

Message

From: Nash, Mike A (Legal) [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=CE7CB5B83AC24EB8A5D8E8AC4DD0C137[REDACTED]]
Sent: 19/01/2021 13:37:25
To: Streett, Mary [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=be3e9aaa98684f67a347034a266e714[REDACTED]]
Subject: FW: Follow This article

Redacted - Privilege

Mike

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From: Andrews, Antony <[REDACTED]@uk.bp.com>
Sent: 18 January 2021 15:08
To: Chierchia, Giulia <[REDACTED]@bp.com>; Nash, Mike A (Legal) <[REDACTED]@uk.bp.com>; Emery, Dominic <[REDACTED]@uk.bp.com>; Marshall, Craig <[REDACTED]@bp.com>; Ovion, Sarah <[REDACTED]@bp.com>; Goddard, Kelly <[REDACTED]@bp.com>; Haywood, Alan H <[REDACTED]@bp.com>; Bickerton, David <[REDACTED]@uk.bp.com>; Mathews, Ben <[REDACTED]@bp.com>
Subject: RE: Follow This article

Apologies if already seen – perhaps the response from MvB is new information for some, here - “mindset not semantics”. Article from Responsible Investor.

BPA_HCOR_00298446

Follow This files resolutions at US oil companies as BP joint engagement hits ‘wording’ hurdle

Resolutions filed with Chevron, ConocoPhillips, Occidental Petroleum and Phillips66



- Jan 18th, 2021

Dutch climate shareholder group Follow This has filed resolutions at Chevron, ConocoPhillips, Occidental Petroleum and Phillips66 in an attempt to galvanise the US oil firms into climate action as president-elect Joe Biden plans to rejoin the Paris Agreement.

RI understands that the US oil firms have opposed the resolutions, arguing that the Securities and Exchange Commission (SEC) should allow them to exclude them from the ballot for being either vague, micro-managerial or already implemented.

The resolutions are tweaked to suit each firm, but all offer shareholder support to address Scope 3 emissions targets. Follow This hopes the new Biden administration will set a new tone at the top of the SEC making it harder for oil firms to block climate resolutions, as former Commodity Futures Trading Commission head, Gary Gensler, is tipped to be appointed the new SEC Chairman.

In December, RI reported that Follow This has filed a resolution at BP, with input from the firm itself, but a BP spokesperson has now confirmed that the parties did not agree on the wording of the proposal and its board would respond to it in due course - likely when the notice of the AGM is published.

Collaboration between BP and Follow This started in March 2020, when the latter withdrew a climate resolution at BP to give its new CEO Bernard Looney a chance to elaborate on the firm's new ambitions regarding Scope 3 emissions.

Mark van Baal, Founder of Follow This, said the initiative should be about “mindset not semantics”, and that the resolution it filed focuses on shareholder support for BP to set climate goals aligned with the Paris Agreement, rather than its own ambitions.

Follow This believes the problem may lie in the fact that BP's own Net Zero ambition only covers its own production, increases overall emissions by 2030 and only halves overall emissions by 2050.

Mark van Baal said those sticking points can still be agreed upon and hopes the board will change its mind before the AGM, developing BP's ambitions into Paris-consistent targets.

"We are convinced that only a net-zero energy target, instead of a net-zero oil and gas ambition, will get the company in a true transition away from fossil fuels towards renewables."

Similar resolutions have been filed at Shell and Equinor for 2021, following record levels of investor support for Follow This proposals in 2020: 14.4% at Shell and 27% of independent shareholders at Equinor.

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From: Chierchia, Giulia <[REDACTED]@bp.com>

Sent: 14 January 2021 10:52

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Subject: RE: Follow This article

Perfect thanks!

From: Nash, Mike A (Legal) <[REDACTED]@uk.bp.com>

Sent: 14 January 2021 10:29

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Subject: RE: Follow This article

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From: Andrews, Antony <[REDACTED]@uk.bp.com>
Sent: 12 January 2021 15:26
To: Chierchia, Giulia <[REDACTED]@bp.com>; Emery, Dominic <[REDACTED]@uk.bp.com>; Marshall, Craig <[REDACTED]@bp.com>; Ovion, Sarah <[REDACTED]@bp.com>; Goddard, Kelly <[REDACTED]@bp.com>; Nash, Mike A (Legal) <[REDACTED]@uk.bp.com>; Haywood, Alan H <[REDACTED]@bp.com>; Bickerton, David <[REDACTED]@uk.bp.com>; Mathews, Ben <[REDACTED]@bp.com>
Subject: Follow This article

All,

See below an opinion piece by Mark van Baal and Mark Ashurst on behalf of Follow This, which questions the value of the CA100+ initiative and shows how FT are hoping to attract support for their resolution. Full piece from Responsible Investor provided below (highlighted text from me).

Follow This put out a similar piece last year – their animosity towards CA100+ is not new. Despite holding CA100+ in poor regard, FT are seeking for their resolutions to be used as a demonstration of companies' commitment to CA100+'s expectations;

- *"In September 2020, CA100+ issued a statement which urged oil and gas companies to set specific Paris-aligned targets to reduce emissions. The new position embraced the best example from their own ranks and brings CA100+ into alignment with principles set out by Follow This. This year will test that commitment."*

o AA – reminder that CA100+ requested companies to "Confirm that your company will, in good faith, set (or has set) an ambition to achieve net zero emissions by 2050 or sooner across all material GHG emissions, and establish medium-term targets or goals consistent with a global reduction in emissions of 45% by 2030 relative to 2010 levels". Letter as received and response is attached for reference.

- *"it is logical and credible for CA100+ members to vote for the Follow This climate resolutions and to apply the same standard for every oil major"*

They're simultaneously looking to fundamentally devalue CA100+ while also adopting and enforcing CA100+'s own expectations and declaring support for the initiative.

Note that Craig, Sarah, Ben and I have a conversation planned later this week to start thinking about investor engagement options ahead of AGM season. We can also raise this at the next co-leads meeting on 20th Jan (internal prep discussion scheduled for Friday).

Thanks,
Ant

Climate Action 100+ alliance is bigger than Big Oil

Oil executives have used CA100+ joint statements as fig leaves. Until now.

- by: Mark van Baal and Mark Ashurst
- Jan 12th, 2021

This article is free, but to access more of our content, you can sign up for a no strings attached 28-day free trial [here](#).

Go figure. The brainpower, technology and investment to slow global heating are readily available. Time is short, and the energy incumbents have the know-how, financial muscle, and market-making opportunities to rapidly scale the transition to renewables. So what do they propose? More carbon emissions.

If only this were an exaggeration. It's not. At least in the decade to 2030, oil companies including BP, Shell, Equinor and Total are asking investors for patience while they ramp up new fossil fuels production that will increase emissions.

This isn't what the industry wants us to hear, of course. In 2020, one oil major after another bowed to investor pressure by drafting new plans to achieve net zero – a goal that many institutions now accept is core to their fiduciary responsibility. But without exception, these net-zero "ambitions" have been pencilled in for 2050. Meanwhile oil majors are inking the deals for more revenue from fossil fuels, which they expect to pay their way through the transition.

A year ago, we wrote here that only Paris-aligned emissions targets mandated by shareholders can wean Big Oil off its old business model of turning hydrocarbons into petrodollars. In particular, we warned of unintended consequences as Climate Action 100+, an alliance of institutions managing assets of almost €50trn, pursued a 'softly, softly' strategy of engagement with oil majors.

One after another, their boards advised shareholders to vote against the emissions targets detailed in our climate resolutions. Each one cited support from CA100+ for their revised "ambitions" to argue that concrete targets are "unnecessary".

The minorities stand up

With hindsight, our caution then was an understatement. Nobody credibly expects a Damascene conversion in an oil company CEO, prompted perhaps by disturbing questions from his young children about the climate emergency. This burden of responsibility lies with shareholders, the owners, who alone can set Paris-consistent targets and support oil majors to invest accordingly.

After a boom year for ESG investment strategies, Big Oil's response to plummeting oil prices and the Covid-19 pandemic has been to write off stranded assets while doubling down on higher-yielding assets that will actually increase emissions to 2030. Many fossil fuel producers have promised to ramp up investment in renewables, while simultaneously bringing new oil and gas assets on stream.

Bluntly, the industry's message to shareholders is: *we know you expect us to act in the climate emergency, so we have promised to reduce emissions in the distant future while we implement 'new' strategies that will increase emissions in the next decade.* When challenged, listed oil and gas majors cite support from CA100+ (which a year ago recruited BlackRock, the world's largest investor, as a new member) as a vindication of their approach.

In a series of joint statements with oil and gas companies, CA100+ consistently lent its backing to plans that omit concrete emissions targets for the period to 2050. However well-intentioned this form of engagement, the public approval served as a fig leaf to hide inaction. It has helped oil companies to keep talking about the Paris Agreement, while doing nothing to curb emissions for the medium term.

A resolution for CA100+

Follow This was founded on the premise that only the incumbents have the means and influence to rapidly scale the transition to renewables before devastating climate breakdown. Big Oil operates the larger part of the world's energy infrastructure. Investors who vote for our resolutions for concrete emissions targets are voting to support Big Oil to do what needs to be done.

CA100+ has pursued a different approach. It aims to find consensus among investors on an agenda for change in the world's most polluting companies. Sadly, the oil and gas sector which underpins the old economy has proven to be largely immune to their advice. Instead, backing from CA100+ for non-committal "ambitions" obscured the transparency which can be the catalyst for change.

Perhaps this is unsurprising. Certainly, a pattern has emerged since December 2018 when CA100+ announced its first joint statement with Shell, heralding the Anglo-Dutch group's plan to halve its carbon footprint by 2050. With that support, Shell maintained until April 2020 that its climate policy was Paris-aligned. Elsewhere, the investors' alliance followed suit by recognising other oil majors' contentious claims to Paris-alignment.

In 2019, for example, both BP and Equinor relied on the support of CA100+ in last-ditch attempts to defy investors' calls to set targets for product (Scope 3) emissions. Equinor published a joint statement with CA100+. BP rejected a Follow This resolution and advised shareholders to support a CA100+ proposal which stopped short of Paris-consistent targets for all emissions.

Last year, these positions quickly became untenable. In the run-up to the 2020 AGM season, many oil companies went back to the drawing board to draft new 'net zero by 2050' scenarios. On closer scrutiny, these plans turn out to entail higher emissions for the medium term. When asked by Follow This at Shell's AGM if his new climate strategy would result in lower emissions and significantly higher investment in renewables by 2030, CEO Ben van Beurden replied: "I have to ask you for some patience".

The Dutch example

In 2020, Follow This again filed resolutions at Equinor and Shell, while a group of institutional investors filed a similar resolution at Total. One after another, their boards advised shareholders to vote against the emissions targets detailed in our climate resolutions. Each one cited support from CA100+ for their revised "ambitions" to argue that concrete targets are "unnecessary".

Fortunately, not all CA100+ members are persuaded by oil companies' serial postponements of emissions targets. A majority of the 10 largest institutional investors in the Netherlands – including CA100+ members Aegon, Achmea, MN and Nationale Nederlanden – voted for Follow This resolutions. Other CA100+ members including La Banque Postale Asset Management, Actiam and M&G swelled the proportion of non-governmental shareholders' votes in support of the Follow This resolutions to 27% in 2020.

We thank these investors for their vision and tenacity. Their stance disrupted the consensus-seeking approach of 'constructive engagement', forcing a welcome shift from CA100+. The hard truth is that we all depend on Big Oil to decrease emissions and drive energy investment to renewables within this decade.

In September 2020, CA100+ issued a statement which urged oil and gas companies to set specific Paris-aligned targets to reduce emissions. The new position embraced the best example from their own ranks and brings CA100+ into alignment with principles set out by Follow This. This year will test that commitment.

In 2021, Follow This resolutions will again come to a vote again at BP, Equinor, Shell and also – depending on the SEC – in the US. A mandate from shareholders is the best cause to hope that oil companies will act on the demands from responsible investors for concrete Paris-aligned targets to reduce emissions.

CA100+ is bigger even than Big Oil. If the investors' alliance means what it said in September, then it is logical and credible for CA100+ members to vote for the Follow This climate resolutions and to apply the same standard for every oil major. Targets compel action by stripping away the fig leaves of non-committal ambitions, endorsements and scenarios: they are the antidote to unintended consequences. Our new year message to CA100+? You have our support.



Mark Ashurst is an ambassador for Follow This and a partner in Leaders' Bureau, specialists in coaching



and content strategy for the transition to a circular economy. He blogs here.

Mark van Baal is founder of Follow This, a group of green shareholders that supports oil and gas companies to set Paris-aligned targets for all emissions and invest accordingly.

Antony Andrews

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