

PRESS RELEASE

Strictly embargoed until: 00.01am Tuesday 14th May

AGM resolution for BP to address climate change risks receives unprecedented investor backing

Global investors are calling on BP to set out a business strategy that is consistent with the goals of the Paris Agreement on climate change. A shareholder resolution ‘co-filed’ ahead of the company’s annual general meeting (AGM) – requiring the company to meet their request – has received an unprecedented level of support¹.

The resolution has been initiated, or ‘co-filed’, by investors acting as part of [Climate Action 100+](#). This is an investor initiative to ensure the world’s largest corporate greenhouse gas emitters take necessary action on climate change.

The 58 investors co-filing own just under 10% of the company’s voting shares between them – equivalent to a £10 billion holding in the company². This group includes six of the UK’s 10 largest fund managers³. These same investors plus three others, in turn account for over a third of BP’s 20 largest shareholders globally⁴.

This marks a new global best for the level of support a shareholder resolution on climate change has received. Investor backing secured so far is already broadly double that of the previous best achieved⁵.

BP’s board are supporting the resolution at its AGM this year, as the outcome of constructive engagement with investors as part of Climate Action 100+. Globally the initiative involves over 300 investors with \$33 trillion in assets, with investor engagement across Europe delivered with the support of the [Institutional Investors Group on Climate Change](#) (IIGCC).

It is also the first time that a number of leading investors have decided to initiate a shareholder resolution by co-filing. This includes some of the UK’s largest asset managers, such as UBS Asset Management with \$781 billion in assets under management.

Support for the resolution reflects how investors are increasingly embracing an active approach to stewardship of assets they own or manage. This is facilitated through their involvement in Climate Action 100+, which sees investors engage with 161 companies, responsible for well over two-thirds of annual global industrial greenhouse gas emissions.

“The scale of investor support for the BP resolution is truly unprecedented. It is the first time globally that shareholders holding a 10 percent stake in a major listed company have filed a resolution on climate change,” explains **Stephanie Pfeifer, a member of the global Climate Action 100+ Steering Committee and CEO, Institutional Investors Group on Climate Change (IIGCC)**. *“This is further evidence that shareholder engagement is driving change across the corporate sector. Investors will continue to build on this momentum and expect companies to embrace the opportunity this provides to strengthen their business.”*

The resolution, to be voted on at BP's AGM on 21 May, requires the company to set out a business strategy which it considers, in good faith, to be consistent with the goals of the Paris Agreement on climate change.

Necessitating a high-level of ambition from the company, the investors are clear on the need for BP to act, as containing temperature increases to well-below 2°C as set out in the Paris Agreement requires a considerable decrease in demand for fossil fuels, and investment in their production.

The resolution then defines a number of robust reporting requirements, including:

- 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 the company's targets with executive remuneration.

Investors leading the Climate Action 100+ dialogue with BP commented on significance of the resolution:

*"Investors want energy companies to continue being successful as the world moves to a low-carbon economy. This resolution calls on BP to provide more clarity about how its plans are consistent with the goals of the Paris Agreement on climate change," adds **Sacha Sadan, Director of Corporate Governance, Legal and General Investment Management**. "The largest energy companies have a leading role to play, and we look forward to working with BP and others to develop more detailed disclosures in this area."*

*"The scientific consensus is crystal clear on the need for far-reaching action by corporates, with the next decade critical in limiting global warming to 1.5°C. Investors have a responsibility to hold companies to account and to ensure they consider their alignment with the Paris Agreement," explains **Steve Waygood, Chief Responsible Investment Officer, Aviva Investors**. "BP's support for this resolution demonstrates how the investment industry can collaborate to instigate meaningful change. We hope that this first, but important, step represents a shift by the oil and gas sector in tackling today's climate emergency head-on."*

Bruce Duguid, Head of Stewardship, Hermes EOS, adds: *"This resolution is carefully designed to have the high ambition of a strategy consistent with the goals of the Paris Agreement, combined with robust reporting requirements by which to demonstrate this, while leaving flexibility for the company to set the precise strategy."*

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.

A complimentary IIGCC initiative will set out broader investor expectations on climate change for the oil and gas sector. With publication expected in coming months, future dialogue with BP will cover implementation of related actions, in line with standard expectations of all oil and gas companies. IIGCC is one of five partner organisations that coordinate Climate Action 100+ globally.

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Notes to Editors:

1. Full detail on investors backing the resolution can be found in the accompanying 'co-filing and declaration summary grid' here (live once embargo lifted): <https://www.iigcc.org/download/climate-action-100-2019-bp-shareholder-resolution-co-filing-group/?wpdmdl=2045&masterkey=5cd2f0fa19c51>.

2. See document referenced above for list of relevant investors. Exact holding of the company is 9.6%. Equivalent value calculated as a share of total market capitalisation (£108 bn) as of 14th May.

3. The investors in question are: Aviva Investors, HSBC Global Asset Management, Legal & General Investment Management, M&G Investments, Royal London Asset Management and Schroders.

4. Investors referenced as above, plus UBS Asset Management, Scottish Widows Unit Trust Managers Ltd and HBOS Investments Fund Managers Ltd.

5. In February 2016, investors with a 5% holding in Anglo American co-filed a shareholder resolution calling for more transparency from the company over climate change risks and opportunities. See [here](#) for the related announcement.

Additional: See [here](#) for a copy of the BP resolution: bit.ly/2GwfcAm.

It is for individual signatory investors to decide if they will support any shared holder resolution filed as part of the Climate Action 100+. In addition, investors that are part of the initiative will need to own/manage a holding in BP to be able to exercise this right. It follows that while the initiative has the backing of investors with \$33 trillion in assets under management, only a

portion of these investors will at any one time decide or be able to support a shareholder resolution filed through the initiative.

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 320 investors with more than \$33 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 ([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. Follow us on Twitter: [@ActOnClimate100](#).

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 170 members, mainly pension funds and asset managers, across 11 countries, with over €23 trillion assets under management. IIGCC's mission is to mobilise capital for the low-carbon transition by collaborating with business, policymakers and fellow investors.

Aviva Investors: Aviva Investors is the global asset management business of Aviva plc. The business delivers investment management solutions, services and client-driven performance to clients worldwide. Aviva Investors operates in 14 countries in Asia Pacific, Europe, North America and the United Kingdom with assets under management of £348 billion as at 30 June 2018.

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.

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.