

Bendigo Super Annual Members' Meeting FY2020-21: Your questions answered

Outlined below are our responses to all the questions asked by members either before or during the Annual Members' Meeting held on Tuesday, 22 February 2022.

- 1. I would like to have clarity if any of my Bendigo Smart Super is going towards funding any fossil fuel projects, if we have a Fossil Fuel Exclusion policy, and why we don't currently publicly disclose our investment holdings to clarify this position? This is critically important to me as a young super holder**

We have a strong oversight process for the management of Bendigo Super and each of its investment options that includes climate risk amongst others.

The Bendigo and Adelaide Bank Group, which Sandhurst is part of, has a climate action plan that includes a commitment that we will not directly lend to projects in:

- Coal
- Coal steam gas
- Crude oil
- Natural gas
- Native forest logging.

Bendigo Super does not however have a policy to divest all shares and bonds that are involved in fossil fuels.

The current exposure to fossil fuel industries across all of our investment options are as follows:

- 1.9% in the Oil & Gas industry; and
- <0.1% in Coal producers

As mentioned in our presentation, we are taking a series of steps around climate change and are strong supporters of the transition to net zero by 2050.

One of the important principals of our plan is for members to be empowered and have the ability to set their own investment strategy and choose their investment options. For members with strong environmental or social values that they would like expressed in their Bendigo Super investments, I encourage you to read more about the Bendigo Socially Responsible Growth Fund.

This fund applies ESG processes over all share investments and some fixed income. It excludes tobacco, gambling, adult entertainment and controversial weapons. The fund has only 1/3 of the carbon intensity of the index funds, only 0.5% invested in Oil and gas and no Coal shares. The fund also has an investment in some private assets that have a positive impact on social issues including provision of health services.

We are doing more work regarding our disclosure in this area. In the coming months we will be reporting the holdings of the Super plan and each of its options. In some instances, this may not give full visibility to all of the end securities in all cases. Our reporting is maturing, and later in the year we will be releasing an ESG report on the fund and its options. Look out for this report that we hope to continue to develop further each year.

2. Why am I losing money from my super, instead of gaining some profits?

When we discuss returns, the point in time you are talking from has a big impact on the numbers. I have mentioned the returns for the financial year and calendar year were very high for the options that invest in shares – 11 of the 13 options. January saw some negative returns for shares and so most investment options values fell for the month.

We know that share markets generally do not move in a straight line. There are often periods of growth, followed by periods of negative return. The weakness in January has been driven by the rising inflation and the linked expectations of rising interest rates.

We encourage all our members to make sure your selected investment options suit your personal needs and risk appetite, so that you are comfortable retaining it for the long term.

Lastly, the profits of companies and income from fixed interest is passed through the investment options. Income distributions from all our investment options were paid in early January into our members' accounts. You can view these by logging into your account online.

3. With entrances into the market such as Stake who offer greater flexibility in investment options how are Bendigo going to respond to this demand for greater flexibility whilst keeping costs low?

I understand Stake to be a SMSF offering and I won't comment specifically on that particular product but SMSF offerings do give flexibility and put control and accountability with the member who is ultimately in some way the trustee as well.

From our perspective we're really confident in the 12 diversified investment options that we have, and more importantly our processes in place to manage and monitor those options. As trustee, we have the responsibility to monitor the investment options that we offer and ensure they are the best possible options for our members. This does reduce the ability to be able to have a very broad investment menu or enable a lot of flexibility.

Having said that we are always looking at the decisions made by members; looking at where the investments are going within our menu and also looking out for feedback through surveys that we do. We also welcome your feedback at any time. I encourage the person who posed the question to get in touch and tell us more about what they're looking for through that type of product.

But really, I think I can't emphasise the importance we place on making sure that for the investments we do offer, we are able to manage and monitor them to the extent that we really want to ensure that the right amount of oversight exists for our members.