



# CLIMATE TRANSPARENCY REPORT

## 2019

BT Financial Group

# 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 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-C8F2C436-03D8-407C-ACB2-6536A4C05819/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-C8F2C436-03D8-407C-ACB2-6536A4C05819/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). 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 2019 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 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
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 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	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 14.4	✓	Public				
SG 14.5	-	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Private				
SG 15.2	-	Private				
SG 15.3	-	Private				

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	
<b>Name</b>	BT Financial Group
<b>Signatory Category</b>	Fund of funds, manager of managers, sub-advised products - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ > 50 billion AUM
<b>Main Asset Class</b>	>50% Listed Equity Externally Managed
<b>Signed PRI Initiative</b>	2007
<b>Region</b>	Oceania
<b>Country</b>	Australia
<b>Disclosure of Voluntary Indicators</b>	50% from 38 Voluntary indicators

# BT Financial Group

## 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.

Yes

**SG 01.2**

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3**

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

BTFG's approach to responsible investment is outlined in our Responsible Investment Position Statement available at [BT.com.au/sustainability](https://www.bt.com.au/sustainability). This outlines the BT-wide approach to responsible investment, centered on 4 principles:

1. Consideration of ESG factors in the investments process can help drive better financial outcomes and improve risk-adjusted returns;
2. We make solutions available to our customers to empower them to manage their own environmental and social impacts;
3. As institutional investors and custodians of our customers' money, we have a responsibility to be active owners; and
4. Transparency counts.

For funds managed internally (through BT Investment Solutions) the approach to ESG integration is set out in more detail in our Sustainable Investment Approach available on our website (<https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BT-sustainable-investment-approach.pdf>)

**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

As the steward of our customer's assets, BTFG has a responsibility to protect and promote our customers' financial interests and ensure the assets they entrust to BTFG continue to endure and prosper into the future. We believe that responsible investment is intrinsic to the provision of long-term value for our customers.

BTFG's responsible investment position statement sets out BTFG's approach to responsible investing and provides a framework for understanding and managing ESG impacts, risks and opportunities across the portfolios within BTFG.

The position statement outlines the 4 key principles that guide BTFG's approach to responsible investment (see 01.04 above), and articulates how BT approaches key elements of responsible investment including exclusions, ESG integration and active ownership.

Ultimate responsibility for our Responsible Investment performance rests with our CEO and Senior Management Team. Our investment management team, led by the Chief Investment Officer (CIO), has responsibility for the day-to-day integration and management of ESG impacts, risks and opportunities in the multi-manager investment portfolios. Investment professionals with specialist knowledge of ESG issues and risks are employed within the investment team.



No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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<b>SG 01.6 CC</b>	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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Where a relevant BTFG entity is acting as the trustee or responsible entity (RE) and making an investment decision on behalf of our customers, understanding and assessing the impact of climate change on our investment portfolios, and how these may emerge over the investment horizon, is critical in determining how climate-related risks and opportunities may be addressed in our investment strategies.

As many of the portfolios that BTFG manages for our customers are invested for the long-term (over 10 years), BTFG is concerned about the risks arising from climate change and recognises the impact this may have on the longevity and valuation of the companies and assets we invest in. We also recognise the growing availability of, and demand for, investment in opportunities that support the transition to a low carbon economy. BTFG recognises that the systemic nature of climate-related risks will have a range of implications in the short (1-3 years) and medium (4-9 years) term, and that these impacts will vary across asset classes, sectors and geographies. These impacts will not only affect BTFG's current investments, but may also change the type of investments BTFG and our customers make in the future, especially as new technologies emerge and older, more carbon intensive industries or assets decline or are replaced.

Our diversified portfolios, including our MySuper Lifestage Funds, are invested in a range of asset classes. Below are some examples of the climate-related issues that could have a material financial impact in some of the asset classes we invest in, over our defined time horizons.

Shares (equity): Climate-related impacts in shares are those that have the potential to affect either the profitability or overall value of a company. For example through increases to the operational costs or shifts in consumer preferences and demand. Companies may also be exposed to physical risks that will have financial impacts, for example through damage and delay due to climate events or reduction in access to primary inputs like water due to decreased rainfall. This can result in increased insurance premiums and capital costs.

Fixed income (FI): For FI climate-related impacts may be considered over the bond-term. Attention needs to be paid by the investor to impacts that may affect the issuer's ability to fund any interest payments and repay the initial principal of the bond. There are clear climate-related opportunities for investment within fixed income through 'green bonds' and 'climate bonds', which fund support for low-carbon and renewable energy developments. Issuers can benefit from the growing investor appetite for these bonds and diversify their investor base.

More information can be found in BTFG climate-related disclosures at [bt.com.au/sustainability](http://bt.com.au/sustainability)

<b>SG 01.7 CC</b>	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

SG 01.8  
CC

Indicate the associated timescales linked to these risks and opportunities.

As part of BTFG's annual climate-related disclosures, we provide our customers with examples of the climate-related issues that could have a material financial impact in some of the asset classes we invest in, over our defined time horizons. These have been summarised in question 1.6 above. We will provide information to enable those who invest with us to understand where risks may lie within their portfolios.

No

SG 01.9  
CC

Indicate whether the organisation publicly supports the TCFD?

Yes

No

SG 01.10  
CC

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

Yes

Describe

As part of the Westpac Group, one of Australia's largest corporations with a proud track record in sustainability, we recognise there are significant environmental, social and economic benefits to limiting global warming to less than two degrees Celsius above pre-industrial levels, while supporting greater resilience to the impacts of such a change. The Westpac Group has demonstrated a strong commitment to managing climate-related impacts, detailed in the Group's Climate Change Position Statement and 2020 Action Plan.

This Climate Change Position Statement sets out five key principles that underpin BTFG's and the broader Westpac Group's approach to addressing climate change. These are:

1. A transition to a net zero emissions economy is required;
2. Economic growth and emissions reductions are complementary goals;
3. Addressing climate change creates financial opportunities;
4. Climate-related risk is a financial risk; and
5. Transparency and disclosure matters

This year Westpac extended the breadth and depth of climate change scenario analysis first undertaken in 2016 to build on its understanding of short, medium and long-term impacts of different climate change scenarios on its customers, communities and business. More information on Westpac Group's approach to climate change is available in the 2018 annual sustainability performance report at [www.westpac.com.au](http://www.westpac.com.au)

Responsibility for the management of climate-related risks and opportunities through investment portfolios is cascaded from the BTFG Boards to the appointed investment managers. For portfolios where BTFG acts as investment manager, including our MySuper Lifestage Funds, climate-related risk is addressed through two channels. Firstly, by reviewing the ability of our external portfolio managers to integrate ESG considerations in their investment process, depending on their investment strategy and capabilities. We encourage our external portfolio managers to consider and report on climate risks within the portfolios. Secondly, through our engagement and proxy voting activities which seek to address material impacts and issues in the companies in which we invest.

At this stage BTFG's preference is to influence companies to address material ESG issues, including climate change, through engagement and proxy voting, rather than blanket screening. We will continue to consider other risk management strategies, and our approach may alter over time.

More information can be found in BTFG climate-related disclosures at [bt.com.au/sustainability](http://bt.com.au/sustainability)

No

<b>SG 1.12 CC</b>	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify
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BTFG publish public Climate-related disclosures, these are available at [bt.com.au/sustainability](http://bt.com.au/sustainability)

<b>SG 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

URL/Attachment
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- URL

URL
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{hyperlink:<https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BTFG-responsible-investment-position-statement.pdf>}

- Attachment (will be made public)

- Formalised guidelines on environmental factors

URL/Attachment
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- URL

URL
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{hyperlink:<https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BT-sustainable-investment-approach.pdf>}

- Attachment (will be made public)

- Formalised guidelines on social factors

URL/Attachment
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- URL

URL

{hyperlink:https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BT-sustainable-investment-approach.pdf}

Attachment (will be made public)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{hyperlink:https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BT-sustainable-investment-approach.pdf}

Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BTFG-responsible-investment-position-statement.pdf}

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

URL

{hyperlink:http://bt.com.au/sustainability}

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

{hyperlink:http://bt.com.au/sustainability}

Attachment (will be made public)

We do not publicly disclose our investment policy documents

**SG 02.2**

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

{hyperlink:https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BTFG-responsible-investment-position-statement.pdf}

- Attachment

- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

- URL

URL

{hyperlink:https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BTFG-responsible-investment-position-statement.pdf}

- Attachment

- Time horizon of your investment

URL/Attachment

- URL

URL

{hyperlink:https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BT-sustainable-investment-approach.pdf}

- Attachment

- Governance structure of organisational ESG responsibilities

URL/Attachment

- URL

URL

{hyperlink:https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BTFG-responsible-investment-position-statement.pdf}

- Attachment

- ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.bt.com.au/about-bt/sustainability-and-community/sustainability/portfolio-carbon-footprint.html}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:http://bt.com.au/sustainability}

Attachment

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.bt.com.au/about-bt/sustainability-and-community/sustainability/portfolio-carbon-footprint.html}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BTFG-climate-related-disclosures.pdf}

Attachment

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL

URL
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{hyperlink:<https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BTFG-responsible-investment-position-statement.pdf>}

Attachment

We do not publicly disclose any investment policy components

SG 02.3	Additional information [Optional].
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BTFG's approach to responsible investment is outlined in our responsible investment position statement available at [bt.com.au/sustainability](https://www.bt.com.au/sustainability), this document addresses governance, process and reporting for ESG incorporation, exclusions, engagement and proxy voting across our FUM.

As part of the Westpac Group, BTFG's corporate activities are informed by the Group's approach to ESG issues (including climate change and human rights). These are available publicly at <https://www.westpac.com.au/about-westpac/sustainability/our-positions-and-perspectives/>

For funds managed internally (through BT Investment Solutions) the approach to ESG integration is set out in more detail in our Sustainable Investment Approach available on our website (<https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BT-sustainable-investment-approach.pdf>)

BTFG's approach stewardship of asset ownership, is outlined in the BTFG Stewardship Policy - available at <https://www.bt.com.au/about-bt/sustainability-and-community/sustainability/portfolio-carbon-footprint.html>

Reporting on BTFG's approach is via our website [bt.com.au/sustainability](https://www.bt.com.au/sustainability) and through the Westpac Group annual reporting suite available at <https://www.2018annualreport.westpacgroup.com.au/>

BTFG provides specific reporting on our approach to climate change, in line with the recommendations of the Taskforce on climate-related financial disclosures (TCFD) this is available at <https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BTFG-climate-related-disclosures.pdf>

## Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- 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
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- 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

<b>SG 07.6</b> <b>CC</b>	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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At a corporate level BTFG's approach to climate change takes into account Westpac Group policies and governance frameworks. More information regarding Westpac's approach to climate change can be found in the Westpac Group Climate Change Position Statement and 2020 Action Plan, along with the Group's annual reporting suite, available at [www.westpac.com.au](http://www.westpac.com.au).

BTFG is a diverse business and offers a range of products and investment solutions. Where BTFG is acting as the trustee or Responsible Entity (RE) and making an investment decision on behalf of our customers, the governance of strategies for managing ESG risks (including climate change) in BTFG's investment and superannuation portfolios is the responsibility of the BTFG Boards and associated committees of the trustee or RE entities (together the 'BTFG Boards').

The BTFG Boards have approved a set of investment beliefs which shape the way that the BTFG Boards expect investments to be managed and the way investment decisions are made. The BTFG Boards believe that the active consideration of ESG factors in the investment analysis and decision making process for our investment portfolios enhances our ability to meet the long-term investment objectives of our funds. The BTFG Boards also believe that asset stewardship, including proxy voting and engagement with companies in which we invest, is fundamental to driving positive portfolio outcomes. The BTFG Boards have also approved a range of policies and frameworks for managing ESG impacts, including climate risks in our funds.

The BTFG Boards and associated committees are regularly provided with information relevant to climate-related impacts including, for example, providing information on climate developments in the industry and engagement and proxy voting activities of our internal investment managers and external engagement providers.

The day-to-day responsibility for the management of ESG factors in our portfolios is delegated to the relevant investment manager, where applicable to the investment strategy. It is expected that investment managers give consideration to the BTFG investment beliefs and invest in accordance with BTFG's frameworks and policies when making decisions on behalf of the trustee or RE. This can include taking into account climate-related risks and opportunities.

Where BTFG acts in the role of investment manager, responsibility for climate-related impacts is led by the Chief Investment Officer (CIO). The CIO and the investment team are responsible to the BTFG Boards for the management of the relevant portfolios including the analysis and assessment of climate-related risks and opportunities. The investment team adopts a multi-manager approach, where external portfolio managers with



complementary styles are combined across different asset classes. As part of our manager selection and monitoring process, we consider the extent to which the manager is effectively managing the financial risks and opportunities that may arise from ESG issues, including climate change, depending on their investment strategy and capabilities.

More information on our approach to climate-related risk is available in the BTFG climate-related disclosures at [BT.com.au/sustainability](http://BT.com.au/sustainability)

<b>SG 07.7</b> <b>CC</b>	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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The day-to-day responsibility for the management of ESG factors in our portfolios is delegated to the relevant investment manager, where applicable to the investment strategy. It is expected that investment managers give consideration to the BTFG investment beliefs and invest in accordance with BTFG's frameworks and policies when making decisions on behalf of the trustee or RE. This can include taking into account climate-related risks and opportunities.

Where BTFG acts in the role of investment manager, responsibility for climate-related impacts is led by the Chief Investment Officer (CIO). The CIO and the investment team are responsible to the BTFG Boards for the management of the relevant portfolios including the analysis and assessment of climate-related risks and opportunities. The investment team adopts a multi-manager approach, where external portfolio managers with complementary styles are combined across different asset classes. As part of our manager selection and monitoring process, we consider the extent to which the manager is effectively managing the financial risks and opportunities that may arise from ESG issues, including climate change, depending on their investment strategy and capabilities.

At a corporate level, responsibility for sustainability, including Westpac's response to key issues such as climate change and the achievement of our public target and commitments are cascaded from the CEO to relevant Group Executives, and General Managers. This includes BTFG CEO and BT Chief Operating Officer. Westpac Group's Sustainability Council, formed in 2008, brings together senior leaders from across Westpac Group with explicit responsibility for managing our sustainability agenda and performance, including climate change.

Members of the Sustainability Council with responsibility for Sustainability Strategy objectives are rewarded via a portion of short term incentives for delivery against these objectives, including those relating to climate change. Management of BTFG also obtains regular updates regarding BTFG's sustainability performance and climate change.

For portfolios where the investor is making the decision as to the investment choice (for example in IDPS and IDPS like products, and within the 'choice menu' of our superannuation products), BTFG has increasingly focused on how we can provide customers with information, related to ESG risks, including climate change, to allow them to make informed decisions.

More information on our approach to climate-related risk is available in the BTFG climate-related disclosures at [BT.com.au/sustainability](http://BT.com.au/sustainability)

<b>SG 07.8</b> <b>CC</b>	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

## ESG issues in asset allocation

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

<b>SG 13.3</b>	Additional information. [OPTIONAL]
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BTFG does use data from TruCost Ltd to perform portfolio analysis and demonstrate the portfolio exposure to emissions-intensive sectors and companies.

This informs our approach to climate-related disclosures.

More information on our approach can be found at <https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BTFG-climate-related-disclosures.pdf>

<b>SG 14</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>SG 14.1</b>	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

<b>SG 14.2</b>	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity
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- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- 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
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- In 2018, BTIS expanded their engagement with external investment managers on their consideration of climate risks in their management of our portfolios.
- 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 14.4**

If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

BTFG is committed to improving our understanding and management of climate-related impacts across our business, considering the transition risks, physical risks and opportunities, and their impacts on our products and portfolios. We seek to provide our customers and other stakeholders with information on our approach to measuring and managing these impacts to support them in making informed choices. This information is provided in line with the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-Related Financial Disclosures (TCFD). Our reporting is publicly available at <https://www.bt.com.au/sustainability>

BTFG's climate-related disclosures are made up of key metrics being, weighted average carbon intensity and exposure to carbon-related assets.

The weighted average carbon intensity metric illustrates our portfolios' exposures to carbon-intensive companies as compared to a benchmark portfolio and takes into consideration the intensity of the carbon emissions (scope 1 and scope 2) as well as the value of the investment as a portion of the overall portfolio. This metric is calculated consistently across the diversified funds BTFG manages with the guidance for Asset Owners outlined by the TCFD. Portfolio exposures not covered by the analysis may include, for example, cash holdings and derivatives as well as other asset classes such as fixed interest, listed property and emerging market securities.

The exposure to carbon-related assets metric demonstrates the portion of the portfolio exposed to the most carbon-intensive sectors. This metric is calculated consistently with the guidance for Asset Owners contained in the TCFD, however the sectors that constitute the carbon-related assets have been adjusted for characteristics of the Australian benchmark. The Global Industry Classification Standard (GICS) sectors that have been included in the analysis include Energy, Utilities and Materials. BTFG has excluded the Water Utilities industry and Renewable Electricity sub-industry from this analysis, as neither are major sources of carbon emissions. BTFG has expanded on the guidance of the TCFD by including the Independent Power Producers and Energy Traders sub-industry in the analysis of our portfolios. This sub-industry includes fossil fuel based power production and is one of the of the higher intensity sub-industries in the international benchmark.

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
<b>SG 14.6 CC</b>	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.		

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	<p>This metric illustrates the portfolios' exposures to carbon intensive companies as compared to a benchmark portfolio. It takes into consideration the intensity of the carbon emissions (measured as Scope 1 and Scope 2 carbon emissions relative to revenue) and the value of the investment as a portion of the overall portfolio.</p>	<p>It is expressed in tonnes of carbon dioxide equivalents (tCO<sub>2</sub>e) per million Australian dollars of revenue.</p>	<p>Carbon intensity data is provided by TruCost Ltd. The weighted average carbon intensity is based on the investment portfolios' exposures to Australian and international equities at 30 June 2018. Portfolio exposures not covered by the analysis may include, for example, cash holdings and derivatives as well as other asset classes such as fixed interest, listed property and emerging market securities. This metric is calculated consistently across the funds BTFG manages with the guidance for Asset Owners outlined by the TCFD.</p>
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	<p>This metric demonstrates the portion of the portfolio exposed to the most carbon-intensive sectors.</p>	<p>Exposure to carbon-related assets as a % of the total portfolio.</p>	<p>This metric is calculated consistently with the guidance for Asset Owners contained in the TCFD, however the sectors that constitute the carbon-related assets have been adjusted for characteristics of the Australian benchmark. The following Global Industry Classification Standard (GICS) sectors have been included in the analysis: Energy, Utilities and Materials. BTFG has expanded on the guidance of the TCFD by including the Independent Power Producers and Energy Traders sub-industry in the analysis of our portfolios. This sub-industry includes fossil fuel based power production and is one of the of the higher intensity sub-industries in the international benchmark. Each metric is provided at a portfolio level relative to a benchmark portfolio composed of globally recognised indices. A negative variance against benchmark means the individual investment option is less emissions intensive as compared to its benchmark.</p>

**SG 14.8  
CC**

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

- Ⓞ Process for climate-related risks is integrated into overall risk management

Please describe

Responsibility for the management of climate-related risks and opportunities through investment portfolios is cascaded from the BTFG Boards to the appointed investment managers. For portfolios where BTFG acts as investment manager, including our MySuper Lifestage Funds, climate-related risk is addressed through two channels. Firstly, by reviewing the ability of our external portfolio managers to integrate ESG considerations in their investment process, depending on their investment strategy and capabilities. We encourage our external portfolio managers to consider and report on climate risks within the portfolios.

Secondly, through our engagement and proxy voting activities which seek to address material impacts and issues in the companies in which we invest. At this stage BTFG's preference is to influence companies to address material ESG issues, including climate change, through engagement and proxy voting, rather than blanket screening. We will continue to consider other risk management strategies, and our approach may alter over time.

More information on our approach is provided in BTFG's climate-related disclosure available at [bt.com.au/sustainability](http://bt.com.au/sustainability)

- Process for climate-related risks is not integrated into our overall risk management

**SG 14.9 CC** Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

- Yes

Please describe

Asset stewardship, through company engagement and exercising voting rights, is an integral part of BTFG's approach to managing investment risk associated with climate change. When considering companies' approaches to climate change, our focus is on encouraging the companies we invest in to understand, address and disclose climate-related risks in their business. This is a critical step in the low carbon transition.

Proxy Voting

Where BTFG holds voting rights, we believe we have the responsibility to cast votes to influence the corporate governance of the companies in which we invest. Participation in the voting process allows BTFG to impact companies to protect our customers' interests. In regards to proxy voting on company resolutions, we provide our underlying portfolio managers with the authority to vote on our behalf, and require votes to be cast in the best interests of investors. For contentious issues, such as shareholder proposals, including those related to climate change, we may choose to direct external portfolio managers on how votes are to be cast. In these cases we may consider the views of our customers and expert external views, including those of our engagement providers and proxy advisers, when we decide how a proxy should be voted across our holdings.

As part of our commitment to transparency, we disclose our voting results on our website [bt.com.au/sustainability](http://bt.com.au/sustainability).

Engagement

BTFG uses a combination of engagement approaches. We primarily engage through Hermes Equity Ownership Services (EOS) (global companies) and Regnan - Governance Research & Engagement (Regnan) (domestic companies). Hermes EOS and Regnan's engagement approaches use pooled assets, meaning they act on behalf of multiple managers, to provide a higher level of influence, along with economies of scale. We also engage through our external portfolio managers, in their direct discussions with companies. At a corporate level, BTFG is also playing an active role in collaborative engagement efforts, such as Climate Action 100+. This is a five-year initiative led by investors to engage systemically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement. Participating investors are calling on companies to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.

We seek to influence how companies manage their climate-related risk and to drive positive outcomes across industries.

More information on our approach is provided in BTFG's climate-related disclosure available at [bt.com.au/sustainability](http://bt.com.au/sustainability)

No, we do not engage

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Private</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 15.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

No