



CLIMATE CHANGE STATEMENT

State Super's position on climate change

August 2022

State Super is run for the long-term benefit of our members, and responsible investment is an important component of our long-term investment approach.

We believe ESG factors may materially impact investment risk and returns, particularly over the long term and are committed to effectively integrating climate change risks and opportunities into our investment processes across the Pooled Fund.

We endorse the 'Paris Agreement' and acknowledge the principles of a 'Just Transition' to a low carbon economy. Although our direct operations will not make a material contribution to the nation's environmental footprint, we acknowledge that climate change may impact the long-term financial performance of our investments. Through these investments we will be exposed to risks and opportunities from the transition to a lower-carbon economy (e.g., the shift to a more renewable energy supply) and the physical impacts of climate change (e.g., extreme weather events including increasing incidences of bushfires).

Our understanding of climate change and the potential impacts on our investments continue to develop over time. We currently measure carbon emissions and have assessed our portfolio exposure to physical risks. We also undertake scenario analysis and net-zero portfolio modelling. We acknowledge this field is evolving rapidly and are committed to undertaking regular reviews.

How we incorporate climate change

State Super's governing rules are contained in the Superannuation Act 1996. We invest through investment managers and assess their ability to incorporate climate change into investment decisions when appointing and monitoring them.

As part of these activities, we request disclosure of our investment managers' policies and as well as information on how they incorporate climate change into their investment processes. In particular, how they encourage companies that invest in to improve their ESG disclosure and how actively they consider shareholder proposals regarding investee companies approach to climate change and Just Transition. We support collective engagement asset owners and use local and international service providers to support us in engaging with listed entities.

We prefer to engage with entities to drive change, rather than to divest, as we believe that engagement can influence companies to reduce emissions and that this approach supports global decarbonisation. We support companies reporting against the Task Force on Climate-related Financial Disclosures (TCFD) and we are also working towards reporting in line with these standards ourselves.

As part of our broad ranging approach, we engage with policy makers and contribute to the public debate as a signatory of the UN-backed Principles for Responsible Investment (PRI), as a member of the Investor Group on Climate Change (IGCC) and through other forums.