



Environmental Defenders Office

12 September 2023

David Elia
Chief Executive Officer
Hostplus
Locked Bag 5046,
Parramatta NSW 2124

By email: delia@hostplus.com.au

Dear Mr Elia

RE: Potentially misleading or deceptive conduct

1. The EDO acts on behalf of Morgan Johnson who is a member of Hostplus.
2. The purpose of this letter is to set out our client's concerns that Hostplus has potentially engaged in misleading or deceptive conduct under s 1041H of the *Corporations Act 2001* (Cth) (**Corporations Act**), ss 12DA, 12DB(1)(a) and (e) of the *Australian Securities and Investment Commission Act 2001* (Cth) (**ASIC Act**)m the *Australian Consumer Law* (Schedule 2 of the *Competition and Consumer Act 2010* (Cth)) (**ACL**) by making a number of statements (set out in **Annexure A**) which our client considers that, alone or in combination, convey that:
 - a. Hostplus' corporate and investment strategy are aligned with the Paris Agreement;
 - b. Hostplus is reducing its portfolio emissions and aims to reach net zero by 2050;
 - c. Hostplus' investment strategy (including its consideration of climate) will help deliver long-term value for Hostplus members; and
 - d. Hostplus has been engaging with its investee companies to influence their strategies to align with the Paris Agreement.(collectively, the **Representations**).
3. Our client considers that the Representations are potentially misleading or deceptive or likely to mislead or deceive members or potential members of Hostplus in circumstances where:
 - a. Hostplus's emissions reduction plan may not be Paris-aligned because it is aligned to a "well below 2°C" rather than a 1.5°C scenario and because it fails to include the Scope 3 emissions of its investee companies;

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- b. Hostplus continues to invest in Chevron, BHP, Newcrest Mining, Origin Energy, Santos, and Woodside Energy, which are major contributors to global warming;
- c. Hostplus continues to invest in infrastructure such as air and sea ports which are currently major contributors to global warming; and
- d. Hostplus has consistently voted *against* shareholder proposals in relation to effective net zero strategies of its investee companies.

Applicable law

Misleading or deceptive conduct

4. Section 1041H of the Corporations Act provides that:

A person must not, in this jurisdiction, engage in conduct, in relation to a financial product or a financial service, that is misleading or deceptive or is likely to mislead or deceive.

5. Section 12DA of the ASIC Act similarly provides that:

A person must not, in trade or commerce, engage in conduct in relation to financial services that is misleading or deceptive or is likely to mislead or deceive.

6. Section 12DB of the ASIC Act further provides that:

A person must not, in trade or commerce, in connection with the supply or possible supply of financial services, or in connection with the promotion by any means of the supply or use of financial services:

(a) make a false or misleading representation that services are of a particular standard, quality, value or grade; or

...

(e) make a false or misleading representation that services have sponsorship, approval, performance characterises, uses or benefits.

Overall impressions created by Hostplus' representations

7. When considering a series of representations during an online process or presentation (as is the case with Hostplus), the court looks to the overall impression having regard to these cumulative representations, rather than analysing the separate effect of each representation.¹ It is also necessary to look to the intended audience of the representation,² and what general impression the representation(s) may convey to persons of this class.

¹ *ACCC v Google (No 2)* [2021] FCA 367 at [88].

² *Taco Co of Australia Inc v Taco Bell Pty Ltd* (1982) 42 ALR 177 at 202.

8. Our client considers that the relevant conduct may constitute a breach of the above provisions in circumstances where:
- a. the target audience for the Representations are current and potential members of Hostplus;
 - b. the Representations are potentially misleading or deceptive for these classes of persons, for the reasons discussed below; and
 - c. the Representations are made:
 - i. by Hostplus as a company that “deals in a financial product” within the meaning of s 1041H(2)(a) and s 1041H(2)(b)(vi) and (x) of the ASIC ACT³; and provides a financial service within the meaning of s 12BAB(1)(g) of the ASIC Act⁴ in relation to a financial product within the meaning of s 12BAA(7)(f) of the ASIC Act;
 - ii. in relation to a financial product for the purposes of section 1041H of the Corporations Act as they are made in relation to Hostplus’ funds which constitute financial products.
9. Our client considers that the overall impression that the Representations made by Hostplus gives to the ordinary or potential fund members are that:
- a. Hostplus is taking action that is consistent with the goals of the Paris Agreement and is complying with what the latest climate science deems necessary to meet the goals of the Paris Agreement. Statements that create this impression include:
 - i. **“Paris Agreement and Net Zero 2050 Commitment** *The Fund supports the objectives of the Paris Agreement to limit global warming to well below 2 degrees and move towards a low carbon economy...*”⁵
 - ii. *“We’ve committed to transition our investment portfolio to net zero emissions by 2050, in line with Australia’s commitment to the Paris Agreement.”*⁶
 - b. Hostplus actively engages with investee companies to influence them to align their strategies with the Paris Agreement. Statements that create this impression include:
 - i. *“Hostplus is in a position to be able to engage with the companies we are invested in, and we are keen to set strong expectations around adoption of lower-emission technologies, effective governance frameworks and more transparent corporate*

³ *Australian Securities and Investments Commission v MLC Nominees Pty Ltd* [2020] FCA 1306 at [40].

⁴ *Ibid* at [44].

⁵ Hostplus, Responsible Investment Policy – Super (December 2022) p5 available at: <https://hostplus.com.au/content/dam/hostplus-program/site/resources/governance/investment-governance-/Responsible-Investment-Policy.pdf.coredownload.pdf>.

⁶ Hostplus, Annual Report 2022, (30 June 2022), p 30 available at: <https://hostplus.com.au/about-us/company-overview/annual-reports>.

reporting as we strive to deliver on our commitment to reach net zero emissions by 2050.”⁷

- ii. *“Our approach to reducing portfolio emissions favours company engagement over divestment, where we can be positioned to influence corporate climate strategy and play a role in the future of investee companies.”⁸*

Meaning of ‘net zero’

10. The term ‘net zero’ is derived from Article 4.1 of the Paris Agreement and requires *“a state by which the greenhouse gases going into the atmosphere are reduced as close to zero as possible and any residual emissions are balanced by permanent removals from the atmosphere by 2050.”⁹*
11. According to the Report from the United Nations High Level Expert Group on Net Zero Emissions Commitments of Non-State Entities released in October 2022 (**UN Expert Report**), to be consistent with this definition, corporate net zero pledges should, among other things:
 - a. not support new supply of fossil fuels;
 - b. include all Scope 1, 2 and 3 emissions, including end-use emissions and emissions from operations along its value chain in all jurisdictions;
 - c. contain steppingstone targets every five years, and set out concrete ways to reach net zero in line with Intergovernmental Panel on Climate Change (**IPCC**) or International Energy Agency (**IEA**) pathways that limit warming to 1.5°C with no or limited overshoot;
 - d. prioritise urgent and deep emissions reductions of emissions across value chains and only use carbon credits for residual emissions;
 - e. ensure operations and supply chains do not contribute to deforestation and the destruction of natural ecosystems; and
 - f. non-state actors should lobby for positive climate action and not against it.
12. The UN Expert Report also sets out that a non-state actor should be considered ‘net zero aligned’ when:¹⁰

⁷ Hostplus, Our Investment Governance, available at: <https://hostplus.com.au/about-us/company-overview/investment-governance>.

⁸ Hostplus, Annual Report (30 June 2022), p30 available at: <https://hostplus.com.au/about-us/company-overview/annual-reports>.

⁹ Report from the United Nations’ High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities, ‘Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions’ (**UN Expert Report**), p15, available at: https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf

¹⁰ UN Expert Report, p16.

- a. its pledge, targets and pathway to net zero are generated using a robust methodology consistent with limiting warming to 1.5°C with no or limited overshoot verified by a third party;
 - b. its pledge and progress reporting cover all scope emissions and all operations along its value chain in all jurisdictions; and
 - c. it is demonstrating progress by achieving or exceeding its interim targets with reports that are verified by a credible, independent third party based on publicly available data.
13. The UN Expert Report provides specific details for net zero targets pledged by financial institutions (such as superannuation funds) relevantly as follows:¹¹
- a. On coal for power generation, net zero targets and transition plans of all financial institutions must include an immediate end of:
 - i. lending;
 - ii. underwriting, and
 - iii. investments in any company planning new coal infrastructure, power plants, and mines.
 - b. Coal phase out policies from financial institutions must include a commitment to end all financial and advisory services and phase out exposure, including passive funds, to the entire coal value chain no later than 2030 in OECD countries and by 2040 in non-OECD countries.
 - c. Coal investments that remain in the portfolios of financial institutions must adopt phase out plans with facility-by-facility closure dates that include just transition plans for workers.
 - d. On oil and gas, oil and gas phase-out policies from financial institutions must include a commitment to end financing and investing in support of:
 - i. exploration for new oil and gas fields,
 - ii. expansion of oil and gas reserves, and
 - iii. oil and gas production.
14. According to the IEA's report 'Net Zero by 2050' (**IEA Net Zero Report**), in order to meet net zero by 2050 two-thirds of total energy supply in 2050 must come from renewable sources. The report stated that there should be no new gas fields approved for development beyond 2021 and huge declines in the use of fossil fuels by 2050.

¹¹ UN Expert Report, page 24.

Why Hostplus' representations are potentially misleading

Issue 1: Hostplus' corporate and investment strategy is not aligned with the Paris Agreement

15. As at 31 December 2022, Hostplus held positions in BHP Group and New Hope Corp,¹² both of which are companies planning new coal infrastructure, power plants and/or mines.¹³ As at 31 December 2022, Hostplus held positions in Chevron, Santos and Woodside Energy,¹⁴ all of which are involved in the exploration of oil and gas fields, expansion of oil and gas reserves, and/or oil and gas production. According to the Australian Conservation Foundation's calculations, Hostplus has \$2.11 billion invested in the companies listed above which are expanding in coal, oil or gas.¹⁵
16. As at 9 January 2023, 50% of Hostplus' \$100 billion holdings are in unlisted assets including infrastructure such as sea and airports,¹⁶ including Adelaide Airport, NSW Port Property Holdings, and significant holdings in IFM Investors Pty Ltd (36.58% of the asset class). IFM has holdings in Adelaide, Brisbane, Melbourne, NT, Perth and Sydney airports, Ports Kembla and Botany, Ausgrid, and numerous pipelines, LNG and ports globally. These infrastructure assets are significant contributors to scope 1, 2 and 3 emissions and, whilst these companies have set net-zero targets for scope 1 and 2 emissions,¹⁷ none have included scope 3 emissions in their

¹² Hostplus, Investment Holdings by investment option (accessed 7/5/23) available at:

<https://hostplus.com.au/about-us/company-overview/investment-governance/investment-holdings-by-investment-option-#accordion-eb759e23fd-item-915d5a90fe>.

¹³ See investment into Malabar Resources, whose principal asset is the Maxwell Coal Mine and Bengalla thermal coal mine mentioned in New Hope, Annual Report 2022 (2022), p 4 and 9, available at:

https://newhopegroup.com.au/wp-content/uploads/2022/10/J1796-NHG-Annual-Report_WEB3.pdf. See also BHP seeking federal approval to build a new mine at Blackwater South in a joint venture with Mitsubishi Development noted in the Australian Financial Review, BHP asks to mine Queensland coal for 90 years by Peter Ker (11 August 2022) available at: <https://www.afr.com/companies/mining/bhp-asks-to-mine-queensland-coal-for-90-years-20220811-p5b93p#:~:text=BHP%20has%20sought%20federal%20approval,shut%20a%20NSW%20mine%20early>.

¹⁴ Hostplus, Investment Holdings by investment option (accessed 7/5/23) available at:

<https://hostplus.com.au/about-us/company-overview/investment-governance/investment-holdings-by-investment-option-#accordion-eb759e23fd-item-915d5a90fe>

¹⁵ Australian Conservation Fund, Is your super funding climate solutions or climate chaos? (17 April 2023), <https://www.acf.org.au/super-disclosure-analysis>.

¹⁶ Investment Magazine, Hostplus spurns investment internalisation push: Sicilia (9 January 2023), <https://www.investmentmagazine.com.au/2023/01/hostplus-spurns-investment-internalisation-push-sicilia/> (accessed 7/5/23). See also Hostplus, Investment Holdings by investment option 'HC Infrastructure-Class A Option csv, <https://hostplus.com.au/about-us/company-overview/investment-governance/investment-holdings-by-investment-option-#accordion-eb759e23fd-item-9a30d817de> (accessed 7/5/23).

¹⁷ Adelaide Airport Integrated Review, https://www.adelaideairport.com.au/corporate/wp-content/uploads/2021/10/2021-Adelaide-Airport-Ltd-Integrated-Report_29.10.pdf; NSW Port Property Holdings (controls Ports Kembla and Botany) FY22 Sustainability Report, https://www.nswports.com.au/sites/default/files/NSW-Ports_Sustainability-Report-22_WEB.pdf; Brisbane Airport Corporation, Annual Report 2022, https://www.bne.com.au/sites/default/files/no-index/BAC-Annual-Report_2022.pdf; Melbourne Airport, Carbon Management Strategy <https://assets-au-01.kc-usercontent.com/be08d7b0-97a1-02f9-2be6-a0c139c3c337/2f8126b3-789c-454e-b7dd->

targets. Given that the majority of their emissions are scope 3 emissions (being end-use emissions produced by airlines), our client considers that their net zero plans are not Paris aligned according to the UN Expert Report. We further note that in its 2022 Annual Report, Brisbane Airport stated that, 'less than one per cent of BAC's [Brisbane Airport Corporation] total emissions (Scope 1, 2 and 3) is attributed to Scope 1 and 2'.¹⁸

17. In relation to its portfolio, in IFM Investors' 2021 Carbon Footprint Report¹⁹, IFM reported that:

For the year ending 31 December 2021, the absolute financed emissions associated with assets in the portfolio totalled 5.04 million tonnes of CO₂e. This is an increase of 64% from 31 December 2022... Emissions intensity per US\$M of Net Asset Value increased by 34%...

18. We note that Hostplus does not indicate how scope 1, 2 or 3 emissions are factored into its net zero target and how it will ensure its investments align with this target.

19. With reference to its alignment with the requirements of Paris alignment according to the UN Expert Report, our client considers that Hostplus has failed to:

- a. Ramp up its engagement with investee companies in the fossil fuel industry, including those building new coal infrastructure, power plants, gas production and exploration and mines;
- b. include all Scope 1, 2 and 3 emissions in its net zero target, including end-use emissions and emissions from operations along its value chain in all jurisdictions;
- c. include stepping stone targets for every five years, and set out concrete ways to reach net zero in line with IPCC or IEA pathways that limit warming to 1.5°C with no or limited overshoot; and

20. In relation to the inclusion of Scope 3 emissions, we note that Spirit Super has set a target to reduce its attributable CO₂ emissions by 50% by 2030 compared to a 2021-22 baseline, and a 50% reduction in its attributable fossil fuel reserves by 2030 compared to a 2021-22 baseline.²⁰

[9035b9ead571/APAC_Carbon_Management_Strategy_FY23_FINAL.pdf](https://www.perthairport.com.au/Home/corporate/about-us/reports-and-publications); Perth Airport, Sustainability Report 2022, <https://www.perthairport.com.au/Home/corporate/about-us/reports-and-publications>; Sydney Airport, Sustainability Report 2022, https://assets.ctfassets.net/v228i5y5k0x4/6xifKAhXFEEnQr7SrgY98MQ/6c4791ef089dc0fea048d8a11a991190/Sydney_Airport_SR_2022.pdf; Ausgrid, FY22 Sustainability Report, <https://cdn.ausgrid.com.au/-/media/Documents/sustainability/Sustainability-Report-2022.pdf?rev=2391ff515b224beb915c53f3e3ede5c3&hash=238351BCF2C45C8DDA664F09B4D4D4AA>.

¹⁸ Brisbane Airport Corporation, Annual Report 2022, https://www.bne.com.au/sites/default/files/no-index/BAC-Annual-Report_2022.pdf, page 52.

¹⁹ IFM Investments, IFM Investors Global Infrastructure Portfolio 2021 Carbon Footprint Summary (August 2022), p 2, https://www.ifminvestors.com/docs/default-source/default-document-library/ifm_global_infrastructure_2021_carbon_footprint_summaryb862b732-36fb-4f3f-86c7-a77acef9979d.pdf?sfvrsn=16e52405_1.

²⁰ Spirit Super, Investment guide (1 July 2023) p15 available at: [Investment guide \(spiritsuper.com.au\)](https://www.spiritsuper.com.au)

21. We consider that the representation that Hostplus' corporate and investment strategy are aligned with the Paris Agreement and that Hostplus is reducing its portfolio emissions and aims to reach net zero by 2050 is potentially misleading in circumstances where:
 - a. Hostplus maintains significant investments in companies that mine and produce coal, oil and gas; and
 - b. Hostplus maintains significant investments, and is expanding investment in, infrastructure assets which are significant contributors to scope 1, 2, and 3 emissions, and for which financed emissions are increasing year on year.

Issue 2: Hostplus consistently votes against shareholder proposals in relation to effective net zero strategies

22. Our client considers that proxy voting is an integral part of company engagement which allows funds to give clear and transparent feedback to a company which should be governed by clearly defined principles and policies. In that regard, Hostplus represents that it favours engagement over divestment as a means to influence investee companies to align their strategy with the Paris Agreement. However, we note that Hostplus' proxy voting record discloses that, at the 2022 and 2023 Santos AGMs and the 2022 and 2023 Woodside AGMs, Hostplus voted *against* climate-related shareholder resolutions that would strengthen those companies' climate action.
23. At Santos' 2022 AGM held on 3 May 2022, Hostplus voted *against* the following shareholder resolutions:²¹
 - a. 8.A - Shareholder Proposal Regarding Facilitating Nonbinding Proposals;
 - b. 8.B - Shareholder Proposal Regarding Disclosure of Capital Allocation Alignment With a Net Zero by 2050 Scenario;
 - c. 8.C - Shareholder Proposal Regarding Lobbying Activity Alignment with 1.5 Degree Scenarios; and
 - d. 8.D - Shareholder Proposal Regarding Decommissioning Oil and Gas Infrastructure.
24. At the same AGM, Hostplus voted *for* the issuance of shares to Kevin Gallagher (CEO and MD) incentivising the completion of Santos' *growth* projects.²² As explained at paragraph [14] above, according to the IEA, there must be no new gas fields approved for development beyond 2021 and there must be huge declines in the use of fossil fuels by 2050. Accordingly, our client considers that voting for Kevin Gallagher to be incentivised to satisfy *new* gas field development is inconsistent with a strategy that aligns with the Paris Agreement.

²¹Santos, Notice of Annual General Meeting 2022, p4 available at: [220401-2022-AGM-Notice-of-Meeting.pdf \(santos.com\)](#) Hostplus Australian Equities proxy voting, reporting date January – June 2022, available at: [Australian-Proxy-Voting-Jan-June22 \(2\).pdf](#)

²² Item 5

25. At Santos' most recent AGM, held on 6 April 2023, Hostplus voted *against* resolution 6(b) regarding disclosure of capital allocation alignment with a net zero by 2050 scenario.²³
26. At Woodside's 2022 AGM held on 19 May 2022,²⁴ Hostplus voted *against* the following climate-related shareholder resolutions:²⁵
 - a. 10.B (Shareholder Proposal Regarding Disclosure of Capital Allocation Alignment with Net Zero by 2050 Scenario);
 - b. 10.C (Shareholder Proposal Regarding Lobbying Activity Alignment with 1.5°C); and
 - c. 10.D (Shareholder Proposal Regarding Decommissioning Oil and Gas Infrastructure).
27. At Woodside's 2023 AGM held on 28 April 2023, Hostplus voted *against* proposal 6B regarding disclosure of capital allocation alignment with a net zero by 2050 scenario.²⁶
28. As such, our client considers that the representation that Hostplus engages with those companies to influence their climate strategies in circumstances where Hostplus has consistently voted *against* shareholder proposals that would provide more effective engagement mechanisms to shareholders and would require accountability by investee companies on their net zero targets and their alignment with the Paris Agreement, is potentially misleading or deceptive. Our client considers that what Hostplus is representing is entirely inconsistent with how it is voting.
29. Our client further considers that, should Hostplus continue its policy of engagement it must have a clearer strategy which considers not only *whether* companies have a net zero target, but also undertakes analysis as to whether those targets are *consistent* with the UN Expert Report such that it can properly be described as "Paris aligned".

Hostplus' engagement strategy

30. In light of the above, our client considers that Hostplus' engagement strategy should, at minimum, include the following:
 - a. identify a focus list of companies for engagement based on prioritisation criteria such as by highest emissions or by sectors such as oil and gas;

²³ Santos, Notice of Annual General Meeting, p3 available at: [2023-Notice-of-Meeting.pdf \(santos.com\)](#); Hostplus Australian Equities Proxy Voting Record, reporting date January – June 2023 available at: [HP-Australian-Equities-Proxy-Voting-Disclosure-Jan-Jun23 \(1\).pdf](#).

²⁴ Woodside, Notice of Annual General Meeting 2022 (8 April 2022), p6 available at: [Notice of Annual General Meeting 2022 \(woodside.com\)](#)

²⁵ Hostplus Australian Equities proxy voting, reporting date January – June 2022, available at: [Australian-Proxy-Voting-Jan-June22.pdf](#)

²⁶ Woodside, Notice of Annual General Meeting 2023 (20 March 2023), p5 [notice-of-annual-general-meeting-2023.pdf \(woodside.com\)](#) Hostplus Australian Equities Proxy Voting Record, reporting date January – June 2023 available at: [HP-Australian-Equities-Proxy-Voting-Disclosure-Jan-Jun23 \(1\).pdf](#).

- b. set minimum benchmarks, including targets and timeframes, against which each company is evaluated. Communicate benchmarks to the companies, provide clear guidance on what to respond to and by what date;
- c. publish a proxy voting policy on climate issues; for example, that Hostplus will support shareholder proposals that call on companies to disclose more information on climate change and will vote against the re-election of directors, and against a company's remuneration report, where the company's climate change strategy is inadequate or where the benchmarks have not been met.
- d. mobilise a range of communication strategies including:
 - i. direct communication with the board of directors. Given that decarbonisation involves strategic questions about fossil fuel companies' long-term future, effective engagement requires that concerns are discussed with the board and that a full response be provided;
 - ii. direct communication with the C-suite where expectations are clearly set out with follow-up; and
 - iii. attend AGMs to voice concerns about a company's climate action.
- e. take part in collaborative shareholder engagement through initiatives such as Climate Action 100+;
- f. publish an escalation policy which sets out the actions that will be taken if engagement is of limited effect, including a policy on divestment where dialogue has not effected any change and the company remains committed to its current strategy.

Requested action

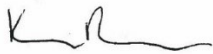
31. In light of the above, our client requests that Hostplus takes the following action:
- a. immediately review its investments to ensure consistency with the recommendations of the UN Expert Report.
 - b. Where Hostplus continues to invest in high emitting fossil fuel companies, undertake effective engagement with those companies. Update Hostplus' engagement strategy accordingly (as outlined above) to provide clarity around how it intends to engage, including by providing benchmarks, a voting policy and an escalation strategy.
 - c. Vote in support of proposals that strengthen a company's climate action, including such as those set out at [22] and [23] above.
 - d. Refrain from representing that Hostplus is taking action to align its portfolio consistent with the Paris Agreement. If Hostplus implements the above actions, the more accurate

representation would be that Hostplus is engaging with investee companies to influence *their* strategy to align with the Paris Agreement.

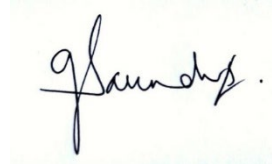
32. If you have any queries, please contact Kirsty Ruddock by email at kirsty.ruddock@edo.org.au.

Yours faithfully

Environmental Defenders Office



**Managing Lawyer
Safe Climate (Corporate)**



**Solicitor
Safe Climate (Corporate)**

Annexure A: Hostplus statements

Annual Report 2022

- **“We’re committed to net zero emissions by 2050**
Since 2017, we’ve offered our Socially Responsible Investment (SRI) – Balanced option. It’s designed to reflect members’ values regarding fossil fuels, human rights, the environment, controversial weapons and other issues. I’m pleased that in March 2022, in line with community expectations and the Paris Agreement, we committed to transitioning our entire investment portfolio to net zero emissions by 2050.”
- **“Net zero emissions**
We’ve committed to transition our investment portfolio to net zero emissions by 2050, in line with Australia’s commitment to the Paris Agreement. To support this commitment, we’ve introduced a new strategic initiative to develop a detailed roadmap toward net zero. Read more about our commitment on page 33.”
- **“Our commitment to climate action and net zero 2050**
We recognise that climate change is one of the most significant challenges facing the world today. We also acknowledge the financial risk it places on members’ investments. That’s why we’re determined to transition our investment portfolio to net zero emissions by 2050.
- *We believe the potential physical and transition impacts of climate change present significant financial risks to global markets and economies over the longer term, and action is required now to ensure we protect our members’ retirement savings and continue delivering them the best financial outcomes.*
- *Our approach to reducing portfolio emissions favours company engagement over divestment, where we can be positioned to influence corporate climate strategy and play a role in the future of investee companies. While this formal commitment to net zero 2050 is new, we’ve been managing climate risk for many years. We’ve been actively seeking investment opportunities in climate solutions that will not only support an orderly transition to a low-carbon future, but, more importantly, will provide investment opportunities that optimise your retirement savings. Through our venture capital and infrastructure portfolios, we’ve invested significantly in clean technology such as solar and wind power, waste-to-energy, battery storage, green hydrogen and fusion power.*

Climate Change position statement

- *“Climate change is one of the world’s biggest challenges, and one we take very seriously. It’s why we’ve committed to transition our investment portfolio to net zero emissions by 2050.”*
- *“We’ve made this commitment to ensure our investment portfolio will be well-positioned as the world adapts to a lower-carbon future.”*

Website

- *Hostplus commits to transition its investment portfolio to net zero emissions by 2050, in line with Australia’s commitment to the Paris Agreement.*

- *“Climate change represents a significant financial risk to global markets and economies over the longer term. We have a responsibility to protect our members’ retirement savings and deliver them the best financial outcomes, so it is important that we take further action now to ensure the investment portfolio remains well-positioned as the world adapts to a lower-carbon future.”*
- *“We also believe that a net zero emissions commitment will present further investment opportunities in new technologies with strong growth potential. As a significant investor in new technologies via our venture capital and infrastructure portfolios, we’re already contributing to the development of the technologies that will enable and empower an orderly transition and which will also deliver additional value for our members.”*
- *“Hostplus is in a position to be able to engage with the companies we are invested in, and we are keen to set strong expectations around adoption of lower-emission technologies, effective governance frameworks and more transparent corporate reporting as we strive to deliver on our commitment to reach net zero emissions by 2050.”*
- *“Hostplus believes that engagement helps to positively influence company behaviour and performance, contributing positively to long-term returns.
Engagement involves two-way constructive communication between us and investee companies on matters such as the organisation’s performance, strategy, ESG issues, leadership, quality and level of reporting.
Hostplus engages with companies primarily through its membership of the Australian Council of Superannuation Investors (ACSI) and service provider Hermes EOS, as well as directly and through investment managers.
By taking a collective engagement approach, we are able to exert greater influence beyond our own shareholding in an investee company and to manage resources more effectively. As an ACSI member, Hostplus also actively influences ACSI’s priority engagement themes and companies each year.”²⁷*

²⁷ <https://hostplus.com.au/about-us/company-overview/investment-governance#accordion-e2b9763c6d-item-39c1deb352> accessed 7/5/23.