



10th October 2017

Inevitability of coal closures demands real certainty for investors - new report

For the first time, Australia's largest investors have commissioned a report to map the disruption of the coal sector in Australia, community impacts and associated risks and opportunities for investors.

Supported by two of Australia's largest superannuation funds, First State Super and Cbus, *Coal, Carbon and the Community: Investing in a Just Transition*, is being launched by the Investor Group on Climate Change (IGCC) which represents institutional investors with total funds under management of over \$1.6 trillion.

The report explores the disruption playing out as the energy sector transitions away from coal in Australia and globally. Based on research undertaken by EY Australia, the report firstly considers the scale of change that could be coming, before identifying the communities most affected. It presents a framework for considering new regional opportunities that would benefit both investors and communities.

"The global energy sector is being disrupted. Policy, technology and market dynamics are all impacting energy generation and mining investment," said Emma Herd, Chief Executive Officer, IGCC.

"We know that there will be more coal-fired power plant closures in Australia over the coming decade. This combined with the rapidly falling cost of renewables will see a shift in domestic power generation".

"But the coal sector in Australia is not uniform, with generation, mining and coal transport and logistics all facing different challenges. How these trends will play out is already impacting investor decisions and local communities," said Ms Herd.

Cbus Chief Executive Officer David Atkin said that with a diverse portfolio like Cbus, transitioning to a low carbon economy brings both multiple challenges and opportunities. This requires significant effort and resources to understand and manage the future risks and opportunities climate change poses for investing and managing our members' retirement savings.

"All stakeholders – government, industry, investors and others – must work together through stable policy, innovation and partnerships to deliver a just and orderly transition. This is good for both investment opportunities and necessary to achieve positive outcomes for workers, communities and the climate," Mr Atkin said.

First State Super Chief Executive Officer Michael Dwyer said: "Our commitment to this study came as part of its broader Climate Change Adaptation Plan, established in 2015. As the stewards of \$85 billion in superannuation and retirement savings, it is our responsibility to ensure that our investments responsibly address climate risk and positively contribute to the future of local communities.

"Investors could be the key to the transition of regional economies affected by coal closures, by providing the capital needed to support new industries. But to do this, there needs to be investable opportunities".

The report *Coal, Carbon and the Community: Investing in a just transition* – was authored by EY Australia and is available at www.igcc.org.au/publications

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Note to Editors:

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand institutional investors and advisors, managing over \$1.6 trillion in assets under management and focusing on the impact that climate change has on the financial value of investments. IGCC aims to encourage government policies and investment practices that address the risks and opportunities of climate change. www.igcc.org.au and @IGCC_Update

First State Super is one of Australia's largest profit-for-member financial services organisations. We provide our members with a better financial future through safe and secure superannuation and quality financial advice. Our size enables us to invest in ways that make a positive impact on the economy, the environment and the communities in which our members live, work and retire. Most of our members work in vocational roles that care for our communities. They are nurses, midwives, teachers, police, firefighters, paramedics and others who dedicate their careers to helping others.

We believe that everyone deserves a dignified retirement. Through our financial planning company, StatePlus we provide high quality, affordable advice for members and all Australians. While we're big, we see our members as individuals. We understand the role we play in safeguarding their savings and working with them to plan for the future they want.

Key Facts:

- We manage \$85bn in retirement savings, including \$64bn in superannuation and \$21bn in retirement savings under advice.
- We provide superannuation and advice to over 800,000 members and clients nationwide
- Through our financial planning company StatePlus our members and clients have access to over 220 financial planners across a broad network of regional offices

Cbus is the industry superannuation fund for the construction, building and allied industries. Cbus is run only to benefit members and recently received recognition for its 10 years as a platinum rated fund by independent ratings agency SuperRatings.*

Cbus also invests back into the construction and building industry, which not only provides strong long-term investment returns, but also helps boost our economy and create jobs within the industry.

Cbus has more than:

- 750,000 members
- 125,000 employers
- \$40 billion in funds under management

* SuperRatings is a ratings agency that collects information from superannuation funds to enable performance comparisons.