment of the impacts of climate change on people, animals and the environment, which in turn affects the way we invest including through negative and positive screening, engagement and advocacy, and climate performance measurement and reporting. (Refer indicators SSG 01.6 CC to 1.10CC for further information.) This work is performed by our ethics research team.

Some examples of climate related matters actively considered and approved by the EAG include:

4. Review of our screening approach for emissions intensive frameworks, including energy, property, transport and food frameworks.
5. Review of our screening approach for sectors which are key facilitators of action which may mitigate or exacerbate climate change. For example, the EAG reviewed and approved our 2 degree climate alignment criteria applied to investment in the banking and broader financial services sector.
6. Setting of climate related engagement and advocacy priorities.
7. Review of development of climate performance metrics and targets for our investments and engagement and advocacy.

Our ethics research team monitors existing and emerging ethical risks (including climate-related risks) using diverse company, industry, government, responsible investment, scientific, civil society and news sources. The team assesses whether these developments require review of our existing ethical assessments of companies and industry sectors, including our company engagement priorities. The work of the ethics research team is overseen by the EAG and in turn the Board. Our carbon footprinting and below 2 degree alignment checks help us test the effectiveness of our management of climate risk.

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

The manager of our largest externally managed investment is progressively implementing the TCFD recommendations. To date we have not engaged with other external managers specifically

☐ 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

	Describe

We used analytic tools from the European 2° Investing Initiative (2ii) to assess whether our share investment in power generation is aligned with the shift to renewables that is needed to limit warming to 2 degrees.

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

SG 13.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

	We do the following

☐ Allocation between asset classes

☐ Determining fixed income duration

☑ Allocation of assets between geographic markets

☑ Sector weightings

☐ Other, specify

☐ We do not consider ESG issues in strategic asset allocation

SG 13.3	Additional information. [OPTIONAL]

The application of our Ethical Charter guides us to sectors that bring social or environmental benefits and to avoid investment in activities that are unnecessarily socially or environmentally harmful. This process includes consideration of the impact of different activities in different geographic markets. In this way the Australian Ethical Charter defines the universe of investments for our funds and has a significant impact on levels of exposure to different sectors and markets.

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

SG 13.4 CC	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

☑ Initial assessment

	Describe

We used analytic tools from the European 2° Investing Initiative (2ii) to assess whether our share investment in power generation is aligned with the shift to renewables that is needed to limit warming to 2 degrees. Our analysis showed that (1) Our share investment in renewable power generation is proportionately about six times that of the global sharemarket; and (2) The growth in renewable power generation capacity, represented by our current share investments and projected over the next five years, is aligned with what is required to limit warming to below 2 degrees (under the SDS and B2DS scenarios discussed below).The 2ii tools look at the current power generation capacity of companies as well as their projected new capacity over the next five years. We applied the 2ii tools to our shareholdings at the end of 2018. We assessed the projected increase in renewable power generation (including solar, wind and hydro) over the next five years against the International Energy Agency Sustainable Development Scenario (SDS) and Beyond 2 degrees Scenario (B2DS). The SDS is a scenario of transformation of the global energy system to limit global warming to well below 2 degrees; to provide universal access to modern energy by 2030; and to dramatically reduce premature deaths from air pollution. The B2DS is a more aggressive energy emissions reduction scenario, with the energy sector reaching carbon neutrality by 2060 to limit future temperature increases to 1.75°C by 2100.

This analysis helps us to test whether our Ethical Charter and energy sector framework is effective to direct investment to companies aligned to the transition to net zero emissions in accordance with the Paris Agreement.

We do not model the impact of different emissions and temperature increase scenarios on the value of our investment portfolios. Our ethical investment approach recognises the power which investors have to help positively shape the future. If investors only choose companies with strategies aligned to a 1.5-degree future, then investors will proactively help to bring about a world which effectively limits warming. By shifting capital from fossil fuels to renewables, investors help to bring down the price of renewable energy, they encourage investment in more flexible electricity grids and energy storage, and they contribute constructively to a sensible public discussion about energy policy. These investors, particularly universal investors like super funds, are also acting in the financial interests of their clients because we believe that risk-adjusted returns will be better in a low-warming world than a high-warming one.

☐ Incorporation into investment analysis

☑ Inform active ownership

	Describe

Our analysis using climate scenarios informs our active ownership by providing insight into (1) renewable energy investment plans of the companies we invest in, which informs our engagement with them; and (2) transition pathways for the broader energy sector, which informs our public advocacy and our engagement with companies which are screened out by our Ethical Charter.

☐ Other

SG 13.5 CC	Indicate who uses this analysis.

☑ Board members, trustees, C-level roles, Investment Committee

☐ Portfolio managers

☑ Dedicated responsible investment staff

☐ External managers

☐ Investment consultants/actuaries

☐ Other

SG 13.6 CC	Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

◉ Yes

	Describe

In applying our Ethical Charter we evaluate climate change impacts, risks and opportunities for people, animals and the environment, independently of our financial investment analysis.

○ No

SG 13.7 CC	Indicate whether a range of climate scenarios is used.

☑ Analysis based on a 2°C or lower scenario

☐ Analysis based on an abrupt transition, consistent with the Inevitable Policy Response

☐ Analysis based on a 4°C or higher scenario

☐ No, a range is not used

SG 13.8 CC	Indicate the climate scenarios your organisation uses.

Provider	Scenario used
IEA	☑ Beyond 2 Degrees Scenario (B2DS)
IEA	☐ Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	☑ Sustainable Development Scenario (SDS)
IEA	☐ New Policy Scenario (NPS)
IEA	☐ Current Policy Scenario (CPS)
IRENA	☐ RE Map
Greenpeace	☐ Advanced Energy [R]evolution
Institute for Sustainable Development	☐ Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	☐ BNEF reference scenario
IPCC	☐ Representative Concentration Pathway (RCP) 8.5
IPCC	☐ RPC 6
IPCC	☐ RPC 4.5
IPCC	☐ RPC 2.6
Other	☐ Other (1)
Other	☐ Other (2)
Other	☐ Other (3)

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

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, 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		3	420	000	000
Currency	AUD				
Assets in USD		2	316	706	666

	Specify the framework or taxonomy used.

Our Ethical Charter (https://www.australianethical.com.au/australian-ethical-charter/) requires us to assess short, medium and long term impacts on people, animals and the environment. This guides us to invest in a way which minimises dangerous climate change:

Negative screening: We don't invest in fossil fuel companies or other companies assessed to be obstructing the action needed to limit warming to well below 2 degrees. When we invest in the energy sector, for example, we require a positive contribution to the transition to a renewable energy system, and any fossil fuel revenue of a company must be below our thresholds (5% to 33%). In the banking sector, we exclude banks if they are not aligning their lending activities with the transition needed to limit warming in accordance with the Paris Agreement.

Positive screening: We invest in companies producing renewable energy and increasing energy efficiency, and otherwise supporting the urgent economic transition needed to limit warming in line with the Paris Agreement. These include investment in wind, solar, hydro and geothermal energy, battery storage, LED lighting, insulation, sustainable buildings and clean energy technology start-ups (through the Artesian Clean Energy Seed Fund).

☑ 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

☐ 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

☐ None of the above

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.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	☑ All assets ☐ Majority of assets ☐ Minority of assets	Help assess alignment with Paris Agreement transition.	Zero emissions target (tCO_2e)	Scope 1, 2 and 3 emissions, apportioned to prevent double counting.
Carbon footprint (scope 1 and 2)	☐ All assets ☑ Majority of assets ☐ Minority of assets	Help assess alignment with Paris Agreement transition.	tCO_2e/AU$ revenue or sales	GHG Protocol; MSCI ESG Research carbon footprint data and tools used assessing direct emissions and some indirect emissions; MSCI ESG platform carbon emissions performance metrics (scopes 1, 2 and some 3).
Portfolio carbon footprint	☐ All assets ☑ Majority of assets ☐ Minority of assets	Help assess alignment with Paris Agreement transition.	tCO_2e/AU$ revenue	GHG Protocol; MSCI ESG Research carbon footprint data and tools used assessing direct emissions and some indirect emissions.
Total carbon emissions	☐ All assets ☑ Majority of assets ☐ Minority of assets	Help assess alignment with Paris Agreement transition.	tCO_2e	GHG Protocol; MSCI ESG Research carbon footprint data and tools used assessing direct emissions and some indirect emissions.
Carbon intensity	☐ All assets ☑ Majority of assets ☐ Minority of assets	Help assess alignment with Paris Agreement transition.	tCO_2e/AU$ mn revenue; tCO_2e/MWh	GHG Protocol; MSCI ESG Research carbon footprint data and tools used assessing direct emissions and some indirect emissions.
Exposure to carbon-related assets	☑ All assets ☐ Majority of assets ☐ Minority of assets	Help assess alignment with Paris Agreement transition.	$ revenue	Screen out companies with fossil fuel related revenue or reserves exceeding applicable thresholds (e.g. fossil fuel mining, power generation and transport).
Other emissions metrics	☐ All assets ☐ Majority of assets ☐ Minority of assets			

SG 14.7 CC	Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
☑ Absolute target ☐ Intensity target		by 2050	Net zero portfolio emissions target. Carbon intensity (tCO2e/AU$ mn revenue) metric used to track progress.	
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				

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

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

	Please describe

We identify, assess and manage material climate-related risks through the processes described in SG 01.10 CC, 07.6 CC, 07.7 CC, 13.4 CC and 14.6 CC. For example, our investment screening and company engagement guides us to sectors and companies which are aligning their businesses with the transition needed to limit global warming to well below 2 degrees. Aligned companies are better positioned than non-aligned companies to manage many climate-related risks, such as the risk of introduction or increase in carbon pricing. However, the effects of climate change will be felt across the economy and society. Higher global warming threatens to disrupt trade and financial markets and carries significant risk of loss to all investment portfolios.

The work of our ethics research team monitors developments in:

- scientific understanding of the rate and impacts of global warming
- domestic and international climate policy and regulation
- technological innovation in climate mitigation and adaptation.

Developments in these areas are factored into ongoing review of our ethical screening frameworks for different industry sectors. Reviews consider direct and indirect emissions (scopes 1, 2 and 3) for the sector; susceptibility to the impacts of global warming; and facilitation of climate action and inaction. Climate risk is investigated in more detail for high risk/opportunity sectors, including energy, food, transport, real estate and banking. Banking is assessed to be high risk because of the huge shifts in capital needed for climate change mitigation and adaptation, and the risks of climate harm from bank lending which is not aligned with the 2 degree transition.

As an example of this process, our periodic ethical review of a carbon intensive sector like the energy sector takes into account changes in renewable energy and energy efficiency and storage technologies

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and their social and environmental impacts; changes in levels of atmospheric carbon; changes in scientific understanding of the pace, extent and impacts of global warming; changes in energy infrastructure such as the grid; and changes in energy market supply and demand. Consequential changes to our ethical framework for the energy sector and engagement and advocacy objectives are prepared by the ethics research team and reviewed and approved by the Ethical Advisory Group (EAG). These changes may include additional investment exclusions or inclusions (e.g. a change in our screening of biofuels), or a change in our engagement and advocacy objectives and priorities for companies in the sector or related sectors. The changes to our energy sector framework may then have flow on effects to other frameworks (e.g. to the way we assess the 2 degree alignment of banks' lending under our banking framework).

We use climate performance data from a variety of sources to assess the alignment of company businesses with a 2-degree transition, which in turn is a key component of our investment screening and engagement and advocacy.

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

Support for climate shareholder resolutions seeking improved climate disclosure and targets.

Participation in the Climate Action 100+.

Support for the CDP 2019 'Non-Discloser campaign'

○ 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

◉ No