



# **Climate Change and Investment Strategy: Lessons from a large pension fund**

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# UniSuper

- Approximately AUD\$100 Billion assets
- Dedicated to Australian tertiary education sector
- Largest Australian superfund manager of ESG-themed strategies

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# What we are doing

- Framing the challenge: think decarbonisation
- Portfolio Construction
  - Exit thermal coal
  - Reduce fossil fuel exposure
  - Target lower carbon intensity
  - Apply shadow carbon taxes
- Engagement before divestment
- Provide member choice
- Reporting and Educating



# Climate risk and our investments

November 2020



Investing  
in a bright  
future



# Excerpts

## CARBON TARGETS OF OUR PORTFOLIO COMPANIES

PORTFOLIO COMPANY	CARBON TARGET	UNISUPER COMMENT
<b>Financials</b>		
ANZ Banking Group	Net-zero target	● On track
Macquarie Group Ltd	Net-zero target	● Net-zero achieved
Commonwealth Bank of Australia	Net-zero target	● On track
Westpac Banking Corp	Net-zero target	● Net-zero achieved
National Australia Bank Ltd	Net-zero target	● On target
Insurance Australia Group Ltd	Set greenhouse gas reduction targets	▲ Has committed to a range of reduction targets
ASX Ltd	No target	● Reviewing TCFD recommendations
Bank of Queensland	No target	● Reviewing current approach
<b>Energy</b>		
Woodside Petroleum Ltd	Net-zero target	● On track
Oil Search Ltd	Set greenhouse gas reduction targets	▲ No net-zero target. 30% reduction by 2030.
<b>Materials</b>		
BHP Group Ltd	Net-zero target	● On track
Rio Tinto Ltd	Net-zero target	● On track
Fortescue Metals Group Ltd	Net-zero target	● On track
South32	Net-zero target	● On track
Newcrest Mining Ltd	Set greenhouse gas reduction targets	▲ Has committed to a range of reduction targets
James Hardie Industries PLC	No target	● Developing sustainability report

## Global Companies in Asia

### Option carbon intensity

CARBON EMISSIONS PER \$100,000 INVESTED **0.77t** P.A. CO<sub>2</sub>E

The relative carbon footprint of 91.4% of the equities in the option compared to 76.8% of its benchmark.

THIS OPTION IS **88.0%** MORE CARBON EFFICIENT THAN THE BENCHMARK.

### Look-through fossil fuel exposure

COMPANY	EXPOSURE
APA Group	1.9%
Enbridge Inc	0.6%
Woodside Petroleum Ltd	0.5%
BHP Group Ltd	0.3%
Oil Search Ltd	0.2%
TC Energy Corp	0.2%
Santos Ltd	0.3%
Ampol Ltd	0.1%
Other (< \$100m holding, 314 Companies)	1.0%
<b>Total Fossil Fuel Exposure</b>	<b>5.1%</b>

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# Lessons we are still learning

- Corporates and markets are adjusting rapidly
- Getting to net-zero quickly cannot be achieved without the Government playing its role
- Closing data gaps requires tighter regulatory framework
  - TCFD
  - Science based targets
- Transition opportunities may outweigh risks
- It's impossible to please everyone!