**Debby Blakey**
**Chief Executive Officer**
**HESTA Superannuation Fund**
**2 Lonsdale Street**
**Melbourne VIC 3000**

To Debby Blakey,

**Re: Open letter to HESTA from members – it's time to divest from Woodside**

We are writing to you in light of Australian oil and gas producer Woodside's recent decision to proceed with its Trion oil development – a new deepwater oil field in the Gulf of Mexico. While we appreciate that HESTA has escalated active ownership efforts at Woodside by placing the company on a watchlist last year and voting against the board's recommendations at the company's annual general meeting this year, Woodside's decision to sanction Trion is an egregious step in the wrong direction and necessitates a public response from HESTA.

On 6 September 2022, HESTA placed AGL, Origin, Santos and Woodside on an engagement 'watchlist,' requesting these companies demonstrate how their business strategies are aligned to a 1.5°C emissions reduction scenario.[1] However, neither a timeframe for a response from these companies nor any consequences for failing to adequately respond was publicly communicated.

The International Energy Agency (IEA) has made it clear that no new oil and gas fields should be developed beyond those approved as of 2021 if the world is to have a chance of limiting global warming to 1.5°C.[2] The United Nations Environment Programme (UNEP) has found limiting global warming to 1.5°C means "global fossil fuel production must start declining immediately and steeply."[3] The International Institute for Sustainable Development stated in 2022: "According to a large consensus across multiple modelled climate and energy pathways, developing any new oil and gas fields is incompatible with limiting warming to 1.5°C."[4]

Since placing Woodside on HESTA's watchlist, the company has failed to demonstrate alignment with a 1.5°C pathway, instead moving in the opposite direction by progressing its plans to significantly increase oil and gas production, including through new oil and gas fields. Woodside's 20 June 2023 announcement of a final investment decision to proceed with Trion[5] demonstrates HESTA's escalation steps have failed to bring

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1 https://www.hesta.com.au/about-us/media-centre/hesta-sets-stronger-2030-emissions-reduction-target-and-signals-heightened-monitoring-and-engagement-with-key-emissions-intensive-companies
2 https://www.iea.org/reports/net-zero-by-2050
3 https://productiongap.org/2021report/
4 https://www.iisd.org/system/files/2022-10/navigating-energy-transitions-mapping-road-to-1.5.pdf
5 https://www.woodside.com/docs/default-source/asx-announcements/2023-asx/woodside-approves-investment-in-trion-development.pdf

Woodside into line with a 1.5°C pathway. Burning the oil contained in the Trion field would release 200 million tonnes of carbon dioxide, equivalent to nearly half of Australia's total annual emissions.[6]

Trion is just one example of Woodside's oil and gas growth plans that are incompatible with global climate goals, with the company planning to increase production by 45% by 2027.[7] Woodside Chief Executive Officer Meg O'Neill recently signalled to investors the company intends to continue exploring for new oil and gas with a view to maintaining production growth well into the 2030s.[8] By contrast, the IEA projects global oil and gas demand must fall by 22% and 23% respectively from 2021 to 2030 in "the most technically feasible, cost-effective and socially acceptable" pathway to net zero emissions by 2050.[9]

**Woodside's decision to go ahead with Trion shows it has failed to heed HESTA's requests for 1.5°C alignment and increased pressure. The fund must now implement its escalation framework to the fullest extent.**

HESTA has exhausted the 'assess, monitor and vote' steps in its engagement framework with regard to Woodside. The fund must now "consider divestment" as there has been "no evidence of change" from Woodside. We recognise such a decision must be in members' best financial interests. We note that Woodside's total return underperformed the ASX 200 benchmark in the 10 years to July 2023,[10] and that meeting the climate goals of the Paris Agreement and net zero emissions by 2050 requires a rapid transition away from fossil fuels.

**We are calling on HESTA to publicly denounce Woodside's decision to sanction Trion and publish a timeframe for divestment from Woodside.**

HESTA must live up to its claims of climate leadership by demonstrating that fossil fuel expansion is unacceptable as it is incompatible with a safe climate future. We look forward to receiving a response from you within two weeks of this letter.

Sincerely,

**Your members**

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6 https://www.marketforces.org.au/woodside-trion-oil-field-final-investment-decision/
7 https://www.marketforces.org.au/investors/investor-briefing-woodside-santos-march-2023/
8 https://www.woodside.com/docs/default-source/asx-announcements/2023-asx/trion-teleconference-transcript.pdf
9 https://www.iea.org/reports/world-energy-outlook-2022; https://www.iea.org/reports/net-zero-by-2050
10 Gross total return indexed to 5 July 2013; data from Bloomberg.

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