HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

SUPERANNUATION SECTOR

QS17QON: Mr FALINSKI: …Climate 100, as I understand it, has a policy of including scope 3 emissions in corporate calculations of ESG. Is that something that you've signed up to as an investor?

ANSWER: Climate Action 100+ is a five-year initiative led by investors to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures. Climate Action 100+ aims to secure commitments from the boards and senior management of these companies to:

1. Implement a strong governance framework around climate change risk;
2. Take action to reduce greenhouse gas emissions across their value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to well below 2 degrees above pre-industrial levels; and
3. Provide enhanced corporate disclosure in line with the recommendations of the Task Force on Climate-related Financial disclosures (TCFD).

The TCFD seeks disclosure of GHG emissions at Scope levels 1, 2 and if appropriate level 3 and related risks. The challenges of measuring Scope 3 emissions (all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions) are relatively well-understood with various and differing methodologies existing to inform estimates.

This understanding informs QSuper's engagement with Australian listed corporates where we act as either a lead or support investor.