

Spirit Super

About Spirit Super



Spirit Super is a profit-for-members industry super fund with approximately \$25 billion funds under management and over 321,000 members Australia-wide (as at 22 April 2022). They back hard-working Australians with support they can count on, low fees and a history of strong returns.

Spirit aims to reduce 50% of Scope 1 and Scope 2 financed emissions by 2030, based on a benchmark of their portfolio in 2022.



The data and analysis provided by Carbon Diagnostics present a compelling way for investors to inform their carbon transition journey. In our case, the numbers speak for themselves. They support concrete actions and have motivated new thinking around the opportunities we see ahead". – Ross Barry, CIO, Spirit Super

The Challenge

What was the challenge / problem?

As one of the first super companies to undertake a whole-of-fund level financed emissions and transition risk analysis, Spirit needed clear analysis to enable a detailed, high conviction plan for specific actions to reach their stated targets.

They needed a detailed breakdown of their financed emissions across their total portfolio – the main portion of their Scope 3 emissions. They also needed to quantify their transition risk in financial terms, to balance social and fiduciary duties.

Lastly, to be equipped with the tools to plan, they needed to understand where the exposure and risk was in the portfolio: which managers, funds, or individual holdings were key contributors.

The Results

By leveraging Carbon Diagnostics, Spirit now has the tools to monitor, plan, and act on its decarbonisation goals with accuracy and consistency.



90%+ portfolio coverage of financed emissions, achieved through Emmi's machine-learning models and pragmatic data approach.



Granular insight into thousands of assets, pinpointing the origin of emissions across companies, funds, and managers.



Directionally accurate estimates in data-sparse areas using robust fallbacks and defensible assumptions.



Transition risk quantified at the asset, fund, and manager level, highlighting where financial risk outweighed raw emissions volume.



Carbon as a financial metric, enabling Spirit to align decarbonisation targets with customer returns and act confidently towards a 50% reduction goal.

How Emmi Helped

Spirit engaged Emmi to quantify its financed emissions with Emmi's Carbon Diagnostics product.

Financed emissions present a significant challenge for superannuation funds. Spirit needed to access carbon emissions from thousands of companies and assets from all across the globe, managed by tens of asset managers across dozens of funds. Very few of these companies or assets would have emissions data to share with Spirit, making the exercise as much about robust data creation as about data collection.

Quantifying transition risk

Quantifying financed emissions was a stepping stone to more meaningful analysis. Spirit wanted to know their emissions translated into financial opportunity and risk, so they could make informed decisions to both meet an ambitious decarbonisation target, and deliver favourable returns for their customers.

Emmi's final report took the analysis from the asset level to aggregate worst performing individual holdings, funds, managers, and asset classes. Spotting the highest emitters, and the highest transition risk provided insight into where risk was not cleanly aligned with raw emissions volume. This provided a more nuanced understanding of carbon in the economy.

More importantly, by reflecting carbon emissions as a financial metric, action on carbon was aligned with the interests of the business and customers. This was instrumental in giving Spirit the confidence to pursue specific actions towards their 50% target, because the financial risk of not acting was so thoroughly explained.

What was the impact?

With the Carbon Diagnostics analysis, Spirit now clearly understands the magnitude of work required to get to their target, and can pinpoint where their portfolio has outsized exposure and risk. Because of the granular data and transition risk analysis, Spirit has a new lens to plan specific actions that can incorporate both climate and financial outcomes.

By subscribing to Emmi's Carbon Diagnostics, Spirit has unlocked a new ability to easily and consistently track their emissions reductions target year on year, into the future. With data already in good shape, they'll be ready to quickly adopt any new offerings and upgrades to Carbon Diagnostics around scenario analysis, custom scenarios, and forward modelling for companies.



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With Emmi's Carbon Diagnostics product, Spirit was able to turn standard financial data metrics into accurate estimations of carbon emissions using our the award winning machine learning models. Emissions estimates were generated for thousands of assets, giving them a deep and granular insight into where emissions originated in their investments.

In cases where financial data wasn't available, Emmi's graceful fallbacks allowed proxies with high specificity to generate directionally accurate estimates. With Emmi's help, Spirit specified robust and defensible assumptions that allowed broad coverage, using the available data.

Emmi's pragmatic approach to input-data meant that Spirit was able to achieve over 90% portfolio coverage for their financed emissions estimates, with high accuracy in areas that mattered.

Emmi

Emmi creates climate risk solutions for investors. We provide emissions, transition, and physical risk data for every company and investment - supporting 100% portfolio coverage across both private and public markets for all asset classes.

With our comprehensive climate risk data set, we deliver the transparency and customisation needed to power investment decisions, meet climate reporting obligations, and align with investor mandates.

Emmi is backed by a team of climate and finance experts.