

MEDIA RELEASE

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RIAA welcomes HESTA's announcement to go net zero across portfolio by 2050

The Responsible Investment Association Australasia (RIAA) has welcomed today's announcement that industry fund HESTA has committed to reducing the absolute carbon emissions in its investment portfolio by 33% by 2030 and being 'net zero' by 2050.

"HESTA is the one of the first large Australian superannuation funds to make carbon reduction commitments of this scale across its entire portfolio, in line with the Paris Agreement on climate change." said Simon O'Connor, RIAA CEO.

"We welcome HESTA's exemplary leadership. HESTA has read the tea leaves on the enormous risks that inaction on climate change poses to our economy and member returns.

"HESTA's announcement reflects the increasing momentum within financial services companies in Australia for insurers, banks and super funds to commit to aligning their business with the Paris Agreement. We hope other large Australian super funds committed to responsible investment will swiftly follow suit.

"Increasingly we are seeing super funds step up to play an important role in delivering on critical agreements like the Paris Agreement in a manner that is aligned with their member expectations and is consistent with the direction our regulators are heading regarding climate risk guidance.

"This announcement comes in the same week that the Australian Reserve Bank has joined with more than 60 other reserve banks, including the Bank of England, to warn of the significant financial and economic risks if more is not done to reduce greenhouse gas emissions. We welcome their guidance around climate change scenarios that will further strengthen reporting and disclosures, necessary foundations for such long-term targets.

"RIAA's Super Study 2019 showed that while climate risk is systematically considered by more super fund boards, climate-related financial disclosures remain nascent.

"The acknowledgement of the needs for ambitious targets and action on climate change has been a major driver for the establishment of the Australian Sustainable Finance Initiative, bringing together diverse representation across the financial services sector, to deliver a roadmap for transitioning to a more resilient and sustainable economy, consistent with the Sustainable Development Goals and the Paris Agreement."

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