

PRESS RELEASE

Leading investors welcome BP backing of shareholder resolution on climate change

London: Leading shareholders have proposed a resolution requesting that BP sets out its business strategy consistent with the goals of the Paris Agreement on climate change. BP's board plans to support the resolution at their Annual General Meeting this year.

This resolution builds on collective engagement under the 'Aiming for A' initiative, when shareholders overwhelmingly passed a motion in 2015, requesting the company to improve corporate reporting and transparency on climate change-related risks and opportunities.

Since then, extensive engagement has been held with the company by a group of investors¹ as part of [Climate Action 100+](#). Globally this involves over 300 investors with \$32 trillion in assets, with investor engagement across Europe delivered with the support of the [Institutional Investors Group on Climate Change](#) (IIGCC). These investors have identified climate change as a significant risk which requires urgent action.

At this year's AGM, expected in May, the resolution, supported by leading investors and developed through IIGCC's corporate engagement group, would require BP to set out:

- Its business strategy which it considers, in good faith, to be consistent with the goals of the Paris Agreement on climate change
- How the company evaluates the consistency of each new material capital investment with the goals of the Paris Agreement
- Related metrics and targets, consistent with the goals of the Paris Agreement, together with the anticipated levels of investment in oil and gas and other energy technologies; targets to promote operational greenhouse gas reductions; the estimated carbon intensity of energy products; and the linkage of its targets with executive remuneration.

The resolution itself and accompanying supporting statement from investors can be seen [here](#). Subject to approval at its AGM, the responsibility will be on BP to provide additional corporate reporting for the year ending 2019 as directed by the resolution. While it will be for BP to set out the process and methodology, investors will be keen to ensure they are sufficiently robust and reliable.

Stephanie Pfeifer, a member of the global Climate Action 100+ steering committee and CEO, Institutional Investors Group on Climate Change (IIGCC), explains: *"Investors are helping ensure climate change is firmly on the boardroom agenda, which is especially important for the oil and gas sector. It's encouraging to see major companies such as BP moving in the right direction. Global carbon emissions need to be reduced urgently and investors expect other companies in the sector to follow suit."*

Bruce Duguid, Head of Stewardship and lead co-ordinator of the resolution, Hermes EOS, said: *"Having a strategy and investment consistent with the Paris Goals is critical to securing a sustainable future. This is good news for both investors and the planet. The decision by the BP board to support the resolution shows that this is a priority for the company and builds on progress to date, such as setting best in class methane intensity targets."*

¹ Hermes EOS on behalf of its stewardship clients, Legal and General Investment Management (LGIM), Aviva Investors, M&G Investments, Newton Investment Management, HSBC Global Asset Management, the Church Commissioners for England, APG – on behalf of ABP and other pension fund clients - and the Local Authority Pension Fund Forum

Sacha Sadan, Director of Corporate Governance, Legal and General Investment Management went on to confirm his support saying: *“Climate change is a serious issue that urgently needs collective action. This is a great example of investors and BP committing to the goal of building a low carbon future.”*

- Ends -

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Notes to editor

See [here](#) for a version of the resolution and accompanying supporting statement (live once embargo has been lifted).

See [here](#) for an equivalent announcement issued by BP (live once embargo has been lifted).

Additional supporting comment:

Edward Mason, Head of Responsible Investment, Church Commissioners, said: “This is a ground-breaking move on climate change from BP. We strongly welcome BP’s commitment to pursue a business and investment strategy consistent with the well below two degrees goal of the Paris Agreement. Clearly we will want to interrogate carefully the company’s methodology for providing ongoing assurance of its fulfilment of this pledge and will continue to participate in investor engagement.”

About Climate Action 100+

Climate Action 100+ is an investor initiative to ensure the world’s largest corporate greenhouse gas emitters take necessary action on climate change. More than 300 investors with over \$32 trillion in assets collectively under management are engaging companies on improving governance, curbing emissions and strengthening climate-related financial disclosures. The companies include 100 ‘systemically important emitters’, accounting for two-thirds of annual global industrial emissions, alongside more than 60 others with significant opportunity to drive the clean energy transition.

Launched in December 2017, Climate Action 100+ is coordinated by five partner organisations: Asia Investor Group on Climate Change ([AIGCC](#)); Ceres; [Investor Group on Climate Change \(IGCC\)](#); [Institutional Investors Group on Climate Change \(IIGCC\)](#) and [Principles for Responsible Investment \(PRI\)](#). These organisations, along with five investor representatives from AustralianSuper, California Public Employees’ Retirement System (CalPERS), HSBC Global Asset Management, Ircantec and Manulife Asset Management, form the global Steering Committee for the initiative. For more information see www.ClimateAction100.org and follow [@ActOnClimate100](https://twitter.com/ActOnClimate100).

About Hermes Investment Management

Hermes Investment Management, a Federated Investors company, provides world-class active investment management and stewardship services. Hermes, headquartered in London, manages £36.0 billion in assets and offers a broad range of specialist, high-conviction investment strategies spanning listed equities, credit, real estate, infrastructure, private debt

and private equity. Hermes' strategies focus not just on financial results, but also on delivering outcomes beyond performance: holistic returns that consider impacts to society, the environment and the wider world. In Hermes EOS, the company offers one of the industry's leading engagement resources, representing £359.0 billion of assets*. For more information, visit www.hermes-investment.com.

Source: Hermes as at 30 September 2018 with the exception of two portfolios totalling £3.3m valued as at 31 July 2018.

About Legal & General Investment Management

Legal & General Investment Management is one of Europe's largest asset managers and a major global investor, with total assets of £984.8 billion¹. We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Throughout the past 40 years we have built our business through understanding what matters most to our clients and transforming this insight into valuable, accessible investment products and solutions. We provide investment expertise across the full spectrum of asset classes including fixed income, equities, commercial property and cash. Our capabilities range from index-tracking and active strategies to liquidity management and liability-based risk management solutions.

¹LGIM internal data as at 31 June 2018. These figures include assets managed by LGIMA, an SEC Registered Investment Advisor. Data includes derivative positions.

About Institutional Investors Group on Climate Change (IIGCC)

The Institutional Investors Group on Climate Change (IIGCC) is the European forum for investor collaboration on climate change and the voice of investors taking action for a prosperous, low-carbon future. IIGCC has more than 160 members, mainly pension funds and asset managers, across 11 countries, with over €21 trillion assets under management. IIGCC's mission is to mobilise capital for the low-carbon transition by collaborating with business, policymakers and fellow investors. IIGCC works to support and help define the public policies, investment practices and corporate behaviours that address the long-term risks and opportunities associated with climate change. For more information, visit www.iigcc.org and [@iigccnews](https://twitter.com/iigccnews).