

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. We undertake research and highlight emerging areas of business risk through private & 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 2022
04	Shareholder Advocacy
07	Media Highlights
09	Closer Look: Origin Energy, AGL, BHP & ACCR in Japan
13	Shareholder Engagement
16	Resolution Program 2023
17	Research
20	How to Participate

DISCLAIMER

The contents of this document 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 document is offered for informational purposes only and is not a substitute for professional advice.

Contact: Alia Hutchison, Shareholder Engagement | shareholders@accr.org.au



From our Executive Director



2022 has been a ground-breaking year. Along with other committed shareholders, we helped transform the board of Australia's biggest carbon emitter AGL Energy over its handling of climate risks, and two companies we engage with - AGL and Origin - announced they were accelerating their exit from coal fired power generation. However, as the UN Secretary General said at COP27 in November: "We are on a highway to climate hell with our foot still on the accelerator."

The war in Ukraine has contributed to spiralling energy costs around the world. All the while, oil and gas companies rake in lucrative war profits and fossil fuel lobbyists use the crisis to manufacture arguments for increased fossil fuel production - in spite of the International Energy Agency forecasting a steady decline in fossil fuel demand.

At ACCR we have continued our work holding heavy emitters across the globe to account. We've deepened our engagement with investors of all sizes, many of whom are voicing increasing concerns about poor disclosure of climate risks, and company transition plans that are at odds with the aims of the Paris Agreement.

The climate-focused renewal of AGL's board in November was a history-making moment, and illustrative of the power of shareholder engagement to produce real change. While Grok Ventures built an 11% stake in AGL and used it to catalyse board renewal, many of the strategies deployed over the course of this collaborative campaign are available to institutional investors of all sizes.

We embark on 2023 hyper-focused on achieving real-world emissions cuts from the companies with which we engage: every tonne of carbon prevented from entering the atmosphere contributes to a better chance at a more livable planet. We're also honing in further on the destructive impact pro-fossil fuel lobbying has on our democracy.

ACCR's team continues to grow in size and expertise - and I thank all our partners, shareholders and donors who have made this possible. Our work is urgent, and if you consider yourself an ethical investor, or you wish to support us in any way, I'd love you to join us in our mission!

Brynn O'Brien

Brynn O'Brien
December 2022



Shareholder Advocacy

2022

This year, together with hundreds of shareholders, we challenged some of Australia's biggest emitting companies to demonstrate their commitment to decarbonisation. ACCR filed 13 shareholder resolutions at ASX-listed companies, including four proposals that were withdrawn following successful company engagement with both Rio Tinto and Origin Energy. We continued our efforts to constrain negative climate-related lobbying, with resolutions filed with Santos, Woodside and Rio Tinto (withdrawn), and pivoted to a new direction with BHP, asking it to positively advocate for Paris-aligned climate policy as a counter to the dominant force of the fossil fuel lobby. We also asked Santos and Woodside for enhanced disclosure of decommissioning risks, and BHP and Origin (withdrawn) for improved reflection of climate change in their financial statements.

Overall the level of support for these resolutions was lower than in recent years, which we partly attribute to the novel focus areas of the proposals and the fact that the majority of companies held Say on Climate votes at their 2022 AGMs, which divided investor focus. We are proud of our work pushing investors to think differently, and will continue to prosecute these critical issues in our company and investor engagements. It is inevitable that all of these issues will only grow in significance over the coming years.

Company	Category	Type of Resolution	Resolution Content	Vote in support
BHP Group Ltd	Governance	Special	Amend Constitution to permit advisory resolutions	9.24%
BHP Group Ltd	Climate Change	Ordinary	Climate Policy Advocacy	12.73%
BHP Group Ltd	Climate Change	Ordinary	Climate Sensitivity Analysis	18.67%
Origin Energy Ltd	Governance	Special	Amend Constitution to permit advisory resolutions	Withdrawn
Origin Energy Ltd	Climate Change	Ordinary	Climate Sensitivity Analysis	Withdrawn
Rio Tinto	Governance	Special	Amend Constitution to permit advisory resolutions	Withdrawn
Rio Tinto	Climate Change	Ordinary	Climate related lobbying	Withdrawn
Woodside Energy	Governance	Special	Amend Constitution to permit advisory resolutions	6.43%
Woodside Energy	Climate Change	Ordinary	Climate related lobbying	12.4%
Woodside Energy	Climate Change	Ordinary	Decommissioning	12.06%
Santos Ltd	Governance	Special	Amend Constitution to permit advisory resolutions	4.99%
Santos Ltd	Climate Change	Ordinary	Climate related lobbying	14.58%
Santos Ltd	Climate Change	Ordinary	Decommissioning	15.63%

Internationally, we co-filed a resolution in Japan along with institutional investors Man Group, Amundi, and HSBC Asset Management, calling on J-Power, the country's largest coal plant operator, to set credible emissions reduction targets - achieving a significant 26% vote in support.

Keeping the pressure on

We use every tool at our disposal to achieve positive impact

- **Record-breaking votes against company climate transition plans:** Rio Tinto, Santos, Woodside, UK-listed Glencore, Origin Energy, AGL Energy and South32 all provided their shareholders with a Say on Climate - an advisory vote on company climate transition plans. ACCR prepared analysis on these plans and engaged with major shareholders, and in part due to our work, 24% of shareholders voted against **Glencore's** climate plan, 37% against the **Santos** plan, 31% against **AGL's** climate plan, and a whopping 49% of shareholders voted against the **Woodside** plan. ACCR recommended in favour (subject to conditions) for **Rio Tinto, Origin Energy** and **South32's** climate plans and all three plans received significant shareholder support.
- **Pushing for a Safeguard Mechanism with teeth:** As the key Labor government policy for regulating industrial greenhouse emissions in Australia, ACCR has been closely monitoring the development of the Safeguard Mechanism. In our submission we pushed for an end to the practice of industry setting its own emissions baselines and for restrictions to be placed on the use of carbon offsets. We continue to monitor the development of this policy and the conduct of industry associations and their members as it progresses.
- **Engage to change:** Our engagement with **Norges Bank Investment Management (NBIM)**, Norway's US\$1.4 trillion sovereign wealth fund, contributed to NBIM setting a target for net zero emissions by 2050 for all companies in its portfolio. In Japan, along with a group of institutional investors, we engaged with leading steelmaker, **JFE Holdings**, resulting in the company committing to enhance its climate governance structure. And in Australia, our engagement with **Rio Tinto** and the **National Native Title Council** led to Rio Tinto breaking ranks with the **WA Chamber of Minerals'** opposition to federal cultural heritage protection law, and instead giving support to the current co-design process between the Commonwealth and First Nations leaders.
- **Decreasing the funding base of destructive lobbyists:** After we filed a shareholder resolution asking **Rio Tinto** to exit industry associations that continue to advocate for the development of new and expanded coal mines, and following a negotiation with the company, we withdrew the resolution and Rio Tinto committed to ceasing membership of the **Queensland Resources Council (QRC)**.

Asking tough questions

We represent our shareholders. ACCR fronted up to AGMs across the country and asked pertinent questions of directors.



Does BHP, like the WA Chamber of Minerals, regard Commonwealth heritage protection law as needless duplication? Or does BHP support Commonwealth heritage law and the current co-design process? And can BHP point to its own statement of support for Commonwealth heritage protection law or has it relied to date on the advocacy of the WA Chamber of Minerals?

Alia Hutchison
Shareholder Engagement, ACCR



Making the news

We use the media to amplify our content, control the narrative and campaign for change.

Our ED, Brynn features in this fantastic Bloomberg look at [the new era of Australian activism](#).

Harriet commented on Westpac's new climate targets for [The Guardian](#) and found their approach to oil and gas extraction projects to be quite concerning.

Brynn talks about shareholder activism and effectiveness, [in this article](#) about all things AGL and demerger.

Our strategic projects lead, Naomi exposed Glencore's fugitive methane emissions to the global [Bloomberg News audience](#).

In [Mining Technology](#), James was quoted saying "it is time for other mining companies to follow Rio Tinto's lead and support the Commonwealth cultural heritage protection law reform process."

Brynn weighed in on the [ESG debate](#) happening in the USA for the AFR. "The conversation Australian investors are having about climate change is about financial and physical risk and fiduciary duty. I don't think we will see a similar expression of political identity in Australia."

Alex called Woodside's claim that its proposed Browse mega-gas project off Western Australia's coast aligns with Paris climate targets "[certifiably insane](#)" in Yahoo News.

Expanding our legal case against Santos caused quite a stir. Read more in this coverage by [the ABC](#).

Dimitri, our Chief Scientist, explained to the [ABC](#) how new technology that allows independent monitoring of methane emissions from oil and gas wells is "shifting power" away from industry.



"History has been made today," said Brynn O'Brien following the board renewal at the AGL AGM. "It is vital that lessons are learned from AGL's colossal waste of time and shareholder funds."

Harriet took aim at BHP's advocacy methods in calling on them to cease funding the NSW Minerals Council.

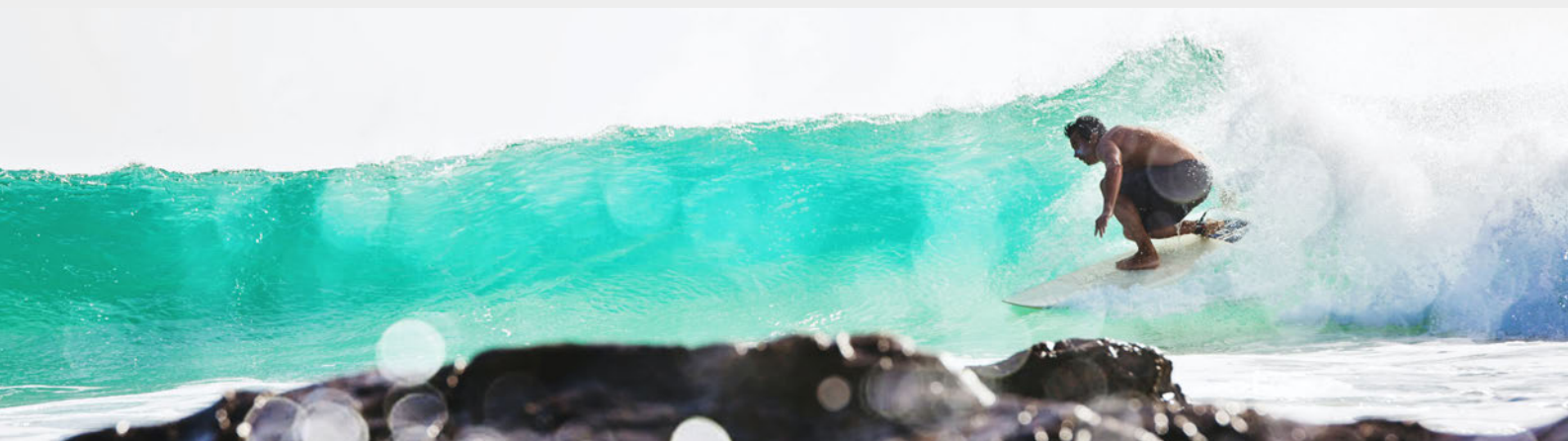
Brynn discussed the role of shareholder-led activism in the AGL Board nominations on ABC RN and was quoted in AFR.

James told the ABC "Australian companies are far from adequately regulated, leaving shareholders exposed to unacceptable risks and tarnishing Australia's reputation as a safe and transparent investment destination."

Dimitri says BP is "plowing ahead" with investments in new oil and gas that will make climate impacts worse.

Alex was interviewed by WorkForClimate on the moral responsibility for decisions we're making or participating in within the workplace.

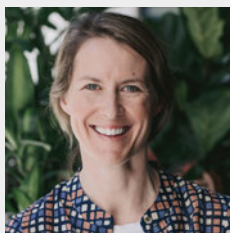
Brynn also penned this op-ed about the arguments against divestment and the valuable future of shareholder activism. Look out for more inside scoops on our shareholder hub.



Our Key Spokespeople



Brynn O'Brien
Executive Director



Harriet Kater
Climate Lead



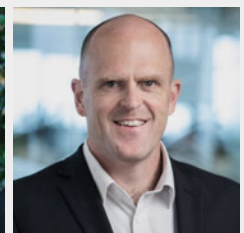
James Fitzgerald
Legal Counsel / First Nations
Engagement Lead



Dimitri Lafleur
Chief Scientist



Naomi Hogan
Strategic Projects Lead



Alex Hillman
Lead Carbon Analyst

Closer Look

When withdrawal is a win

Origin concedes to investor pressure, includes climate sensitivity in financial statements.

We always strive for productive engagement with our companies to bring about the changes we want to see as shareholders. Sometimes, withdrawing a resolution can mean we've had a win with this approach.

This year we filed a resolution asking Origin Energy for a 1.5°C climate change sensitivity analysis in its financial statements. Our view - and the expectation of regulators and many investors - is that climate risk is financial risk, and so belongs in financial statements.

Following engagement with the company in the lead-up to the AGM, Origin agreed to deliver this information from FY2023 onwards, and we withdrew the resolution. This outcome is a significant step towards the inclusion of climate sensitivity in financial statements being normalised across the ASX, and a clear demonstration of the power of committed shareholders.



ORIGIN

Demerger bloodbath

In May, AGL announced it was abandoning its demerger proposal, with four directors stepping down, including Chair Peter Botten, CEO Graeme Hunt, Diane Smith-Gander and Jacqueline Hey.

This came after the company wasted 18 months on the plan and five years of underinvestment in renewable energy - destroying shareholder value by delaying the inevitable energy transition.

ACCR has been engaging with AGL since 2015. By failing to set Paris-aligned targets for the proposed demerged entities, the board of AGL ignored a fundamental demand of a majority of shareholders less than a year ago, and paid the price.

At the time, we called for new leadership to take the company forward. “AGL is in desperate need of directors that have direct experience in developing clean energy at scale. The bloodbath in the boardroom today was years in the making and well overdue.”



Board shake-up

Four directors nominated by Grok Ventures (Christine Holman, Kerry Schott, Mark Twidell and John Pollaers) received majority support and joined the company board.

In November, when AGL shareholders elected five new climate-focused directors to the board, it was history-making - the first time the board of an Australian listed company has been transformed by shareholders over its handling of climate risks. In addition, AGL received a ‘first strike’ on remuneration.

We think AGL is now finally in a position where it can start chasing down decarbonisation opportunities and restoring shareholder value. However, other companies should be heeding the lessons of this colossal waste of time and shareholder funds. Climate risk management is an ever increasing pressure, and boards that remain flat-footed in the face of rapidly shifting market dynamics should, and will, be held to account by shareholders.

Not leading & not following

This year we filed a resolution asking BHP, Australia's largest company, to deploy its immense political influence to positively advocate for policy settings that are consistent with the Paris Agreement's objective of limiting global warming to 1.5°C.

Since 2020, BHP has stated that a 1.5°C pathway is the best outcome for shareholder value, so we think BHP should be deploying its influence to enhance the probability of that outcome for shareholders.

The United Nations High-Level Expert Group (HLEG) on Net-Zero Emissions Commitments of Non-State Entities has also identified the importance of positive advocacy. The HLEG said that by working with governments to set-up strong standards, companies can help create “an ambition loop” that will “further de-risk a speedy transition and maximise the economic benefits of rigorous net zero alignment.”

We are disappointed and surprised that BHP's board recommended shareholders vote against this resolution. This is a critical moment in Australia, following a change in government, and it is essential that the winners from rapid decarbonisation, such as the major diversified miners, step up to counter the power of the fossil fuel lobby in this country.



Big in Japan

Our first foray into company engagement on climate in Japan produces very strong results, some of which would be considered a shareholder revolt in many jurisdictions.

When ACCR co-filed a resolution with Japan's largest coal power operator, J-Power, in May, it was the first ever institutional investor group-led climate shareholder resolution filed in Japan. As well as receiving substantial shareholder support, the proposals were supported by leading proxy advisors ISS and Glass Lewis.

The collaboration, with investors representing US\$3 trillion of assets under management, marked an important milestone in sharply rising investor engagement on climate change in Japan. "Long-term investors in J-Power see its corporate value dependent upon a credible plan to decarbonise," said Sachi Suzuki, Senior Stewardship Specialist at HSBC Asset Management.

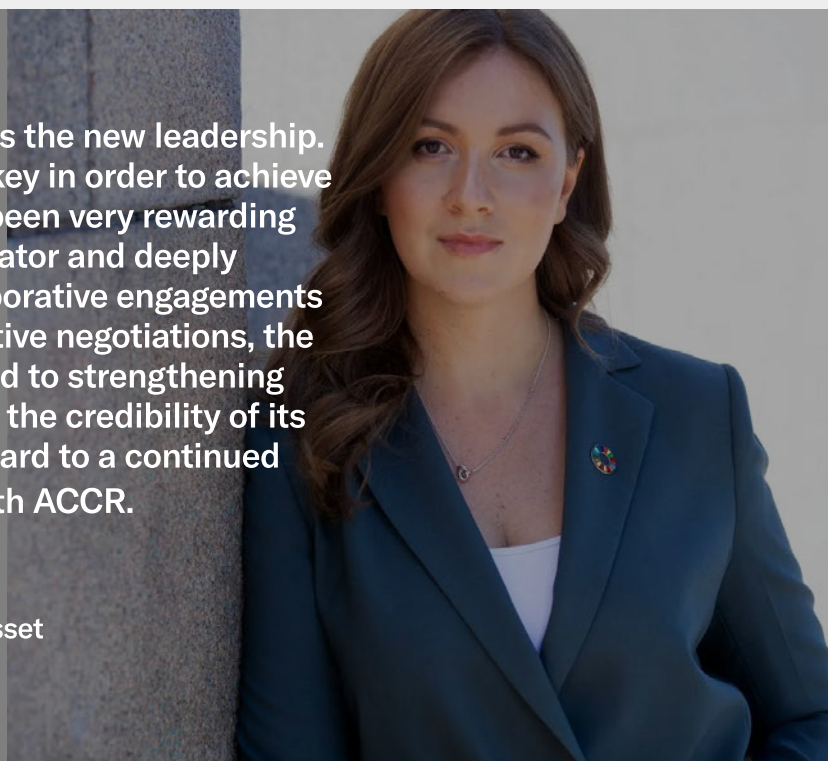
ACCR also facilitated successful engagement with the Japanese steelmaker JFE, joined by Man Group and Norwegian Storebrand. During the course of our engagement, the company committed to strengthen its climate targets, and in the end no resolution was filed at the JFE AGM.

We are looking forward to continuing our engagement with both companies to ensure we achieve the goal of a safe climate for all.



At Storebrand, we believe partnership is the new leadership. Collaboration among investors will be key in order to achieve the Paris agreement. Therefore, it has been very rewarding collaborating with ACCR, a great facilitator and deeply knowledgeable partner for these collaborative engagements with companies. Through our constructive negotiations, the Japanese steel producer JFE, committed to strengthening the company's climate governance and the credibility of its decarbonisation strategy. We look forward to a continued and mutually beneficial partnership with ACCR.

Victoria Lidén
Senior Sustainability Analyst at Storebrand Asset





Update Shareholder Engagement

Our community is made up of hundreds of passionate shareholders, who - like ACCR - hold shares in a variety of companies. Your ongoing support keeps us ready to file resolutions and gives us the leverage to engage with these companies and their investors.

We try to make it as easy as possible to participate in our actions and this year, we redesigned our shareholder hub - allowing shareholders to register with us and update holdings in just a few minutes.

We also updated our **agency agreement**. This is the agreement that shareholders make with ACCR to come together with us to prepare and put resolutions to companies in the lead up to AGMs. We are really happy that the majority of our community signed this new agreement.

It is important to ensure your shareholding details and agency agreement are up to date. If you have recently purchased shares, or would like to register with us as a new shareholder, you can **sign up or update your details** via our shareholder hub.

In 2022, we also launched our **community newsletter** - We Are ACCR. We hope you have found these updates useful and worthwhile. It's important that we share our stories, our successes and our struggles because they belong to all of us. Because we are, all of us, ACCR. If you would like to receive this newsletter, please **subscribe**.

Shareholders are critical to all of our work and we are always looking for more people who hold shares and want to join with us. Please spread the word about the shareholder hub with others or share some of our **useful resources**.

To launch our resolution program for 2023, we hope you will join us for a **town hall style webinar** in January. Please look out for more details in the new year. 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.

We welcome feedback from our community on the support, events or communications that you would like to receive from us. Please contact us with any suggestions.

Spotlight

“”

I signed up with the ACCR because of fire, flood and storm. As I watched people struggle to rebuild their homes, I felt compelled to DO something, and found that ACCR offered me an avenue for action. After decades working as a research scientist, I accumulated a modest portfolio of stocks, but thought that my holdings were too small to justify me distracting busy company executives with my concerns about climate change and carbon emissions.

ACCR's coordination of like-minded shareholders has allowed my voice to be included in a chorus calling for change. Transitioning to a zero-carbon world is a complicated proposal and ACCR's insightful and nuanced investigative reports provide answers and map out an achievable pathway to the future. I applaud ACCR's careful efforts to influence company boardrooms and I trust their strategic expertise and professionalism.

Here at home, my teenager accuses me of being some sort of an eco-hippy who lacks tie-dyed T-shirts. I tell him I'm going to buy him shares and sign him up to ACCR for his 21st birthday!

Dr Fiona Young, BSc. Hons, PGCE, PhD.



Advocacy Program 2023

ACCR is planning a targeted resolution and engagement program for 2023.

ACCR's mission is to deliver changes to company strategy, across a range of Australian and foreign-listed stocks, to decrease real world emissions, in line with the best available science, for the benefit of shareholders.

In 2023, we will continue our engagement with a streamlined list of companies, including:

- H1 2023 AGMs: Rio Tinto, Santos and Woodside Energy.
- H2 2023 AGMs: AGL Australia, BHP and Origin Energy.

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.

- Our global engagement and investor outreach work will continue to seek opportunities to achieve real-world emissions cuts.

Become a Frequent Filer

We are also looking to build our ranks of "frequent filers" - community members who can acquire shares in companies upon request. Please be in touch if you would be willing to purchase shares, as needed, in the future.



Our Research

ACCR's research and analysis underpins the contents of our resolutions 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. Our work is also being actively used by others in support of shareholder engagement and litigation strategies.

Facts over fiction: Debunking gas industry spin

This paper reviews several of the Australian LNG industry's claims and finds they are inaccurate or exaggerated. An investment in gas is not an investment in the Paris Agreement.
February 2022



Glencore's Methane Problem

Glencore is likely understating its operational emissions by at least 11-24% on an annual basis, due to underreporting of methane emissions from its Australian coal mines.
April 2022

Investor briefing: Say on Climate Voting in 2021

Companies were rewarded for accountability, transparency, or for being first movers, rather than the strength of their climate plan commitments.
April 2022



Oil and Gas Sector: 2022 Climate Transition

Global Climate Insights assess how major oil and gas companies are decarbonising and compare their current climate plans.
May 2022

AGL Energy Demerger & 2022 AGM voting intentions

The Demerger Scheme Booklet did not satisfy the request of ACCR's 2021 shareholder resolution. With a suitably qualified CEO and refreshed board, AGL Energy Ltd (ASX:AGL) will produce a significantly enhanced CTAP in the next 12 months. May 2022 & October 2022



Investor bulletin: Climate policies under consultation must not be stifled by industry lobby

Investors have a critical role to play in curtailing the impact of company and industry association lobbying on evolving Australian climate policy. September 2022

Say On Climate

- In 2022, ACCR published analysis of these company climate plans:
 - [Rio Tinto Group Ltd/Plc Assessment of 2021 Climate Change Action Plan](#)
 - [Glencore Plc: Assessment of progress against its climate plan](#)
 - [Woodside Petroleum Ltd: Assessment of 2021 Climate Report](#)
 - [Origin Energy: Climate Transition Action Plan Analysis](#)
 - [South32: Climate Transition Action Plan Analysis](#)

- ACCR also published three submissions to government in 2022:
 - [Submission: Appeal against the North West Shelf Extension](#)
 - [Submission: Safeguard mechanism](#)
 - [Submission: WA EPA's Draft Environmental Factor Guideline - Greenhouse Gas Emissions](#)



Join us as a shareholder

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 these [useful resources](#) 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 our [contact page](#).

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.

Fund our work

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.

Speak to us directly about your objectives and any opportunities for collaboration:

Eva Kiriakoff

eva.kiriakoff@accr.org.au

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