

Shareholder Impact

ABOUT ACCR

The Australasian Centre for Corporate Responsibility (ACCR) is a not-for-profit, philanthropically-funded research organisation, based in Australia. ACCR monitors the environmental, social and governance (ESG) practices and performance of Australian-listed companies, including climate change, human rights, and labour rights. We undertake research and highlight emerging areas of business risk through private and public engagement.

ACKNOWLEDGEMENT

ACCR is situated over a number of different locations however we would like to acknowledge the Gadigal and Bidjigal peoples of the Eora Nation and the Ngunnawal and Ngambri people as the traditional custodians of the land on which our offices are situated. We would like to pay our respect to their elders, past, present and future, and to their continuing relation to their ancestral lands. This always was and always will be Aboriginal land.



03	Reflections on 2021
05	Shareholder Resolutions
08	Closer Look:
	Our Engagement with AGL
11	Shareholder Engagement
15	Resolution Program 2022
16	Research
19	How to Participate

DISCLAIMER

The contents of this email do not purport to provide any financial, investment or professional advice and shall not be deemed to constitute the provision of financial, investment or other professional advice in any way. The content of this email is offered for informational purposes only and is not a substitute for professional advice.

Contact: Emma Batchelor and Vanessa Mai, Shareholder Engagement | shareholders@accr.org.au



From our Executive Director



This year has been a year of great upheaval worldwide. Almost two years into the pandemic we face the unprecedented global challenge of a warming planet, and increasing socio-economic disparities in our communities. In Australia, we have seen the importance of holding our largest emitters to account for their impact on our environment and the consequences for us all when frontline workers - such as cleaning, security and transport workers - are not protected.

Holding corporations accountable in the absence of government leadership is one of the reasons ACCR was founded, and why shareholder action has a continuing vital role in our society. This year, we have achieved a majority vote calling for Australia's largest corporate emitter, AGL, to set Paris-aligned targets through its proposed demerger. If the company takes this feedback from its shareholders seriously, this will mean bringing forward the dates of its coal fired power stations.

I am so proud of the achievements of our team in shining a light on unacceptable behaviour, and working closely with like-minded leaders and hidden change agents to improve corporate practice as we look to our shared future.

Beyond Australia, this year we have grown a new area of work - taking on a leadership role in a global network of sister organisations and spear-heading analysis of company climate transition plans and keeping on top of emerging strategies. Our team has doubled in size, now located across Australia and in Norway.

Thank you to all our partners, shareholders and donors! The need for our work seems ever more urgent by the day. If you consider yourself an ethical investor, or you wish to support us in any way, please get in touch. I'd love you to join us in our mission.

Brynn O'Brien
December 2021



Shareholder Resolutions

2021

Shareholder Resolutions

During 2021, together with hundreds of shareholders, we have put pressure on some of Australia's biggest companies to improve their corporate behaviour when it comes to environmental, social and governance issues. ACCR filed 19 shareholder resolutions this year, including 5 resolutions put to Scentre Group, Santos, Woodside Energy and Oil Search respectively, which were all withdrawn after these companies agreed to the proposals we put forward to them. We also received outstanding and even record-breaking results in terms of proxy voting, including a historic result at AGL where the majority of shareholders voted in favour of our resolution. Additionally, this year our Rio Tinto shareholder resolution was the first resolution in Australia to be endorsed by the board of an Australian company.

Company	Category	Type of Resolution	Resolution Content	Vote in support
Incitec Pivot	Governance	Special	Amend Constitution to permit advisory resolutions	7.48%
Incitec Pivot	Climate Change	Ordinary	Paris-aligned targets	43.71%
BHP	Governance	Special	Amend Constitution to permit advisory resolutions	5.44%
BHP	Climate Change	Ordinary	Climate-related lobbying	98.20%
Fortescue Metals	Governance	Special	Amend Constitution to permit advisory resolutions	4.20%
Fortescue Metals	Cultural heritage	Ordinary	Support for Western Australian Cultural Heritage Protection Law	15.62%
South32	Governance	Special	Amend Constitution to permit advisory resolutions	6.36%
South32	Climate Change	Ordinary	Climate-related lobbying	98.21%
Origin Energy	Governance	Special	Amend Constitution to permit advisory resolutions	6.88%
Origin Energy	Climate Change	Ordinary	Climate-related lobbying	36.63%
Origin Energy	Climate Change	Ordinary	Paris-aligned capital expenditure	43.65%
AGL	Governance	Special	Amend Constitution to permit advisory resolutions	4.36%
AGL	Climate Change	Ordinary	Paris goals and targets	52.56%
Rio Tinto	Climate Change	Ordinary	Climate-related lobbying	99.04%
Oil Search	Climate Change	Special	Say On Climate framework	Withdrawn
Woodside Energy	Climate Change	Special	Say On Climate framework	Withdrawn
Santos	Climate Change	Special	Say On Climate framework	Withdrawn
Scentre Group	Governance	Special	Amend Constitution to permit advisory resolutions	Withdrawn
Scentre Group	Worker's Rights	Ordinary	Wage theft protection	Withdrawn

The companies we put resolutions to aren't the only ones we are engaged with. Each workstream has a large number of active company engagements.

Media Highlights

Scentre

The Sydney Morning Herald - “After months of discussions with the Australian Centre for Corporate Responsibility (ACCR), Scentre has buckled and will include details in its 2020 financial reports about processes for identifying and mitigating risks in its cleaning supply chains.”

Santos

Energy News Bulletin - “Santos has announced it will allow shareholders to have a non-binding advisory vote on the company’s Climate Change Report at its 2022 annual general meeting.”

ACCR - “In an historic claim, the Australasian Centre for Corporate Responsibility (ACCR) will challenge Santos’ claims that natural gas provides “clean energy” and that it has a “credible and clear plan” to achieve “net zero” emissions by 2040 in the Federal Court of Australia.

Woodside

The Sydney Morning Herald - “Santos and Woodside, the nation’s top oil and gas producers, are facing an investor push to better disclose how their plans to continue operating are consistent with the global push to limit climate change.”

Rio Tinto

The Sydney Morning Herald - “Mining giant Rio Tinto has become the first Australian company to support activist shareholder resolutions on climate change filed against it, as it looks to strengthen its environmental, social and governance credentials with investors following a bruising year.”



AGL

The Australian Financial Review - “AGL Energy’s embattled board has been dealt a humiliating defeat over an activist climate resolution proposed at its annual meeting that further ramps up pressure on emissions reduction ahead of its controversial demerger.”

BHP

Renew Economy - “The board of industrial giant BHP will back a call from shareholder advocacy groups to expand a review of its membership of industry associations, including those that have actively campaigned against stronger climate change policies.”

Origin Energy

The Sydney Morning Herald - “Origin Energy has faced a large investor push to align its spending strategy with stronger goals to arrest global warming and fielded questions about its plan to drill for more gas in the Northern Territory.”

South32

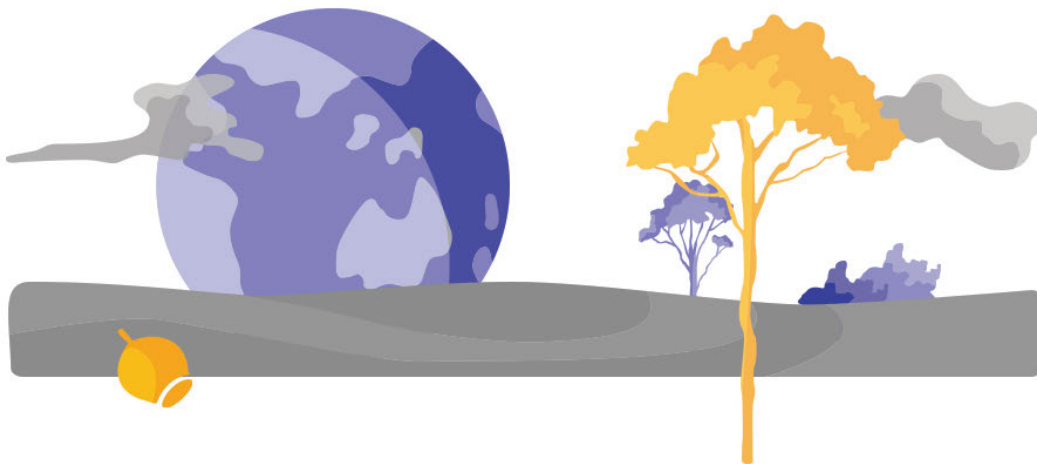
ACCR - “South32 has put its industry associations on notice over advocacy that is inconsistent with the Paris Agreement. By supporting ACCR’s resolution, the board has acknowledged that some of the advocacy of its industry associations is at odds with effective climate action.”

Fortescue Metals Group

The Sydney Morning Herald - “Billionaire Andrew Forrest’s Fortescue Metals Group is coming under increased pressure from large investors to campaign for stronger Aboriginal heritage reforms amid warnings Western Australia’s proposed new legislation does not give enough power to traditional owners to safeguard sacred sites.”

Incitec Pivot

The Canberra Times - “The growing influence of institutional investors was shown in the 43.71 per cent support for a shareholder resolution on Friday on stronger emissions targets for explosives and fertiliser giant Incitec Pivot.”



Closer Look

As Australia's largest greenhouse gas emitter, ACCR has been engaging with AGL for several years about the carbon intensity of its electricity generation portfolio and air pollution from its coal-fired power stations.

AGL



Proposed Demerger

In March 2021 we criticised AGL's proposal to split their company in two due to the risks this poses to their responsible and early closure of the Bayswater and Loy Yang A power stations.

Since the announcement of the proposed demerger, a broad range of AGL stakeholders (e.g. shareholders, affected communities, energy market observers, NGOs) continue to be frustrated by AGL's resistance to bringing forward the closure dates of its Bayswater and Loy Yang A coal-fired power stations. Adding to the chaos at the company, AGL's CEO Brett Redman resigned in April 2021 and the share price has hit persistent, record lows.

ACCR, along with over 100 shareholders, filed a resolution requesting that AGL set short, medium and long-term targets that are aligned with the Paris Agreement for Scope 1, 2 and 3 emissions for both of their proposed demerged companies - Accel Energy and AGL Australia. The resolution also requested details on how the proposed demerged companies' capital expenditure will align with these targets and how remuneration policies will be set to incentivise achievement of these targets.

According to the IEA and the IPCC, alignment with the Paris Agreement means closing coal-fired power stations by 2030. To date, the board of AGL had abjectly failed to heed the multiple warnings of the IPCC, the UN and countless scientific bodies by not setting Paris-aligned emissions targets and not comprehending the pace of the energy transition.



Following the filing of ACCR's resolution, AGL announced that it would be providing shareholders with a 'Say on Climate' at the 2022 AGM for each of the proposed demerged companies. Whilst this commitment was welcome, it did not address the urgent need for AGL to bring forward the closure of its coal-fired power stations, which are not only a climate disaster, they are also driving significant write-downs at the company due to historically low electricity prices as a result of higher renewable energy penetration in the grid. Consequently, ACCR did not withdraw the resolution, much to the distress of the AGL Board.

Historic Results

Evidently, shareholders also shared ACCR's view as our resolution to AGL received a historic result at the company's AGM with the majority of AGL shareholders (52.56%) demanding the Board align their business with the Paris Agreement. In Australia, this is the largest ever vote achieved for a resolution not endorsed by a Board, and this result is all the more impressive given that it was directed at our largest emitter.

Commenting on the result, our Director of Climate and Environment Dan Gocher said:

"AGL Chair Peter Botten's claim that AGL cannot set Paris-aligned targets unilaterally is nonsense. Botten claimed the board is trying "to create a glide path rather than a crash landing", which ignores the crash that AGL shareholders have already experienced. AGL's claim that it is not in position to commit to develop the necessary replacement capacity for its coal-fired power stations doesn't stack up. 10-15 years is ample time to develop the replacement capacity with renewable energy and storage."

Our engagement with AGL demonstrated the power of shareholders to hold companies to account for their actions. However, we remain concerned about AGL's lack of climate action and will continue this conversation, particularly around Paris-aligned targets as we approach the shareholder vote on the demerger and the Say on Climate vote at the 2022 AGMs. If you hold shares in AGL you will become a shareholder in Accel and AGL Australia, assuming the demerger proceeds. We will be in touch closer to the time to confirm your intentions regarding future possible filing actions with Accel Energy and AGL Australia.

If you would like to be part of future engagements, please head to the [Shareholder Hub](#) on our website to sign up. We are very grateful for the support of a shareholder community as it enables us to do what we do.



"An overwhelming majority of shareholders in AGL have sent a resounding message to the board of AGL: align your business with the Paris Agreement. The erosion in shareholder value appears to have finally united shareholders behind this push. AGL has committed to publishing emissions reduction targets in the demerger scheme documents. Shareholders have demanded that those targets be Paris-aligned."

- Dan Gocher
Director of Climate and Environment





Update Shareholder Engagement

It is our pleasure to work with our growing community of shareholders. Your participation unlocks so much of what we are able to do at ACCR and that work would not be possible without so many active, ethically minded shareholders coming together.

The addition of Vanessa to our team in March 2021 has allowed us to expand our work with shareholders.

We further developed our webinar program for shareholders, holding five webinars this year which featured a range of guest speakers including ACCR's Executive Director Brynn O'Brien, Local Climate Team Lead Harriet Kater, Director of Workers Rights Katie Hepworth, Climate and Environment Company Analyst Fiona Deutsch and First Nations Engagement Lead James Fitzgerald. These webinars provided access to insights from our thematic experts and shareholder engagement team and were part of a planned program of webinars that explored ACCR's research and shareholder advocacy work focusing on how shareholders in Australian-listed companies can exercise their ownership powers. We hope to further engage with the community through webinars in 2022. To view a recording of these webinars, visit [ACCR's Youtube channel](#) or email shareholders@accr.org.au.

Additionally, we held 4 face to face events in June and July to further engage with our community. At these events we shared the aims of Say on Climate and our national climate work more broadly. There were two events in Sydney, one in Canberra and one in Tasmania.

We have also had some more exciting advertising opportunities this year, enabling us to reach a wider audience to inform shareholders how they can harness their power and have a say in the actions of their company. You may have heard us on the 7am and the Culture podcast or seen our pieces in the Saturday Paper, the Monthly, Renew Technology magazine and online via the Renew Economy website. Keep an eye out for us in the new year as we hope to continue to grow our shareholder community.





In other exciting news, our work was featured by The Business - Australia's leading business news television programme on ABC and ABC News in Australia. The [article](#) discussed how shareholders can use annual general meetings to demand climate action from ASX-listed companies, outlining what it means to be a shareholder, what rights you have and how you can channel that power to influence company behaviour. A long-time member of our shareholder community - Pam O'Connor - was interviewed for this feature and you can also see her speak [here](#).

Throughout 2021, we have continued to monitor company AGM conduct. Companies have delivered their AGMs with mixed methods throughout the year; some have remained completely virtual, while others have adopted either a hybrid practice with the possibility of both online and in-person attendance, or reverted back to in-person attendance (although this was more rare). Similar to what we observed in 2020, there has been a decrease in transparency around questions and question-askers in virtual meetings. We have seen increased use of a phone line for questions but direct interaction between company boards and shareholders remains diminished. As we attend AGMs it is always a pleasure to see such a strong turnout from members of our shareholder community asking questions of their boards.

Looking ahead to 2022, we are planning improvements to our Shareholder Hub to provide increased access to important communications to our community as well as a new sign-up form and interface to allow for easy registration and updating of your shareholdings. In the latter half of this year, we implemented a temporary sign-up form while we migrated our systems to a new secure database and this meant a temporary suspension of the login feature which allowed for self-updating of shareholdings. We hope to be able to offer an improved interface soon which will restore this functionality.

Emma Batchelor and Vanessa Mai, Shareholder Engagement Team



We welcome feedback from our community on the support, events or communications you would like to receive from us.

Spotlight

“”

It's a great way to be involved. It makes a small amount of capital that you may have, make a difference.

Pam O'Connor



“”

Resolutions are a proven, effective way for investors who care about changing corporate behaviour to have a positive impact on the world around us. For this reason Tas Ethical and our clients have been proud, active supporters of the ACCR's shareholder resolutions and will continue to be in the future. If you wish to use your money to drive positive change in Australia, I strongly recommend engaging with the ACCR.

Stuart Barry



“”

Participating in shareholder resolutions is one of the most powerful ways I can influence business to act on climate and justice issues. ACCR makes it easy and understandable to use my shares for good, and they amplify my impact in the media and in big investors' boardrooms. It's incredibly powerful and rewarding.

Marie Carvolth



Resolution Program 2022

ACCR is planning a widespread engagement and potential resolution program for 2022.

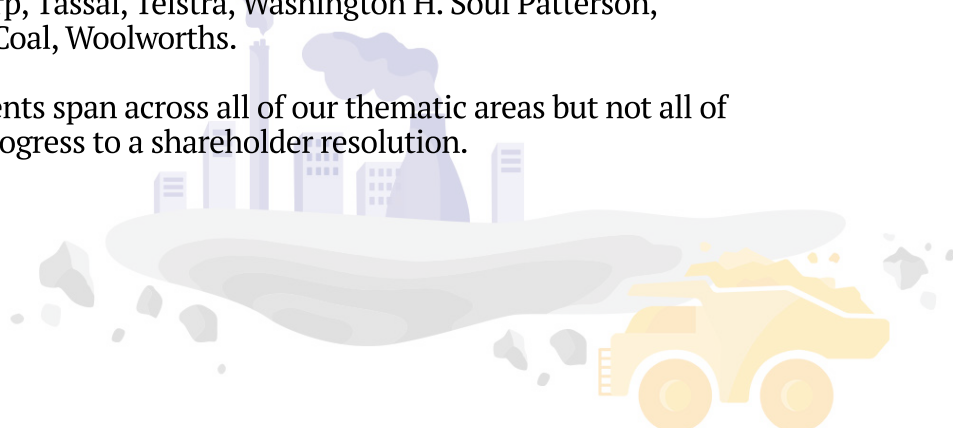
If you hold shares in any of these companies and would be interested in supporting this work please hold on to them for the following year. As each potential resolution comes up we will be in touch with relevant shareholders with more information.

- **H1 2022:** Macquarie, Rio Tinto, Santos, Woodside.
- **H2 2022:** AGL, APA Group, Beach Energy, BHP, Cooper Energy, Fortescue Metals, Incitec Pivot, Origin, South32.

In addition to the above, other companies we are engaging with and looking for shareholders in include:

- Adelaide Brighton, Alumina, Ampol, ASX, Aurizon, Bluescope Steel, Boral, Coles, CSR, CIMIC, Dexus, IAG, Magellan Financial Group, Medibank Private, Mineral Resources, Newcrest Mining, Northern Star Resources, Orica, QBE Insurance, Scentre, Stockland, Suncorp, Tassal, Telstra, Washington H. Soul Patterson, Wesfarmers, Whitehaven Coal, Woolworths.

These company engagements span across all of our thematic areas but not all of these engagements will progress to a shareholder resolution.





Our Research

ACCR's research and analysis underpins the contents of our resolution and are an evidence base for our strategic engagement with companies. We are increasingly recognised as producing unique and cutting-edge research on investment issues. This year, ACCR published five large reports, along with numerous briefings related to the various workstreams.

Cutting Carbon: What the rush to divest fossil fuels means for emissions reduction and engagement

The Australian share market is one of the most carbon intensive markets in the developed world. Portfolio decarbonisation must be transparent.

January 2021



Gaslighting: How APPEA and its members continue to oppose genuine climate action

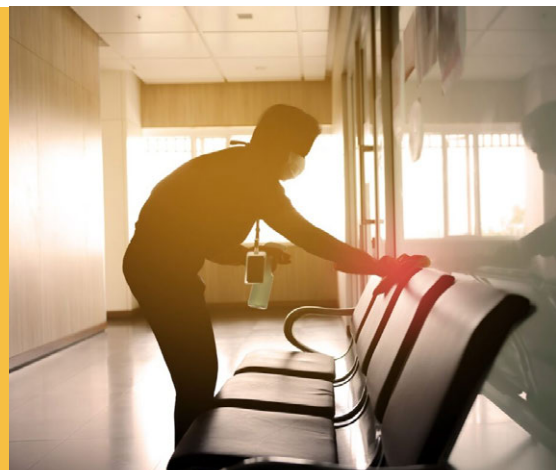
Climate-aware investors in APPEA's member companies must now assertively seek to curtail lobbying that is inconsistent with limiting global warming to well below 2°C.

June 2021

Cleaning up their Act?: Modern Slavery Due Diligence in the Australian Property Sector

ACCR analysis shows that property owners continued to rely on reporting mechanisms that decades of evidence show will fail to pick up instances of modern slavery and labour abuse in their supply chains.

June 2021



Falling through the Cracks? Labour hire, Contracting and Outsourcing Risks across the ASX100

ACCR analysis shows that company reporting across the ASX is insufficient to allow investors to engage with companies about their employment models and overall workforce strategy.

August 2021

Super Votes: How Australia's largest superannuation funds voted on ESG resolutions in 2020

ACCR analysis of the disclosures and voting behaviour of Australia's 50 largest superannuation funds on ESG shareholder resolutions.
September 2021



Investor briefing: Sexual harassment as material risk

Investors need to better understand the different types of risks posed by sexual harassment, including long term financial risks, operational disruptions and reputational damage.
November 2021



BHP Climate Transition Action Plan Analysis

ACCR believes there is sufficient reason to vote against the approval of BHP's Climate Transition Action Plan.
October 2021



ACCR also published four submissions to the government in 2021:

Senate Select Committee on Job Security - Risks for workers, companies and investors

Inquiry into the prudential regulation of investment in Australia's export industries

Coronavirus Economic Response Package Amendment (Ending Jobkeeper Profiteering) Bill 2021 Inquiry

Response to the proposed new carbon capture and storage method under the Emissions Reduction Fund



Join us as a shareholder

We work with shareholders to channel their ownership powers toward making companies more responsible and transparent. Together with 100 registered shareholders, we can put shareholder resolutions on issues like climate change, political lobbying, decent work, and human rights to Australian companies. If you own shares in listed companies, register with us to raise your voice.

You can continue your support by:

- [Registering or updating your shareholdings on the shareholder hub](#) - Keeping your information up-to-date and correct allows for the submission of resolutions to remain a smooth process.
- Telling your family, friends and colleagues about us. Share this report with them, direct them to our [website](#) or tell them to get in contact with us. We welcome further support of any kind.

If you have a question, please check out our [FAQs](#) or get in touch via the email below.

If you are a [financial advisor](#) who has clients who wish to join our work in the coming year or you'd like more information on how you can support them, contact us at the email below.

shareholders@accr.org.au

Fund our work

If you would like to help ensure that our corporate sector creates both long-term and sustainable profits, while respecting human rights and the environment, please consider making a donation. ACCR is an Approved Research Institute and **donations** to our Research Fund are tax deductible. Donations to **support our other work** are also very welcome.

Find more information on our donors and grantors [here](#).

accounts@accr.org.au

Follow ACCR

 facebook.com/accr

 Linkedin.com/accr

 Twitter.com/accr



**Level 5, 131 City Walk, Canberra City
GPO Box 1596, Canberra ACT, 2601**

An association incorporated under the ACT
Associations Incorporation Act 1991; AO 5319

Registered as a charity with the Australian Charities
and Not-for-profits Commission (ACNC)

ABN 95 102 677 417; ARBN 648 883 194,
members' liability is limited

 **ACCR**