

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

CARE

- CARE91QW:** Please provide the titles of all externally commissioned reports over the past five years that have reviewed any of the following:
- a. Performance of funds.
 - b. Investment strategies for funds.
 - c. Conflicts of interest for funds.

Answer: The Fund continually assesses its relative investment performance. This includes reviewing APRA data and information available from ratings agencies, some of which is provided by subscription. The Fund also receives reports from external parties such as investment consultants and auditors as part of its usual business practice. No reports have been commissioned by CareSuper.

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CARE92QW: For each fund where more than 30 per cent of capital is managed by another entity, please complete the below table including:

- The name of the fund.
- The allocation of capital as a percentage of the total capital held by the fund.
- The allocation of capital of the total capital held by the fund.
- The entity managing the capital.
- Whether you are a shareholder in that entity.

Fund	Allocation of fund capital		Managing entity	Shareholder
	%	\$		
i.e. Hostplus infrastructure options	i.e. 70%	i.e. \$10 billion	i.e. IFM Investors	i.e. Yes

Answer: As at 30 June 2019, at the fund level there were no investments which make up more than 30% of capital of the fund managed by another entity.

The following table has been prepared at an individual investment option level, including the options where another entity manages more than 30% of the capital of the option:

Fund	Allocation of fund capital		Managing entity	Shareholder
	%	\$		
Direct Property Option	36.7%		Dexus Wholesale Property Limited	No
Direct Property Option	39.7%		ISPT Pty Limited	Yes

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CARE93QW: If you do have capital managed by another entity that you are also a shareholder in, please identify how you manage conflicts of interest.

Answer: The Committee has previously asked a number of questions relating to possible conflicts of interest and we refer the Committee to our responses to those questions. CareSuper has a robust conflicts management process. A copy of the Conflict Management Policy is available on the website as follows:
https://www.caresuper.com.au/sites/default/files/2020-02/CareSuper_ConflictsManagementPolicy_Feb2020_Final_20200221.pdf

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CARE94QW: Please provide details of the following reduction to remuneration packages since 11 March 2020:

- a. Board members.
- b. The chief executive.
- c. Executive management.

Answer: CareSuper Board Members took a 20% reduction in remuneration from May 2020. Remuneration at all levels is subject to regular review and disclosed on the website as follows <https://www.caresuper.com.au/why-caresuper/about-us/governance/remuneration>

The annual information for 30 June 2020 is due to be published on the website by 31 October 2020.

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CARE95QW: Is the fund considering divestment from pure play fossil fuel producers in order to mitigate climate-related financial risks and to increase the cost of capital for those producers?

If not, how has the fund arrived at the conclusion that this approach would not be in members' best interests?

Answer:

CareSuper's approach to mitigate climate-related financial risks is addressed in the Fund's Responsible Investing Policy (publicly available https://www.caresuper.com.au/sites/default/files/2020-03/Responsible_Investing_Policy_February_2020_20200310.pdf) and Climate Change Position Statement (publicly available: <https://www.caresuper.com.au/investments/how-we-invest/responsible-investing/climate-change-position-statement>). CareSuper takes an active investment approach. Most of our investments in listed equities are with active managers and these managers are required to consider climate change risks when selecting investments for CareSuper, which includes assessing climate-related financial risks of investing in pure play fossil fuel producers.

CareSuper also engages with fossil fuel producers on climate change related matters to drive positive change via our investment managers as well as via collaborative initiatives.

CareSuper's approach to mitigate climate-related financial risks discussed above is formed with members' best interests in mind. In addition, for members that are interested in investments that align with their personal values, CareSuper offers a Sustainable Balanced option (<https://www.caresuper.com.au/sustainable-super>) which does not invest in companies that generate more than 15% of their revenue from thermal coal production.