

Media Release

Time for super funds to take immediate action against climate change: First State Super

- *First State Super will divest from thermal coal miners from October 2020 as part of a comprehensive plan to respond to climate change risks*
- *The Fund will reduce emissions in its listed equities portfolio by at least 30% by 2023*
- *The Fund will actively advocate for an economy-wide 45 per cent reduction in greenhouse gas emissions by 2030 and is looking to replicate this in its portfolio in the same timeframe.*

Australia's superannuation sector must take bold and decisive action now to respond to the risks of climate change and protect the long-term interests of their members; according to First State Super CEO Deanne Stewart.

As one of Australia's largest super funds, First State Super has taken a leading role in the climate change response for more than five years, and today released an updated roadmap for how the Fund would support the transition to a low-carbon economy.

Ms Stewart said as a long-term investor, climate change posed one of the most significant risks to Australians' retirements savings, and it was critical super funds acted now to ensure they could provide their members with a better financial future.

One way First State Super is doing this is by divesting from businesses who derive more than 10 per cent of their revenue from thermal coal mining from October 2020; just one of a number of direct actions it would take to mitigate the long-term risks of climate change.

'It is essential that as a responsible owner super funds set strong, ambitious and transparent targets to deliver the kind of action we need now to prepare for a more prosperous and sustainable future,' Ms Stewart said.

'We have seen over the past 10 years significant volatility in value of thermal coal miners, and increasingly insurance companies are signalling their intent to exit this sector in response to medium-term climate-related risks.

'Divestment from thermal coal mining is an important first step, but we recognise there is more to do; which is why we have committed to bold actions and real targets to shift the dial on climate change which will assist us to continue to deliver strong sustainable long-term returns to our members.'

These actions and targets include:

- A minimum 30% reduction in emissions in First State Super's listed equities portfolio by 2023 which will also incorporate the introduction of a new low-carbon index
- An ongoing review of the Fund's energy portfolio mix to mitigate the potential for stranded assets
- Fund-wide targets for investments in renewable energy and new technologies
- Continued engagement with companies around their individual emission reduction targets and plans
- Setting emissions reduction targets and supporting First State Super's directly owned companies to reduce their emissions
- Advocating and supporting an economy-wide 45% reduction in greenhouse gas emissions by 2030 and, is looking to replicate across our portfolio in the same timeframe.

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‘Some of these targets are ambitious but we need ambition and aspiration across our Fund, sector and economy if we are to limit the increase in global average temperature to below 2 degrees, in-line with the Paris Agreement,’ Ms Stewart said.

First State Super’s response to climate change is detailed in its *Portfolio Transition Plan* that was published today.

‘In 2015 we launched our *Climate Change Adaptation Plan*, which set out how we would respond to the challenges and opportunities of climate change to assist our members to achieve a better retirement,’ Ms Stewart said.

‘A lot has changed over the past five years, so our response needs to change also. The time for discussion and debate is over; we need to take the learnings of the past five years and drive meaningful action.’

First State Super’s Chief Investment Officer, Damian Graham, said the Fund had already made some significant investments to support this.

‘Last year we took a one-third stake in the \$1.1 billion South Australian wind farm, Snowtown 2; and have recently completed investments in a world-leading tyre recycling organisation, as well as a bottle-to-bottle recycling business, and are actively investigating other innovative opportunities,’ Mr Graham said.

‘These are just some examples of the innovation and new technology that is emerging every day to support our transition to a low-carbon economy.

‘We believe renewable energy and new technology investments will deliver for our members and community in the long-term, so are developing annual targets to increase our commitment in these areas.’

‘Over the past five years we have also delivered a comprehensive engagement strategy both individually and as part of collaborative initiatives such as Climate Action 100+.

‘Through this engagement we have achieved positive, lasting results and worked closely with companies to better understand and influence how they are preparing to transition to a low-carbon economy while ensuring the communities in which they operate are supported through this change.

‘Engagement programs such as this remain critical to achieving the kind of action that we need now to strong and sustainable economy and prosperous future.’

For more information head to: firststatesuper.com.au/divestment

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Note to editors:

First State Super merged with VicSuper on 1 July 2020 to become one of Australia’s largest industry funds managing over \$120 billion in assets and providing superannuation, advice and retirement solutions to those who teach, nurse, care, respond and help others in our communities.

The Fund consistently delivers strong long-term returns to keep fees low, so members can retire with more. A diverse range of investment options are provided to members along with access to advice about their super and the investment options available to them.

Investments are focused on delivering strong long-term returns. In addition, the Fund aims to not only benefit the environment but contribute to jobs in the communities where their members live, work and retire.

First State has achieved the highest platinum performance rating from independent ratings agency SuperRatings for the past decade and has consistently been awarded ChantWest’s highest 5-apples rating. firststatesuper.com.au