

REPORT

The Great Superannuation Greenwash

How Australia's largest super funds are using members' retirement savings to vote against climate action

Introduction

Australia's largest super funds are undermining their own climate commitments by voting against initiatives to accelerate the transition away from dirty fossil fuels.

Many of Australia's largest super funds say they support greater climate action and have set net zero emissions targets for their portfolios, yet most of these funds are failing to back up their climate commitments with adequate action.

By investing members' retirement savings in company shares, super funds get a say in how those companies are run. Our latest research reveals most funds are voting against greater climate action at the annual general meetings (AGMs) of companies they invest in, suggesting their public climate commitments are little more than greenwash.

Our analysis of the voting behaviour of Australia's largest 30 super funds on climate-related shareholder proposals found that:

1 Super fund support for climate-related shareholder proposals declined in 2022, with funds backing just half of the proposals they voted on

2 Funds were more likely to vote against climate action at some of the world's worst climate-wrecking companies compared to all other companies in 2022, with a massive 23% drop in support for climate action at fossil fuel companies with the largest expansion plans when compared with 2021 votes

3 Funds are voting against climate proposals that have significant levels of support from other shareholders globally.

This behaviour is at odds with these funds' climate commitments, as 19 of the 30 studied have publicly set targets to achieve net zero portfolio emissions by 2050.

As the stewards of \$3.5 trillion of Australians' retirement savings, super funds have a responsibility to demand greater climate action from the companies they invest in to ensure a safe and secure future for their members to retire into. Super funds must align their climate commitments with action by voting in favour of shareholder proposals that call for greater climate action from companies at their AGMs.

Members are demanding this of their funds, and will be watching how they vote at company AGMs this year.

Key findings

1. Super fund support for climate-related shareholder proposals declined in 2022

Australia's super funds claim to take climate action by 'engaging' with the companies they invest with as part of their 'stewardship' or 'active ownership' strategies. This can include voting for proposals put forward at company AGMs. Proposals put forward by shareholders in recent years have included company emissions reporting measures, setting emissions reductions targets, aligning business plans with the climate goals of the Paris Agreement, and developing plans for transitioning away from fossil fuels.

The number of climate-related shareholder proposals put forward at company AGMs increased significantly in 2022 (Figure 1), indicating there is increasing shareholder pressure on companies to take greater climate action. Yet super fund support for these proposals appears to have declined in 2022, with only 53% of votes cast by Australia's largest funds backing climate-related proposals put forward by fellow shareholders (Figure 2).

Figure 1: Climate-related shareholder proposals voted on by Australia's largest super funds 2017–2022

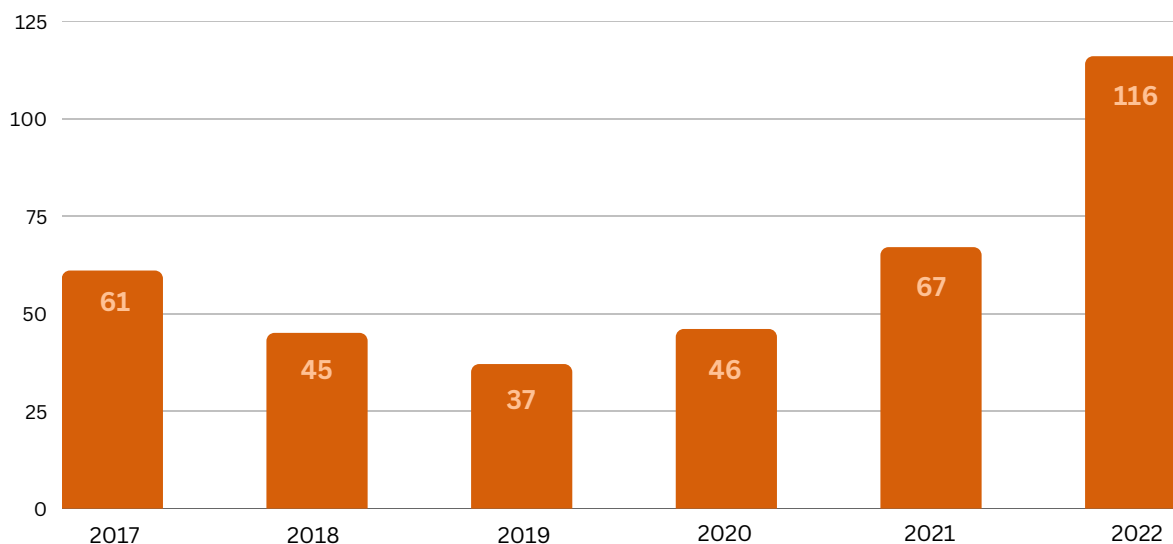
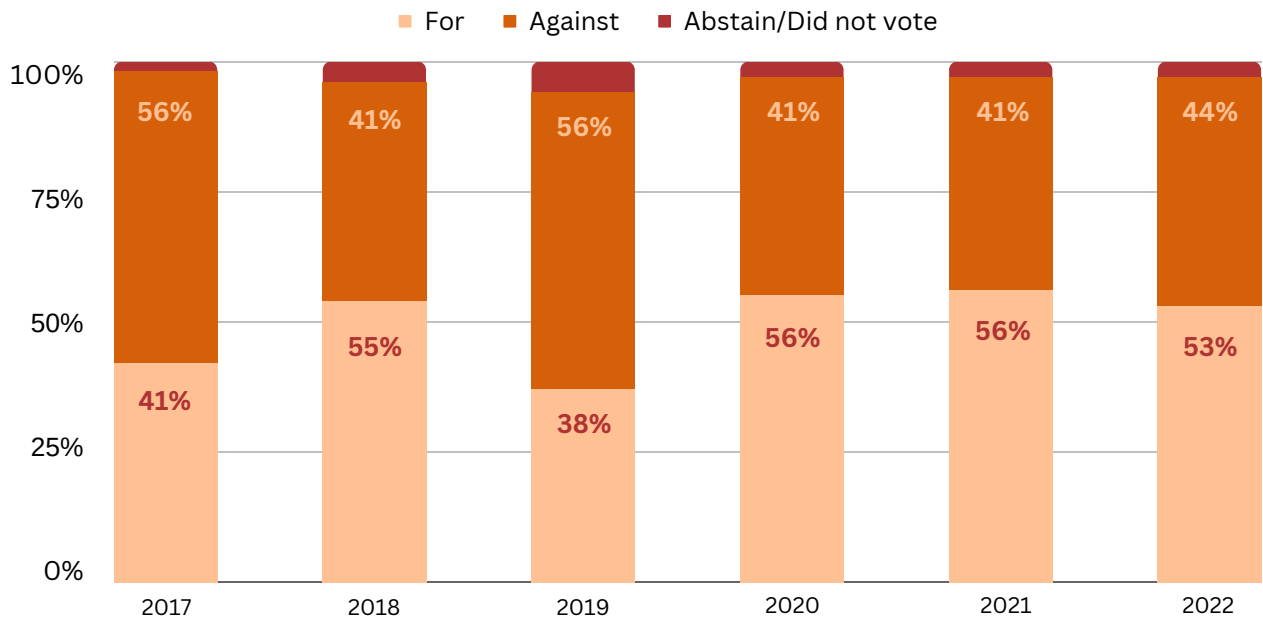


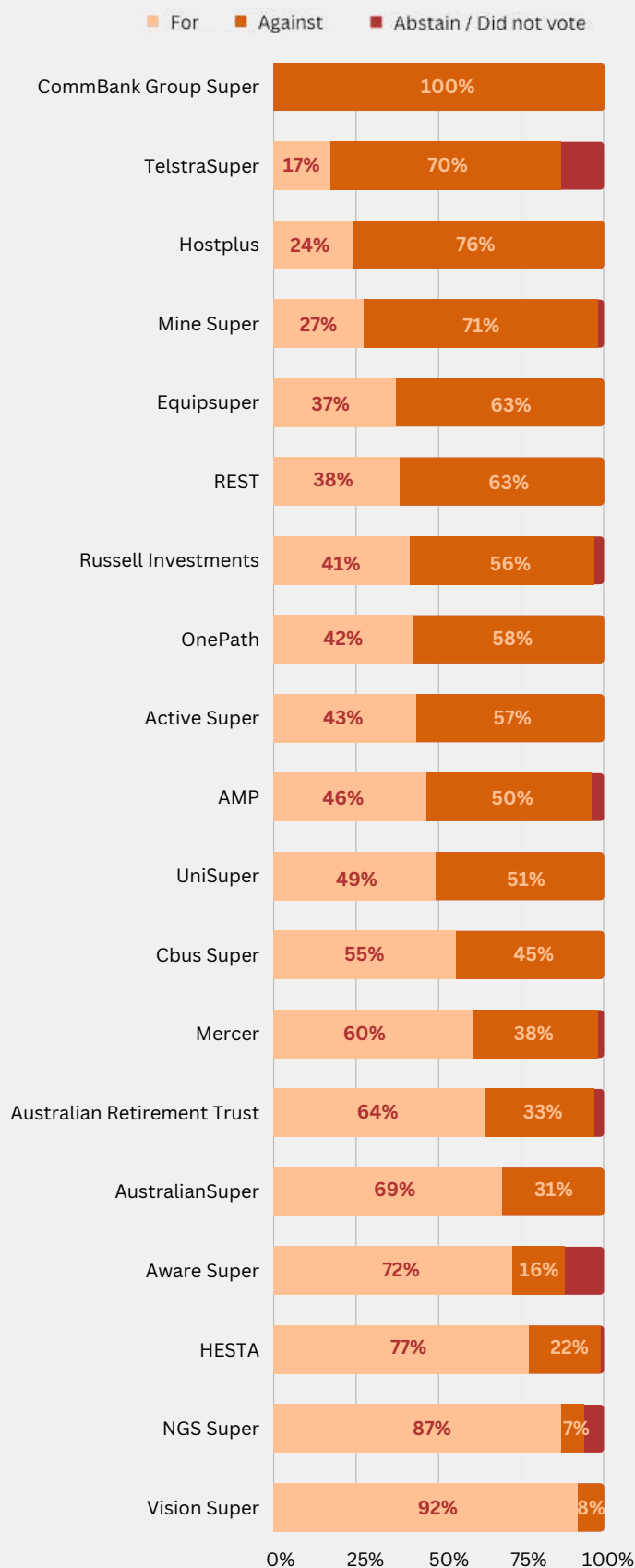
Figure 2: Super fund votes on shareholder climate proposals 2017–2022



Of the largest 30 super funds, Commbank Group Super, TelstraSuper, Hostplus and Mine Super were the worst culprits for voting against climate action at company AGMs in 2022, having failed to support 70% or more of the climate-related shareholder proposals put forward last year (Figure 3). At the other end of the spectrum, Vision Super and NGS Super each supported more than 85% of climate proposals.



Figure 3: Super fund support for climate-related shareholder proposals 2022 – by fund



Note: Excludes funds with absent or insufficient disclosures in 2022 (see 'Methodology and scope' below) and funds that reported fewer than 10 votes on climate-related shareholder proposals in 2022. Some figures may not add up due to rounding.

2. Funds were more likely to vote against action at fossil fuel companies with the largest expansion plans compared to all other companies in 2022

In 2022, funds were more likely to vote against climate action by some of the world's most climate-damaging companies, as identified by our [Climate Wreckers Index](#). These Climate Wreckers are among the 190 companies globally with the biggest fossil fuel expansion plans. Of the total votes issued by funds, 56% were against climate-related shareholder proposals put forward at the AGMs of Climate Wreckers companies, compared with 40% for all other companies. Concerningly, this represents a significant decline in support amongst super funds for climate action at Climate Wreckers companies from previous years, with funds more likely to vote for climate action by these companies in 2017, 2019, 2020 and 2021 (Figure 4).

Of the largest 10 super funds by assets under management included in the analysis, Rest and Hostplus were the worst culprits when it came to voting against climate action at Climate Wreckers companies, having failed to support a single climate-related shareholder proposal filed at these companies (Figure 5). These included votes at major Australian fossil fuel expanders such as [Woodside](#) and [Santos](#).

3. Funds are voting against climate proposals that have significant levels of support from other shareholders globally

Previous [research](#) by the Australasian Centre for Corporate Responsibility (ACCR) has prompted some in the super industry to suggest that not all climate-related shareholder proposals are 'supportable' and in the best interests of fund members. To address this, the ACCR has used the median level of support for a proposal by all shareholders as a cut-off for its 'supportability'.

Figure 4: Super fund votes on shareholder climate proposals 2017–2022 (Climate Wreckers companies vs All other companies)

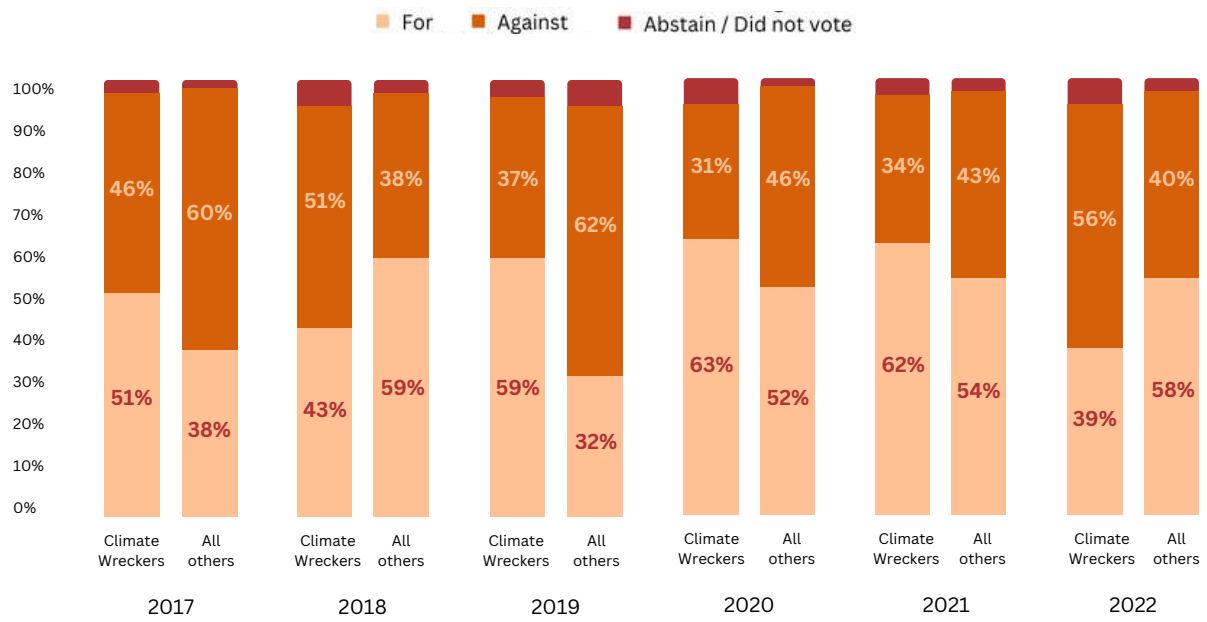
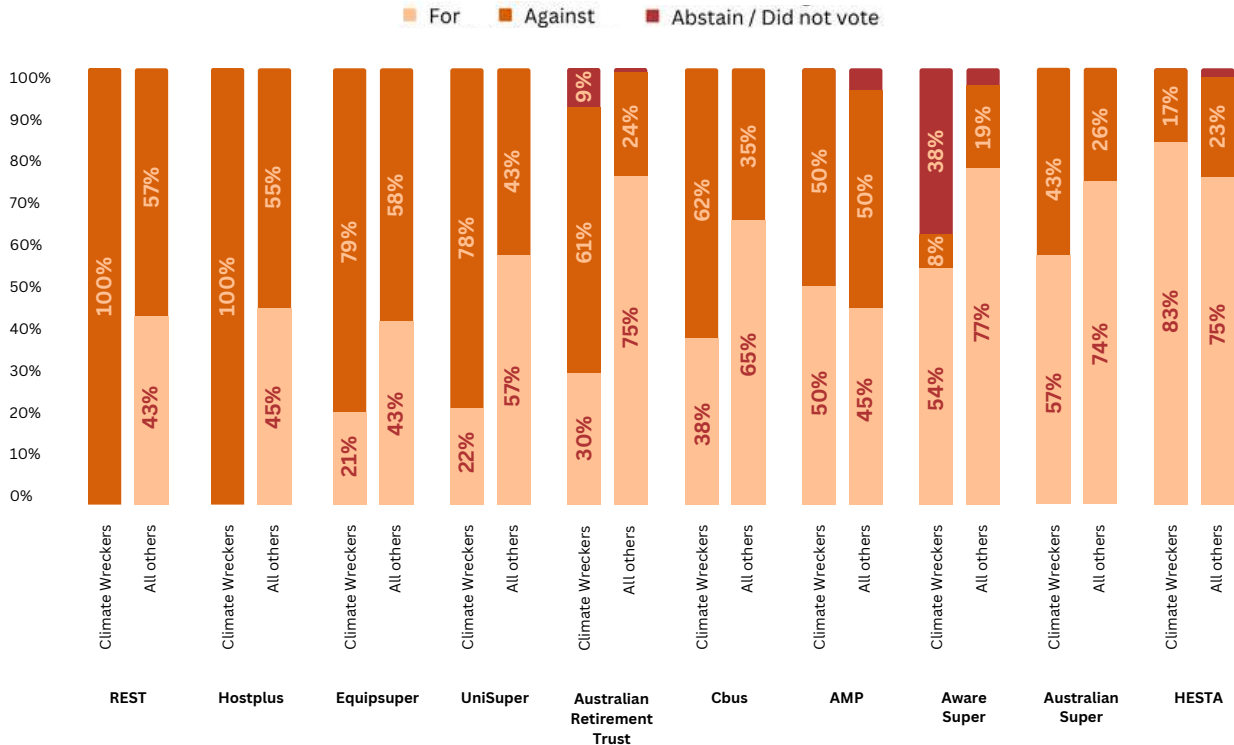
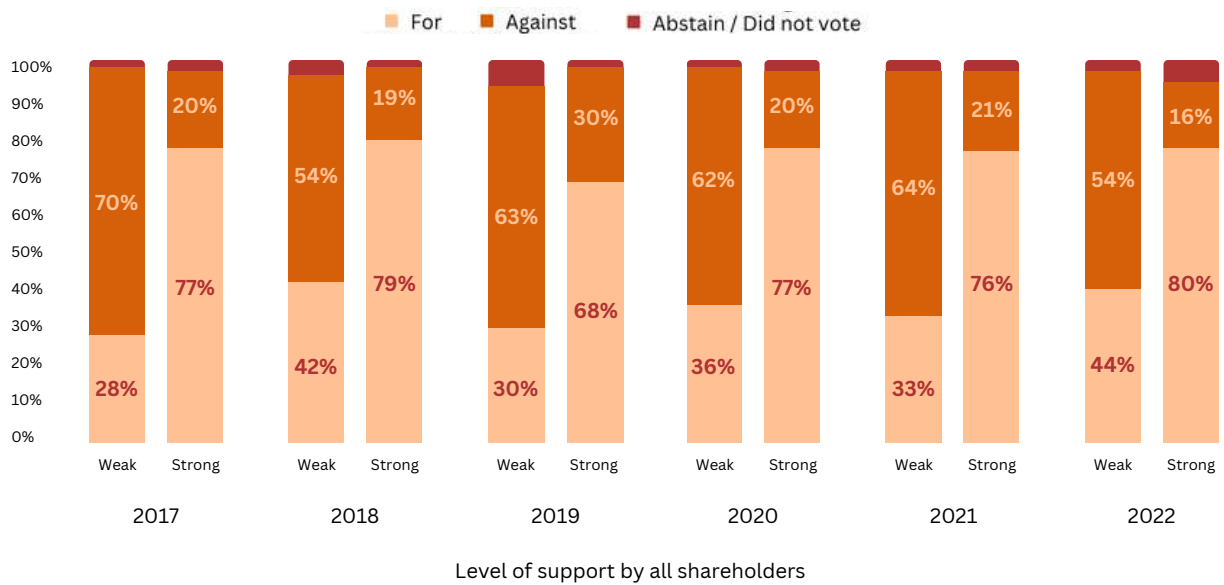


Figure 5: Votes by the 10 largest super funds in 2022 – by fund (Climate Wreckers companies vs All other companies)



Note: Includes 10 largest super funds by assets under management excluding funds that did not disclose their voting records (see 'Methodology and scope' below). Figure 5 also excludes funds that issued fewer than 10 votes on climate-related shareholder proposals in 2022: Colonial First State and MLC. Some figures may not add up due to rounding.

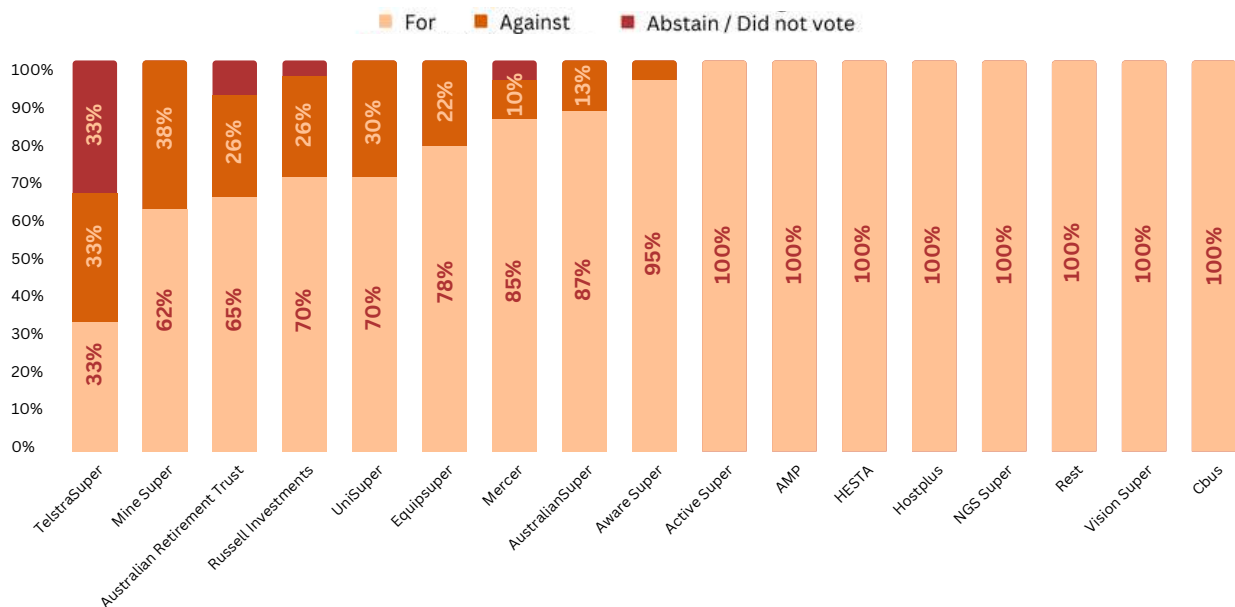
Figure 6: Super fund votes on climate proposals 2017–2022 by level of support by all shareholders



Note: 'Strong' support is defined as above the median level of support for all shareholder climate resolutions; this was 27% in the period 2017–2021.

As shown in Figure 6, our analysis found that support for climate-related proposals by super funds increases significantly when backed by a large proportion of other shareholders. However, in many cases funds are still voting against climate action on proposals despite strong support from other shareholders. In 2022, the worst culprits for this were TelstraSuper, Mine Super and Australian Retirement Trust, which each failed to support proposals with significant support from other shareholders in more than a third of cases (Figure 7).

Figure 7: Super fund votes on climate proposals with 'strong' support by all shareholders in 2022 – by fund



Note: 'Strong' support is defined as above the median level of support for all shareholder climate resolutions; in the period 2017–2021 this was 27%. Excludes funds with absent or insufficient disclosures in 2022 (see 'Methodology and scope' below) and funds that reported fewer than 10 votes on climate-related shareholder proposals in 2022. Also excludes Commbank Group Super and OnePath which voted on 11 and 12 proposals in 2022 respectively, none of which were supported by more than 27% of shareholders.

Why voting for climate action at company AGMs is important

Voting on proposals at company AGMs allows shareholders to actively participate in the corporate governance decisions of the companies they invest in. This includes voting on the election or re-election of directors, as well as decisions on executive remuneration, sustainability practices and ethical conduct within the companies. While voting results on most shareholder proposals are non-binding in Australia and many other jurisdictions, this form of engagement helps ensure that companies are aware of and can respond to shareholder expectations and preferences on responsible business practices, transparency and long-term financial sustainability.

The number of climate-related proposals put forward by shareholders has increased significantly in recent years. These have been generally related to requests for further information from companies on issues such as emissions reporting, climate risk management, transition plans and alignment of business plans with the company's public climate commitments. Some have also related to specific changes to company policy, such as phasing out fossil fuel lending and underwriting by banks or setting specific emissions reduction targets in line with the goals of the Paris Agreement.

As the stewards of \$3.5 trillion of Australians' retirement savings, super funds have a responsibility to act on behalf of their members and use their considerable power to ensure companies take meaningful climate action. Funds must protect their members' investments against the massive financial threat posed by climate change. They have that opportunity at this year's upcoming AGMs and members will be watching how their super funds vote.

Methodology and scope

This analysis draws on the 2017 to 2022 proxy voting disclosures of Australia's 30 largest super funds by assets under management, as identified in the Australian Prudential Regulation Authority's (APRA) [June 2022 Annual fund-level superannuation statistics](#). Due to absent or insufficient disclosures, four funds were excluded from the final analysis: Brighter Super (formerly LGIASuper), Commonwealth Superannuation Corporation, HUB24 Super and TWU Superannuation. The full list of funds included in the analysis is shown in Table 1 below. A number of disclosures from super funds were only available in a format that could not be easily analysed for the purposes of this research (e.g. data for individual proposals needed to be manually obtained from an online portal) and have therefore been excluded. These were: CareSuper (2022 disclosure), Insignia Financial (January to June 2020 disclosure), MLC (July to December 2022 disclosure), Netwealth (July to December 2022 disclosure) and Russell Investments (July to December 2022 disclosure).

Data from the first half of 2023 was only available from certain funds and so was not included in the main analysis – see Table 1.

The voting data for each fund were collected from [previous research](#) by the Australasian Centre for Corporate Responsibility (ACCR), disclosures available on fund websites and from a subscription service, [Diligent](#).



The analysis includes climate-related shareholder proposals put forward at company AGMs and other meetings in Australia, United Kingdom, United States, Canada and Japan. Climate resolutions were identified using Diligent's and ACCR's categorisations of proposals, or where these were not available, through key word searches of resolution descriptions.

Only 'for', 'against' and 'abstain / did not vote' voting records are included in this analysis. Votes recorded by the fund as 'split' were excluded.

Where mergers between super funds have occurred between 2017 and 2022, only the latest iteration of the entity has been included in the analysis. For funds that have rebranded over the study period but maintained the same Registrable Superannuation Entity (RSE) licence (e.g. Active Super, which was formerly Local Government Super), disclosures from both the current brand and previous brands were used.

All funds included in the analysis were provided with the results in advance of publication and given the opportunity to engage with the findings.

Identifying proposals with significant shareholder support

As noted above, previous [research](#) by the Australasian Centre for Corporate Responsibility (ACCR) has prompted some in the industry to suggest that not all climate-related shareholder proposals are 'supportable' and in the best interests of fund members. According to the ACCR, indicators of a proposal's supportability may include:

- the perceived clarity and reasonableness of the resolution;
- the view of the company's progress on the issue by shareholders;
- the level of support for a proposal by proxy advisers and/or management;
- the integrity and quality of the research and arguments presented in shareholder proposals;
- the credibility of the proposal filers and co-filers.

The ACCR uses the level of support for a proposal by all shareholders as an indicator of its 'supportability', using the median level of shareholder support for all types of resolutions as a threshold for indicating significant shareholder support. In 2017-2021, the median support ('for' votes) for all shareholder proposals was 27%. Therefore in Market Forces' research, proposals supported by 27% or more shareholders were deemed to have significant levels of support.

Acknowledgements

We would like to acknowledge the research and analysis undertaken by the ACCR in this area over previous years, and their publication of datasets, which have helped inform our analysis.

We would also like to thank those super funds who shared their voting disclosures with us when requested and provided feedback on the research.

A large volume of data used in this research was obtained from Diligent via its subscription-based market intelligence platform.

Table 1: Super fund votes on shareholder climate proposals 2017–23 (total votes by Fund shown in bold)

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 (H1)* |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Active Super | 24 | 13 | 20 | 21 | 27 | 14 | 44 |
| For | 79% | 100% | 45% | 57% | 44% | 43% | 84% |
| Against | 21% | 0% | 55% | 43% | 56% | 57% | 16% |
| AMP | 6 | 8 | 14 | 10 | 18 | 26 | 40 |
| For | 0% | 13% | 7% | 40% | 50% | 46% | 45% |
| Against | 67% | 38% | 86% | 60% | 50% | 50% | 55% |
| Abstain / did not vote | 33% | 50% | 7% | 0% | 0% | 4% | 0% |
| Australian Retirement Trust | | | | | | 94 | |
| For | | | | | | 64% | |
| Against | | | | | | 33% | |
| Abstain / did not vote | | | | | | 3% | |
| AustralianSuper | 47 | 12 | 24 | 39 | 53 | 84 | 108 |
| For | 43% | 67% | 33% | 54% | 47% | 69% | 81% |
| Against | 57% | 33% | 67% | 46% | 53% | 31% | 19% |
| Aware Super | 20 | 11 | 32 | 20 | 43 | 61 | 41 |
| For | 30% | 73% | 28% | 70% | 67% | 72% | 85% |
| Against | 50% | 18% | 72% | 30% | 16% | 16% | 12% |
| Abstain / did not vote | 20% | 9% | 0% | 0% | 16% | 11% | 2% |
| CareSuper | 7 | 6 | 27 | 31 | 21 | | |
| For | 0% | 50% | 37% | 55% | 48% | | |
| Against | 100% | 50% | 59% | 42% | 52% | | |
| Abstain / did not vote | 0% | 0% | 4% | 3% | 0% | | |
| Cbus | 46 | 28 | 35 | 38 | 29 | 33 | 49 |
| For | 13% | 89% | 60% | 66% | 55% | 55% | 76% |
| Against | 85% | 11% | 40% | 34% | 45% | 45% | 24% |
| Abstain / did not vote | 2% | 0% | 0% | 0% | 0% | 0% | 0% |
| Colonial First State | | | | | 42 | 5 | |
| For | | | | | 71% | 0% | |
| Against | | | | | 21% | 100% | |
| Abstain / did not vote | | | | | 7% | 0% | |
| CommBank Group Super | 7 | 6 | 7 | 4 | 11 | 11 | |
| For | 0% | 67% | 57% | 75% | 36% | 0% | |
| Against | 100% | 33% | 29% | 25% | 64% | 100% | |
| Abstain / did not vote | 0% | 0% | 14% | 0% | 0% | 0% | |
| Equisuper | | | | | | 54 | |
| For | | | | | | 37% | |
| Against | | | | | | 63% | |
| HESTA | 52 | 27 | 32 | 33 | 53 | 79 | 3 |
| For | 79% | 85% | 63% | 82% | 74% | 77% | 100% |
| Against | 21% | 15% | 34% | 18% | 26% | 22% | 0% |
| Abstain / did not vote | 0% | 0% | 3% | 0% | 0% | 1% | 0% |
| Hostplus | 16 | 25 | 32 | 39 | 55 | 21 | 32 |
| For | 0% | 40% | 22% | 49% | 65% | 24% | 63% |
| Against | 100% | 60% | 78% | 51% | 35% | 76% | 38% |
| Insignia Financial | 6 | 7 | 15 | 6 | 13 | 5 | |
| For | 0% | 14% | 0% | 0% | 23% | 100% | |
| Against | 83% | 29% | 47% | 17% | 54% | 0% | |
| Abstain / did not vote | 17% | 57% | 53% | 83% | 23% | 0% | |
| Macquarie | 7 | 34 | 19 | | 7 | 8 | |
| For | 0% | 65% | 68% | | 43% | 50% | |
| Against | 100% | 35% | 32% | | 43% | 50% | |
| Abstain / did not vote | 0% | 0% | 0% | | 14% | 0% | |

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 (H1)* |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|
| Mercer | 49 | 27 | 30 | 30 | 45 | 48 | 76 |
| For | 67% | 70% | 40% | 50% | 64% | 60% | 76% |
| Against | 33% | 30% | 60% | 47% | 33% | 38% | 24% |
| Abstain / did not vote | 0% | 0% | 0% | 3% | 2% | 2% | 0% |
| Mine Super | 27 | 14 | 24 | 28 | 57 | 77 | 51 |
| For | 48% | 21% | 17% | 54% | 42% | 27% | 25% |
| Against | 52% | 79% | 83% | 46% | 58% | 71% | 73% |
| Abstain / did not vote | 0% | 0% | 0% | 0% | 0% | 1% | 2% |
| MLC | 7 | 8 | 16 | 6 | 4 | 7 | |
| For | 0% | 0% | 0% | 0% | 50% | 0% | |
| Against | 100% | 100% | 88% | 100% | 50% | 100% | |
| Abstain / did not vote | 0% | 0% | 13% | 0% | 0% | 0% | |
| Netwealth Super | | | | | | 2 | |
| For | | | | | | 100% | |
| NGS Super | 7 | 6 | 16 | 12 | 21 | 30 | 27 |
| For | 0% | 33% | 94% | 100% | 95% | 87% | 0% |
| Against | 100% | 67% | 6% | 0% | 0% | 7% | 100% |
| Abstain / did not vote | 0% | 0% | 0% | 0% | 5% | 7% | 0% |
| OnePath | 6 | 5 | 14 | 6 | 19 | 12 | |
| For | 0% | 0% | 14% | 50% | 53% | 42% | |
| Against | 100% | 80% | 14% | 0% | 47% | 58% | |
| Abstain / did not vote | 0% | 20% | 71% | 50% | 0% | 0% | |
| Rest | 7 | 13 | 14 | 9 | 34 | 16 | 28 |
| For | 0% | 15% | 36% | 44% | 56% | 38% | 50% |
| Against | 100% | 85% | 64% | 56% | 44% | 63% | 50% |
| Russell Investments | 42 | 36 | 18 | 24 | 53 | 64 | |
| For | 38% | 31% | 17% | 25% | 45% | 41% | |
| Against | 57% | 67% | 78% | 75% | 49% | 56% | |
| Abstain / did not vote | 5% | 3% | 6% | 0% | 6% | 3% | |
| Spirit Super | | | | | 15 | 9 | |
| For | | | | | 33% | 0% | |
| Against | | | | | 67% | 100% | |
| TelstraSuper | | 4 | 23 | 35 | 53 | 63 | 16 |
| For | | 50% | 26% | 43% | 42% | 17% | 38% |
| Against | | 50% | 74% | 49% | 55% | 70% | 56% |
| Abstain / did not vote | | 0% | 0% | 9% | 4% | 13% | 6% |
| UniSuper | 7 | 5 | 32 | 6 | 27 | 39 | |
| For | 0% | 0% | 50% | 0% | 52% | 49% | |
| Against | 100% | 100% | 50% | 100% | 48% | 51% | |
| Vision Super | 25 | 15 | 24 | 23 | 31 | 48 | 51 |
| For | 68% | 93% | 58% | 96% | 77% | 92% | 94% |
| Against | 28% | 7% | 42% | 4% | 19% | 8% | 6% |
| Abstain / did not vote | 4% | 0% | 0% | 0% | 3% | 0% | 0% |
| Grand Total | 415 | 310 | 468 | 420 | 731 | 910 | 566 |

*2023 data only included votes up to 30 June and was not consistently disclosed across all funds.