

Recipient Address

Date

Dear Company,

We write to you regarding a recent report by The Australia Institute, in partnership with 350.org and Market Forces, which concluded that over a quarter of the companies in the ASX200, including Your Company, are exposed to significant carbon risks in the relatively near future.¹ Global investment markets are beginning to price these risks into their modeling.

Please find attached a copy of this report.

With the fourth largest coal reserves and over 20% of total market capitalization connected to fossil fuels,² Australia is particularly exposed to a global reduction in demand for coal and gas. Retail investors, like an increasing number of institutional investors, are increasingly worried about the risks of "stranded assets" in the event that coal and gas project lives are cut short by efforts to reduce global greenhouse gas emissions.

Ethinvest manages around 450 direct share portfolios for a range of High Net Worth Investors, Charitable organisations and Superannuation Trustees. We are compiling a report for our clients on the response to carbon risk by major Australian companies. We would like to include Your Company in our report, as many clients are already investors and keen to understand how their portfolios would be affected by global changes in the demand for fossil fuels.

In particular our clients are interested in the question of "unburnable carbon" - the idea that 80% of proven fossil fuel reserves must remain unexploited in order to keep global warming within the agreed target range to avoid warming in excess of 2 degrees Celsius.³

To this end we would be grateful if you would answer the following questions in regard to carbon risk and the measures you are taking to protect Your Company against future losses.

¹ The Australia Institute (2014), [Climate proofing your investments: moving funds out of fossil fuels](#).

² Carbon Tracker (2013), Wasted Capital & Stranded Assets.

³ Meinhausen et al (2009), "Greenhouse gas emission targets for limiting global warming to 2°C", Nature, 458: 1158-1163.

1. Does Your Company consider unburnable carbon (as described above) to pose a material risk to its operations and shareholder value?
2. Has Your Company measured its exposure to the fossil fuel sector and assessed the value of assets held that are at risk in an 'unburnable carbon' scenario?
3. Does Your Company have a plan to reduce exposure to the fossil fuel sector in the next 3 - 5 years?
4. Has Your Company quantified the impact of climate change impacts on its operations and shareholder value?

We welcome your written response to these questions that we can circulate to our clients, and potential investors. It would be of great value to have these issues specifically dealt with in your 2014 Annual Report and discussed at the AGM.

Yours sincerely,

Trevor Thomas
Managing Director