Future Super Case Study

Future Super: The world’s first climate neutral super fund

Australia’s share market is heavily exposed to the risks of climate change and stranded asset risk of fossil fuel investments. Yet, while many global investment managers and pension funds are making moves to understand their carbon risk and its impacts on their portfolios, Australian super funds are still grappling with how to best address the carbon challenge. As the world moves to make the necessary changes to limit man made climate change to 2C, Australian pension funds need to move urgently to understand how this affects their portfolios and their member’s retirement savings.

By conducting a carbon footprint analysis with South Pole Group, Future Super was able to move quickly from concept to being the world’s first carbon neutral pension fund. A key strength was South Pole Group’s ability to both analyse the carbon footprint of the portfolio, as well as coordinate the purchase of carbon credits to offset the portfolio.

The context

Future Super already has a 100% fossil fuel free portfolio. As a result, the company knew that an analysis of its carbon footprint would be very low compared to the benchmark index and other Australian super funds.

The company is committed to showing national and global leadership in ethical investment and fossil fuel free investing. While the risks of climate change and investment in fossil fuels are well understood, the Australian superannuation and investment community have been lagging behind in assessing the climate change risk in their portfolios and incorporating stranded asset risk into investment decisions.

The brief

As a direct retail superannuation fund, Future Super wanted to be able to demonstrate how switching to a fossil fuel free superannuation fund compares to other activities, such as installing household solar power, in reducing an individual’s carbon footprint.

The challenge

Future Super was already committed to being completely fossil fuel free in its portfolio, and negatively screened companies with high carbon intensity.

However, the company wanted to go further than this and become the World’s first carbon neutral pension fund. To show leadership, Future Super wanted to not only analyse its carbon footprint and act as a case study for others to follow, but to go further and offset the carbon emissions in its portfolio.

Through the purchasing of carbon credits, the fund would also be able to support a carbon reduction project with positive social and environmental impacts.

About the client

Future Super is an ethical superannuation fund and the first fossil fuel free superannuation fund in Australia. It is the only superannuation fund that allows climate-concerned Australians to move their money away from fossil fuels and other causes of climate change, and into low carbon investments which help to create a better, fossil fuel free future.

After launching in September 2014, Future Super has gained over 3500 members and $100 Million AUD in funds under management in just over 12 months.

The company, Future Superannuation Holdings Pty Ltd, is a financial services company dedicated to providing ethical and fossil fuel free financial products. As well as a superannuation fund, the company also provides fossil fuel free mortgage broking, retail and wholesale managed investment schemes, and operates two sharemarket indices – the Australian Fossil Free Index and the Australian Sustainability Leaders Index.

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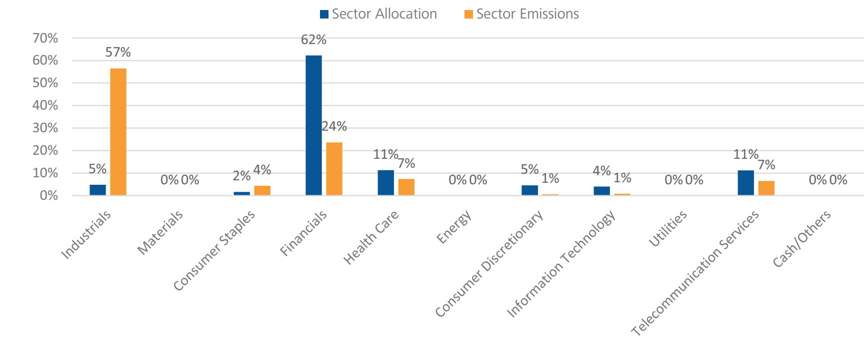
The greenhouse gas emissions of Future Super stem from different sectors



The process

Future Super contacted research company CAER, which provides ESG analysis used in constructing the fund portfolio. CAER introduced Future Super to South Pole Group, which explained that the process involved would be to analyse the carbon footprint of the portfolio, and to purchase carbon credits to offset the emissions associated with companies in their portfolio.

The solution

South Pole Group provided an analysis of the fund's carbon intensity and provided offsets to compensate its remaining emissions. The analysis is an important tool in further understanding any remaining climate risks in the portfolio, as well as being able to demonstrate to direct retail clients the difference they can make from switching superannuation funds compared to other personal climate change actions.

Key benefits

The South Pole Group team was innovative and efficient in finding a solution to Future Super's needs, in particular allowing them to move quickly from concept to being the world's first carbon neutral pension fund. A key strength was South Pole Group's ability to both analyse the carbon footprint of the portfolio, as well as coordinate the purchase of carbon credits to offset the portfolio.

The announcement of Future Super as world's first carbon neutral pension fund has allowed the company to not only show leadership in ethical and fossil free investment, but to also put the spotlight on the lack of carbon analysis performed on the portfolios of other Australian superannuation funds.

"Future Super wanted to be able to demonstrate how switching to a fossil fuel free superannuation fund compares to other activities, such as installing household solar power, in reducing an individual's carbon footprint. An analysis of carbon footprint by South Pole Group was the best way to understand how much carbon risk is in a portfolio, and the first step in reducing these risks."

Adam Verwey
Executive Director, Future Super

Why work with us

Global team

We are a truly global provider of sustainability solutions and services. Our team is made up of over 130 skilled and enthusiastic professionals from over 20 different countries, based in offices spanning 6 continents.

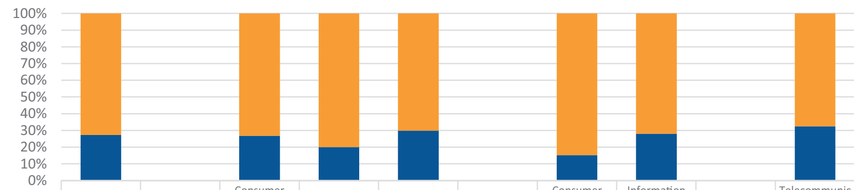
Proven impact

Since 2006, we have measured the climate impact of countless companies, projects and products worldwide. We have screened USD 50 bn+ of investments for their climate impact and we have developed 270+ projects in renewables, energy efficiency, forestry, agriculture, industry and households. Through our efforts, 50 million tonnes of CO_2 have been saved, almost as much as the annual CO_2 emissions of Portugal. We have enabled the production of 35,000 GWh of renewable energy (more than the annual electricity consumption of Denmark), and mobilised over USD 6 bn for clean energy investments in emerging markets. We have protected or restored over 250,000 km² of land, about as much as the total land mass of the UK. In total, our projects have helped create almost 20,000 jobs in developing countries and we saved 17,000+ hectares of forest from deforestation, about the size of 24,000 soccer pitches.

Added value

We help you grow with groundbreaking solutions that benefit your business, the environment and society.

Scope 3 Influence - Portfolio



		Materials	Consumer Staples	Financials	Health Care	Energy	Consumer Discretionary	Information Technology	Utilities	Telecommunication Services
Portfolio Scope 3	1'992	-	158	1'245	230	-	46	29	-	180
Portfolio Scope 1&2	747	-	58	312	98	-	8	11	-	87
Total Portfolio	2'739	-	215	1'557	327	-	54	40	-	267

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