



# **WALKING THE WALK: UK VOTES FOR PARIS AT BIG OIL**

An analysis of the votes and rationales of the ten largest UK asset managers on climate resolutions at Big Oil

April 2023

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## Follow This

Follow This was founded in 2015 on the conviction that Big Oil can make or break the Paris Climate Agreement but will only act to change sufficiently if their shareholders compel them to. We work in Europe and the US to guide shareholders in the process of stewarding Paris-alignment from oil and gas companies – laying out the roadmap for willing investors and holding laggards to account for their inaction. We hold publicly listed oil and gas companies accountable for their emissions and insufficient targets and strategies to reduce them, encouraging these companies to lead the energy transition - not hinder it.

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# 1. Introduction

On the eve of the 2023 annual general meeting (AGM) season at Big Oil, this analysis examines how the ten largest UK asset managers used their voting power as shareholders to drive change at oil and gas companies in 2022;<sup>1</sup> the analysis contains key findings, recommendations, and expectations for 2023.

In this crucial decade, the world needs to almost halve emissions to avoid climate disaster.<sup>2</sup> As emissions from oil and gas make up more than half of the world's energy related emissions, oil and gas companies need to keep pace with reducing global emissions this decade if we are to limit global warming to 1.5°.<sup>3</sup> So far, these companies' inadequate and ambiguous climate targets, coupled with high investments in oil and gas expansion severely compromise global efforts to cut emissions.

No oil majors' current plans reflect absolute emission reductions by 2030 or significant capital allocation towards renewable energy that can safeguard that goal despite making Net Zero by 2050 promises.<sup>4</sup> Volatile energy supply and prices amid the Russia-Ukraine war have enabled oil majors to accrue exorbitant profits, double-down on drilling and even rollback climate targets. This is exemplified by BP's recent backtrack on its aim to reduce emissions.<sup>5</sup> Meanwhile, third party analysis shows Shell's renewable energy capital allocation is much lower than the reported 14% the company boasts under its 'Renewable and Energy Solutions', which includes significant spending to market natural gas, a high emitting fossil fuel.<sup>6</sup>

Continued climate inaction after years of shareholder engagement with Oil and Gas companies shows that companies will not act without a transparent mandate from their shareholders. In absence of votes for Paris aligned emission reduction targets, companies like Shell and BP will

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<sup>1</sup> See method (Section 6) for explanation on asset manager selection.

<sup>2</sup> IPCC Sixth Assessment Report, SYR, Summary for Policymakers, 2023, Table XX, p.21

<sup>3</sup> IEA (2021), *Greenhouse Gas Emissions from Energy Data Explorer*, IEA, Paris <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>; IEA Net Zero by 2050 Roadmap, 2021, page 26

<sup>4</sup> CA100+ Net Zero Company Benchmark October 2022 assessments available at: <https://www.climateaction100.org/whos-involved/companies/>

<sup>5</sup> BP 2022 full year and 4Q financial results & update on strategic progress (Slide 26) - The company changed its 'Aim 2' to reduce the Scope 3 (product) emissions from its own oil and gas production to 20-30% by 2030 (from 35-40%). Importantly, BP's targets were already not in line with CA100+ Benchmark 3.3 (the company's medium term target is aligned with the goal of limiting warming to 1.5 degrees)

<sup>6</sup> See for instance this [complaint letter by Global Witness](#) (1 February 2023)



continue to misuse high support for Say on Climate resolutions to justify continued climate inaction (quotes below).

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*“In 2021, shareholders supported our energy transition strategy with 89% of the votes. In contrast, a resolution by shareholder group Follow This calling for a different energy transition strategy received 30%.” - Shell’s Energy Transition Progress Report 2022<sup>7</sup>*

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*“The scale of support we received has increased our confidence that the strategy we set out in 2020 is working.” - BP Net Zero ambition progress update March 2023<sup>8</sup>*

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Shareholders (particularly institutional investors such as asset owners and asset managers) therefore, need to use the full extent of their rights to incentivize these companies to act in the long-term best interest of their shareholders and the global economy. This includes filing and supporting shareholder resolutions, but also voting against board reappointments and remuneration policies. Currently, many institutional investors still rely on behind-closed-doors engagement as their primary stewardship tool and thus fail to use the full extent of shareholder power.

ShareAction’s recent Voting Matters 2022 report demonstrates the support for environmental and social shareholder resolutions from US and UK asset managers has stagnated, while European peers increased their support.<sup>9</sup> Notably, the report highlights that support for disclosure-oriented resolutions lags that of action-oriented resolutions, such as those requesting improved emission reduction targets. Moreover, the findings note support by the world’s four largest asset managers for resolutions filed in the energy sector has fallen dramatically. Crucially, ShareAction finds that had the Big Three (BlackRock, Vanguard and StateStreet) supported the Follow This resolutions at Chevron, ConocoPhillips and Phillips 66 in 2022, majority support would have been secured.<sup>10</sup>

While large asset managers in the US held back support in 2022, the year also marked the first time where the ten largest Dutch asset managers supported all the Follow This resolutions and voted against the in-house Say on Climate resolutions at BP and Shell (more information in [Annex 1](#)). Simultaneously, the largest UK asset managers increasingly voted for emission reduction targets at oil majors, particularly in the US. However, UK investors’ high voting power did not always translate into high support for climate resolutions at Shell and BP in 2022 despite

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<sup>7</sup> Shell Plc, *Our Progress Towards Net Zero, Energy Transition Progress Report 2022* (2)

<sup>8</sup> [bp Net Zero ambition progress update March 2023](#)

<sup>9</sup> ShareAction, *Voting Matters 2022*, General Findings (Finding 5) <https://shareaction.org/reports/voting-matters-2022/general-findings#finding5>

<sup>10</sup> ShareAction, *Voting Matters 2022*, General Findings (Finding 3) <https://shareaction.org/reports/voting-matters-2022/general-findings#finding5>



these investors having on average much larger holdings in the two London headquartered oil and gas majors than in American oil majors.<sup>11</sup>

The present analysis evaluates the commitment of the ten largest UK asset managers to drive change at Big Oil through a visual breakdown of their votes and qualitative analysis of their rationales on the 2022 Follow This Climate resolutions; these resolutions requested oil companies across the board to set emission reduction targets in line with the goal of the Paris Climate Agreement.<sup>12</sup> The analysis also explores the asset manager's votes on management Say on Climate resolutions at Shell and BP

Through examining their commitments last year in [Section 2](#) and [4](#), we can infer trends we may observe in the coming season that serve the basis for the expectations set out in [Section 5](#). [Section 3](#) lists key recommendations for the asset managers examined in this analysis as well as for the wider landscape of large, diversified asset management.

### **Box 1. The Follow This (FT) Climate Resolution**

Focused on unlocking the potential of shareholder power to support Big Oil in the energy transition, Follow This drafts and files climate resolutions that offer shareholders an opportunity to collectively ask oil and gas companies to reduce emissions in line with the goals of the Paris Climate Agreement to limit global warming to 2 degrees and aim for 1.5 degrees. Over the years, our resolutions have been revised to stir up action from companies in the least prescriptive manner and have received growing support from institutional investors all over the world.<sup>13</sup>

The 2023 Follow This resolutions, to appear on the annual general meeting (AGM) of Big Oil in April and May, focus on five 'super-majors': Shell, BP, TotalEnergies, Exxon and Chevron, which are some of the largest, most influential companies with significant impact on global emissions.<sup>14</sup> These companies consistently fail to set meaningful targets for their Scope 3 emissions (approximately 90% of their emissions). As such, our 2023 shareholder climate resolutions, co-filed by institutional investors, request medium-term Scope 3 emission reductions.<sup>15</sup> Support for Paris aligned targets will provide these companies with a shareholder mandate to lead the energy transition, causing an industry-wide ripple effect.<sup>16</sup>

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<sup>11</sup> Source: Bloomberg Finance L.P

<sup>12</sup> <https://www.follow-this.org/past-resolutions/>

<sup>13</sup> <https://www.follow-this.org/resolutions-results/>

<sup>14</sup> The resolution at TotalEnergies will be co-filed alongside a consortium of institutional investors. In 2020 and in 2022, institutional investors filed a shareholder resolution at TotalEnergies requesting short-, medium- and long-term emission reduction targets in line with the Paris Agreement for Scope 1, 2 and 3. While the resolution received considerable support in 2020 (17% FOR, 11% Abstained), it was rejected from being put to the vote by the company Board in 2022.

<sup>15</sup> Myles McCormick and Tom Wilson 'Activist group Follow This launches climate campaign against Big Oil' *Financial Times* (New York, London) | 19 December 2022 <https://www.ft.com/content/c695432d-436a-4784-aa66-a06bfeec186d>

<sup>16</sup> <https://www.follow-this.org/resolutions-2023/>

## 2. Key Findings Summary

### On Investor Voting

- In 2022, the ten largest UK asset managers express overwhelming support for Paris aligned emission reduction targets at Oil Majors ([Table 1](#)) whereby:
  - Top 10 UK asset managers express modest support for climate resolutions requesting Paris aligned emission reduction targets at Shell and BP, and vote consistently in favor of the Follow This climate resolutions in the US
- Dichotomy in top 4 largest UK asset managers in climate voting at Shell and BP
  - Schroders and HSBC were the only top 10 UK investors to vote in favor of climate resolutions at both Shell and BP
  - LGIM and Abrdn relied on engagement and rewarded ‘progress’ by Shell and BP<sup>17</sup>
- The top 10 UK asset managers continue to increase support for the Follow This climate resolutions over the course of 2017-2022 ([Table 2](#) and [Table 3](#))
- Say on Climate resolutions at BP and Shell lead to confusing voting outcomes and allow companies to claim overwhelming shareholder support for insufficient strategies ([Table 4](#))
  - The Aviva vote in favor of Follow This and against Shell represents the only unambiguous request for Paris alignment from the top 10 UK investors

### On Investor Rationales

#### ***No investor suggests that oil and gas majors are Paris aligned***

- The voting rationales of the UK’s ten largest asset managers reflect that none of the asset managers believe Shell and BP’s strategies are Paris aligned despite the companies’ claims that they are.

This holds for those who voted against the Follow This resolution and in favor of the Say on Climate votes. These asset managers also express reservations about the alignment and adequacy of current climate action taken by the companies. Furthermore, some investors who supported the companies’ Say on Climates in 2022 indicate continued support is dependent on alignment of targets and actions with Paris.

#### ***Investors focused on engagement reward incremental progress by ‘industry leading’ companies***

- Some investors still see voting as an escalation to engagement, rather than a complimentary tool to leverage it.
- Some investors vote against Paris aligned emission reduction targets to reward incremental progress by companies

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<sup>17</sup> N.B. LGIM voted against the Follow This resolution at Shell and against the company’s Say on Climate (Table 4)





- Some investors use their votes to support companies for being ‘industry leaders’, despite recognizing that the companies are not in line with Paris

### ***Evidence of investor stances on Scope 3***

- Generally, the top 10 UK asset managers do not believe resolutions that request Scope 3 targets are too prescriptive
- As opposed to some US asset managers such as BlackRock, the largest UK asset managers’ do not find setting Scope 3 targets for the oil and gas industry conceptually problematic

### ***Use of Say on Climate by Shell and BP***

- It is unclear to investors, companies and stakeholders what a vote for or against the Say on Climate of BP and Shell signifies
- Shell and BP misuse the concept of Say on Climate to get rubberstamp approval from shareholders for insufficient climate strategies
  - Shell and BP do away with the nuance investors provide in voting rationales
- BP rolls back targets for which it claims to have obtained shareholder support through its Say on Climate and progress resolution
  - This brings up questions about governance and the practical implications of support for strategies not proven to be in line with Paris

## **3. Recommendations**

Drawing from the findings of this analysis as well as recent findings by ShareAction that apply more broadly to voting behavior by large asset managers, **it is recommended that asset managers:**

- **Explicitly commit to voting for non-prescriptive shareholder resolutions that request emission reduction targets in line with Paris**
- **Align stewardship policies to reflect voting for shareholder resolutions not as an escalation but as a necessary addition to engagement** to hold corporations accountable. Votes have been shown to lead to stronger engagement; further, companies cannot be held to account by their shareholders or the public for commitments made behind closed doors.<sup>18</sup>
- **Vote against management Say on Climate resolutions when the company is not in line with Paris.** If asset managers are unable to vote against the Say on Climate

<sup>18</sup> For instance: FCLT Global, ‘Schroders approach to navigating impasses in corporate engagement’ 28 January 2021 <https://www.fcltglobal.org/resource/schroders-impasses-corporate-engagement/>



resolution for governance reasons, the asset manager should nevertheless consider voting in favor of the Follow This resolution, seeing a request for Paris aligned emission reduction targets is additive to companies' existing targets.

- **Improve transparency on proxy voting** by publishing voting policies, voting records, and voting rationales in a manner that is timely and user-friendly.<sup>19</sup> This includes disclosing rationales for abstentions.
- **Timely pre-declaration of voting intentions** for non-prescriptive climate resolutions at Big Oil and consider calling on others to vote to increase awareness of the issues at hand.<sup>20</sup>
  - CA100+ company leads: flag resolutions through the CA100+ process by timely pre-declaration of your vote
- **Escalate at Oil and Gas companies failing to make progress** using tools focused on decarbonizing your portfolio and the world economy such as co-filing resolutions, voting against directors, auditors, shareholder litigation.
- **Engage with shareholder resolution proponents to optimize the resolution wording** and to prevent companies from misconstruing the resolution's aim through engagement and their annual meeting notices.
- **Assess company emission reduction targets on their quality, not their relative performance.** UK asset managers are sending the wrong message through a peer-to-peer approach. The 'Paris' norm is inserted into the resolution to prevent this practice as each company's targets should be assessed considering its aim to achieve the reductions required to meet the goal of Paris.

## 4. Key Findings

Since 2016, the Follow This climate resolutions offer shareholders a consistent opportunity to express in a transparent and unambiguous manner their support for oil and gas companies to adopt Paris aligned emission reduction targets. Asset manager support for these resolutions has been growing steadily since the first resolution<sup>21</sup> received 2.7% support at Shell in 2016 and

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<sup>19</sup> ShareAction, *Voting Matters 2022*, Recommendation 4 <https://shareaction.org/reports/voting-matters-2022/recommendations>

<sup>20</sup> For instance, investors are encouraged to pre-declare their votes via the PRI collaboration platform: <https://collaborate.unpri.org/shareholder-resolution>

<sup>21</sup> The first resolution did not yet request emission reduction targets but requested Shell to invest fossil fuel profits in renewables. As explained in the introduction, the resolution developed over the years to become as non-prescriptive as possible, leaving the keys in the hands of management.





reached record highs of 30% at Shell, alongside majority support in the US at Chevron (61%), ConocoPhillips (58%) and Phillips 66 (80%) in 2021.<sup>22</sup> In 2022 however, overall support for the Follow This climate resolutions requesting Paris-aligned emission reduction targets at Big Oil fell.<sup>23</sup>

Based on our analysis and engagement with companies, shareholders, experts and other stakeholders, we have identified several contributing factors that may have led to declined support for the resolutions in 2022:

- Investors succumbed to Big Oil's narrative that the Ukraine war, and the resulting exacerbation of the energy crisis, warrant additional investments in oil and gas, placing emissions reductions in the short- and medium-term on the back burner. This resulted in several large, conservative asset managers backtracking from Scope 3. BlackRock, the world's largest asset manager, has since publicly defended the belief that Shell (and other oil majors) are prevented from setting near-term Scope 3 targets due to current energy insecurity.<sup>24</sup>
- The unwelcoming stance of the US securities and exchange commission (SEC) under the Trump administration meant shareholder resolutions requesting Paris aligned targets were unlikely to reach the ballot. A change of winds at the SEC enabled the Follow This resolution to be strengthened and request Paris aligned emission reductions in 2022. Lower support in 2022 may signify some investors felt uncomfortable supporting the changed text in absence of regulatory guidance on what Paris aligned targets for oil and gas companies are. Currently, many rely on available guidance from the IEA, IPPC, and from the Climate Action 100+ Net Zero Company Benchmark which shows none of the oil majors' targets and CAPEX expenditure are fully aligned with a 1.5 degrees scenario.<sup>25</sup>
- Ownership of oil and gas companies is becoming more dispersed and responsible investors are increasingly pressured to divest, thereby abandoning the power of the vote. Annex 1 and Table 2 show, for example, APG (ranked the world's 4<sup>th</sup> most large responsible asset manager by ShareAction) sold its shares in Chevron between 2021 and 2022. With many long-term responsible owners pressured to divest from companies unwilling to transition, there remain questions about the effect of equity re-allocation on company behavior and real-world emissions.<sup>26</sup> As de-coupling from high emitting sectors leads to portfolios no longer reflecting the real economy, a concern commonly raised is

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<sup>22</sup> <https://www.follow-this.org/headlines-2021/> (Climate Proposals US 2021)

<sup>23</sup> <https://www.follow-this.org/resolutions-results/> (Votes for Climate Resolutions 2022)

<sup>24</sup> BlackRock vote bulletin Shell May 2022 <https://www.blackrock.com/corporate/literature/press-release/vote-bulletin-shell-may-2022.pdf>

<sup>25</sup> <https://www.climateaction100.org/whos-involved/companies/>

N.B. None of the five largest publicly traded oil and gas majors are aligned with CA100+ Benchmark 3.3(the company's medium term target is aligned with the goal of limiting warming to 1.5 degrees)Exxon, Chevron, Shell, BP, TotalEnergies

<sup>26</sup> United Nations Principles for Responsible Investment, 'Discussing Divestment: Developing an Approach When Pursuing Sustainability Outcomes in Listed Equities' Page 11 <https://www.unpri.org/download?ac=16109>



that shares merely end up in the hands of less responsible owners who are less concerned about climate action.<sup>27</sup> Some suggest that investors who fear the adverse impact of divestment may be better off holding onto votable equity positions to maintain influence, while denying debt financing to fossil fuel companies by limiting or divesting from fossil bonds.<sup>28</sup>

Key findings for the analysis of asset managers' votes and rationales are explored below.

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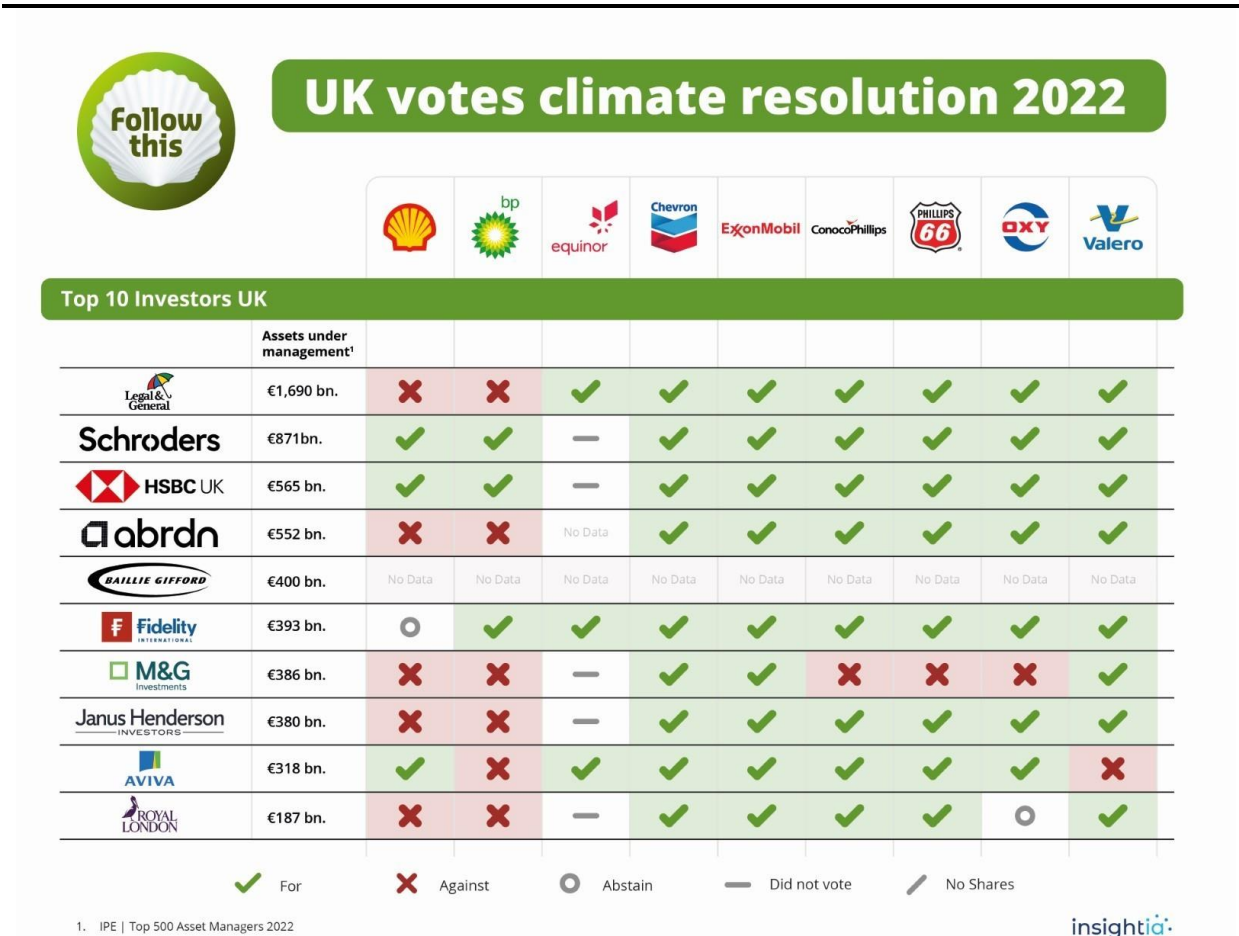
<sup>27</sup> United Nations Principles for Responsible Investment, 'Discussing Divestment: Developing an Approach When Pursuing Sustainability Outcomes in Listed Equities' Page 14 <https://www.unpri.org/download?ac=16109>

<sup>28</sup> Sarah Murray, 'Divestment: are there better ways to clean up 'dirty companies?' Financial Times June 7 2022 <https://www.ft.com/content/79851eee-d9e6-4ceb-be16-e9cf8b8c4ddf>  
For example see <https://www.ipe.com/news/lothian-adopts-engage-our-equities-deny-our-debt-mantra-on-climate/10046456.article>



**Finding 1:** UK asset managers express overwhelming support for Paris aligned emission targets at US oil majors but overall fail to support the same request at BP and Shell

**Table 1. Top 10 UK asset managers overwhelmingly vote for the 2022 Follow This climate resolutions**



The ten largest UK asset managers are determined based on assets under management (AUM).<sup>29</sup> The resolutions on display are the nine resolutions that requested Paris aligned emission reductions for Scope 1, 2 and 3 at oil and gas companies in 2022.<sup>30</sup>

It is observed that Schroders and HSBC (asset management) lead the pack on votes for Paris aligned targets at oil and gas companies. Many of their peers vote similarly in the US but lag at Shell and BP.

<sup>29</sup> See method (Section 6) for further explanation on the asset manager selection

<sup>30</sup> The resolution at Valero requesting Paris aligned emission reduction targets for Scope 1, 2 and 3 was filed by Mercy investments [https://engagements.ceres.org/ceres\\_engagementdetailpage?recID=a015c00000MjfCEAAZ](https://engagements.ceres.org/ceres_engagementdetailpage?recID=a015c00000MjfCEAAZ)



### ***Rationales in response to Follow This resolutions 2022***

The rationales asset managers have disclosed reflect several reasons as to why UK asset managers felt more comfortable supporting the Follow This resolutions in the US than in the UK. Although support for the resolution varied, none of the asset managers viewed the resolution as overly prescriptive; rationales for and against the resolution are explored below.

### ***Rationales at US oil and gas***

The 10 largest asset managers expressed overwhelming support for the resolutions in the US and note:

- The proposal is non-prescriptive and is in the best interests of the company and its shareholders who seek further (absolute) short- and or medium-term (Scope 3) targets and disclosure from the company.
- Companies have made progress but have not aligned targets or capital expenditure (CAPEX) with Paris.
- Targets for Scope 3 emissions allow investors to better understand the company's ability to manage climate transition risks and legal and regulatory risks.<sup>31</sup>
- Targets would benefit the company, shareholders and stakeholders despite limited company influence over demand-side behavior.
- Companies ahead of their peers on operational emissions are expected to set (Scope 3) targets.
- There are concerns about the 1.5 degrees compatibility of plans to grow oil and gas production and investment.
- Proposals requesting emission reduction targets and/or ESG proposals generally warrant support.

However, the rationales also reflect that some investors chose not to support the resolutions in the US because they believe certain companies have made 'sufficient progress' and the proposals 'do not add value'.

### ***Rationales at UK oil and gas***

UK asset managers failed to hold UK Oil and Gas majors Shell and BP responsible by voting against or abstaining on resolutions requesting emission reductions and cited the following reasons:

- Appreciation of the proponent's aims but there is greater value in engaging with the company to continue its current strategy rather than return to the drawing board.
- The proposal does not add value
- The proposal is too similar to the one filed in previous years and has not considered important interim changes

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<sup>31</sup> This rationale has been applied to integrated oil and gas companies as well as E&P companies such as ConocoPhillips.

- There exists support for the resolution's principles, but sufficient actions have been taken by the board

Conversely, some UK asset managers held Shell and BP responsible by voting in favor of the Follow This resolutions and provided rationales noting:

- Despite improved disclosure and targets, current targets and CAPEX allocation are not 1.5 degrees aligned
- Medium-term (2030) absolute Scope 3 targets are necessary
- The proposal reinforces current company commitments on climate change
- The proposal aligns with investor net-zero ambitions
- Proposals requesting emission reduction targets (generally) warrant support.

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***Note: None of the disclosed rationales expressed the belief any of the companies had already set targets in line with Paris***

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### ***Engagement without voting holds back company action***

The rationales confirm the practice that some asset managers continue to cite behind-closed-doors engagement as their preferred stewardship tool. While many asset managers have numerous approaches outlined in their stewardship guidelines, such as voting against management recommendations, they seldom stray from an 'engagement only approach' at key companies. In the absence of additional tactics, engagement has not proven to be effective in getting Shell and BP to take the necessary steps to mitigate climate and transition risks. Conversations with asset managers have confirmed this practice may be underpinned in part by fear that further action will disrupt longstanding relationships between investment teams and oil and gas companies. These investors may want to consider that the nature of the Follow This resolutions means that a vote in favor is an addition, rather than an escalation to engagement. Furthermore, reports on stewardship behavior have shown additional tactics are a useful way to overcome impasses and generally lead to continued and potentially more robust engagement with companies.<sup>32</sup>

### ***Companies misconstrue the aim of the Follow This resolution***

Moreover, the rationales underpinning votes against the Follow This resolutions which state support would warrant a 'return to the drawing board', have been inspired directly by BP's 2022 annual meeting notice.<sup>33</sup> In response to the Follow This resolution, the company misconstrued the proponent's words to caution that a vote in favor of the resolution would require a complete

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<sup>32</sup> For instance: FCLT Global, 'Schroders approach to navigating impasses in corporate engagement' 28 January 2021 <https://www.fcltglobal.org/resource/schroders-impasses-corporate-engagement/>

<sup>33</sup> Notice of bp annual General Meeting 2022 Appendix 1 p.28 <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-agm-notice-of-meeting-2022.pdf>



strategy revision for BP, posing several obstacles to the implementation of the company's then current aims. In fact, the wording of the resolution, which was also included in the company's notice of meeting, did not require a return to the drawing board and merely requested BP to "set and publish targets that are consistent with the goal of the Paris Climate Agreement".<sup>34</sup> The company already has emission reduction targets in place and the resolutions merely asked for an improvement of those targets. The level of imposition this places on the company only indicates that their current targets are far from aligned with Paris.

**Finding 2:** Top 10 UK asset managers steadily increase support for Follow This climate resolutions over the course of 2017-2022

**Table 2. UK asset manager votes for the Follow This climate resolution 2017-2022**

UK votes climate resolution 2017 - 2022												
Top 10 Investors UK												
	Assets under management <sup>1</sup>	2017	2018	2019	2020	2021	2022	2022	2022	2022	2022	2022
		Shell	Shell	bp	Shell	Shell	bp	Chevron	Shell	bp	Chevron	ExxonMobil
Legal & General	€1,690 bn.	✗	✗	✗	✗	✓	✗	✓	✗	✗	✓	✓
Schroders	€871 bn.	✗	✗	✗	✗	✓	✗	✓	✓	✓	✓	✓
HSBC UK	€565 bn.	✗	✗	✗	✗	—	—	✓	✓	✓	✓	✓
abrdn	€552 bn.	✗	✗	✗	✗	✗	✗	✓	✗	✗	✓	✓
Baillie Gifford	€400 bn.	✗	✗	—	✗	✗	✗	No Data	No Data	No Data	No Data	No Data
Fidelity	€393 bn.	No Data	No Data	No Data	No Data	No Data	No Data	No Data	○	✓	✓	✓
M&G Investments	€386 bn.	✗	✓✗	✓✗	✓	○	✗	✓	✗	✗	✓	✓
Janus Henderson	€380 bn.	No Data	No Data	No Data	No Data	No Data	No Data	No Data	✗	✗	✓	✓
Aviva	€318 bn.	✓	○	○	✓	✓	✗	✓	✓	✗	✓	✓
Royal London	€187 bn.	○	○	○	✗	✓	○	✓	✗	✗	✓	✓

✓ For    ✗ Against    ✓✗ Split vote    ○ Abstain    — Did not vote    / No Shares

1. IPE | Top 500 Asset Managers 2022

insightia

Table 2 only displays the votes for resolutions filed by Follow This at supermajors (Shell; BP; ExxonMobil; Chevron) since 2017.

Over the years, the request of the Follow This climate resolution has evolved to become clearer and less prescriptive. Investors noticed the effect of the resolutions, with companies gradually responding to transparent shareholder pressure by setting Scope 3 targets.<sup>35</sup> This, as well as an

<sup>34</sup> Notice of bp Annual General Meeting 2022 (p. 5)

<sup>35</sup> <https://www.follow-this.org/resolutions-results/> 'Oil majors bow for shareholders' votes on Scope 3'



increased understanding and sense of urgency among institutional investors, may have led to the gradual increase in shareholder support from the largest UK asset managers observed over time, displayed in Table 2.

From 2021 to 2022, global support for the Follow This resolutions fell, from 30% to 20% and from 20% to 15% at Shell and BP respectively. Meanwhile, support declined from 61% to 33% at Chevron. Potential explanations for these observations were described above in the Key Findings.

Table 2 highlights that on average the 10 largest UK based asset managers may have contributed to the fall in support at Shell but have offered a counterweight to overall results through their continued support for the Chevron resolution and additional votes in favor at BP.<sup>36</sup>


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<sup>36</sup> Analysis only reflects 2022 data for Janus Henderson Investments (JHI) and Fidelity International (FIL)



**Finding 3:** Support for resolutions at Shell and BP by the UK's largest asset managers grows steadily to 1/3rd support in 2022

**Table 3. UK asset manager votes for the Follow This climate resolution 2017-2022 at Shell and BP**



### UK votes climate resolution 2017 - 2022 at Shell and BP

		2017	2018	2019	2020	2021		2022	
<b>Top 10 Investors UK</b>									
	Assets under management <sup>1</sup>								
	€1,690 bn.	✗	✗	✗	✗	✓	✗	✗	✗
<b>Schroders</b>	€871 bn.	✗	✗	✗	✗	✓	✗	✓	✓
<b>HSBC UK</b>	€565 bn.	✗	✗	✗	✗	✗	—	✓	✓
	€552 bn.	✗	✗	✗	✗	✗	✗	✗	✗
	€400 bn.	✗	✗	/	✗	✗	✗	No Data	No Data
	€393 bn.	No Data	No Data	No Data	No Data	No Data	No Data	○	✓
	€386 bn.	✗	✓✗	✓✗	✓	○	✗	✗	✗
<b>Janus Henderson INVESTORS</b>	€380 bn.	No Data	No Data	No Data	No Data	No Data	No Data	✗	✗
	€318 bn.	✓	○	○	✓	✓	✗	✓	✗
	€187 bn.	○	○	○	✗	✓	○	✗	✗

✓ For
✗ Against
○ Abstain
— Did not vote
/ No Shares

1. IPE | Top 500 Asset Managers 2022

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Over the years, support for the resolutions at BP and Shell has steadily grown, but continuously lags support for climate resolutions at US oil majors. Table 3 demonstrates that in 2022 only 4 of the 9 asset managers on display which disclosed votes have sent at least one of the two companies a transparent voting signal for their request of Paris aligned emission reduction targets.<sup>37</sup> Nevertheless, out of the disclosed votes in 2022, 6 out of 18 (1/3<sup>rd</sup>) were in favor of the Follow This resolution.

<sup>37</sup> Schroders; HSBC; Fidelity International; Aviva



### ***Dichotomy between four largest investors***

The table also highlights a dichotomy among the four largest UK asset managers. Schroders and HSBC have used their leading positions and their votes to send the companies a strong signal to improve their targets, while Legal and General Investment Management (LGIM), Abrdn (and others) reward incremental progress and ‘constructive engagement’.

The rationales in [Finding 1](#) list additional factors that seem to contribute to the lower support for the Follow This resolutions at Shell and BP. Notably however, several of the votes against and abstentions are likely attributable to the way in which asset managers approached the relationship between the companies’ Say on Climate votes and the Follow This shareholder climate resolutions.

### **Finding 4: Shell and BP misuse Say on Climate to obtain rubberstamp approval for insufficient climate plans from shareholders**

In recent years, many companies, including Shell and BP, have introduced Say on Climate resolutions. The ‘Say on Climate’ initiative was originally introduced through the Children’s Investment Fund Foundation (CIFF) to work with companies to establish robust net zero transition plans, allowing shareholders to annually express feedback through an advisory vote at the annual general meeting.<sup>38</sup>

In 2022, Shell tabled resolution 20, an advisory vote requesting support for the progress made against its Energy Transition Strategy, for which it had gained shareholder support the year prior.<sup>39</sup> Similarly, BP requested advisory support for its “Net Zero – from ambition to action” report, which detailed progress made toward the climate aims the company had set in 2020.<sup>40</sup> These resolutions were tabled primarily to obtain support for progress made against current strategies, rather than a validation of the quality of the underlying climate plan. Nevertheless, companies and investors took a myriad of different views in interpreting the resolutions and their votes on them.

Ahead of the meetings, both companies made an active effort to paint a picture to shareholders arguing that the Follow This resolution posed a direct threat to the board’s ability to set and carry out the strategy. BP stated that “The resolution risks undermining the board’s accountability for setting BP’s strategy.”<sup>41</sup> Shell recommended a vote in favor of its own strategy

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<sup>38</sup> <https://www.sayonclimate.org/>

<sup>39</sup> Shell Notice of Annual General Meeting 2022 page 3 available at <https://www.shell.com/investors/shareholder-meetings.html>

<sup>40</sup> [Notice of bp Annual General Meeting 2022](#) ‘Notes to Resolution 3’ p.11

<sup>41</sup> Notice of bp annual General Meeting 2022 (Appendix 1) p.28 <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-agm-notice-of-meeting-2022.pdf>



in the same paragraph as a lobby for a vote against the Follow This resolution.<sup>42</sup> Some asset managers have adhered to this narrative, while others have not.

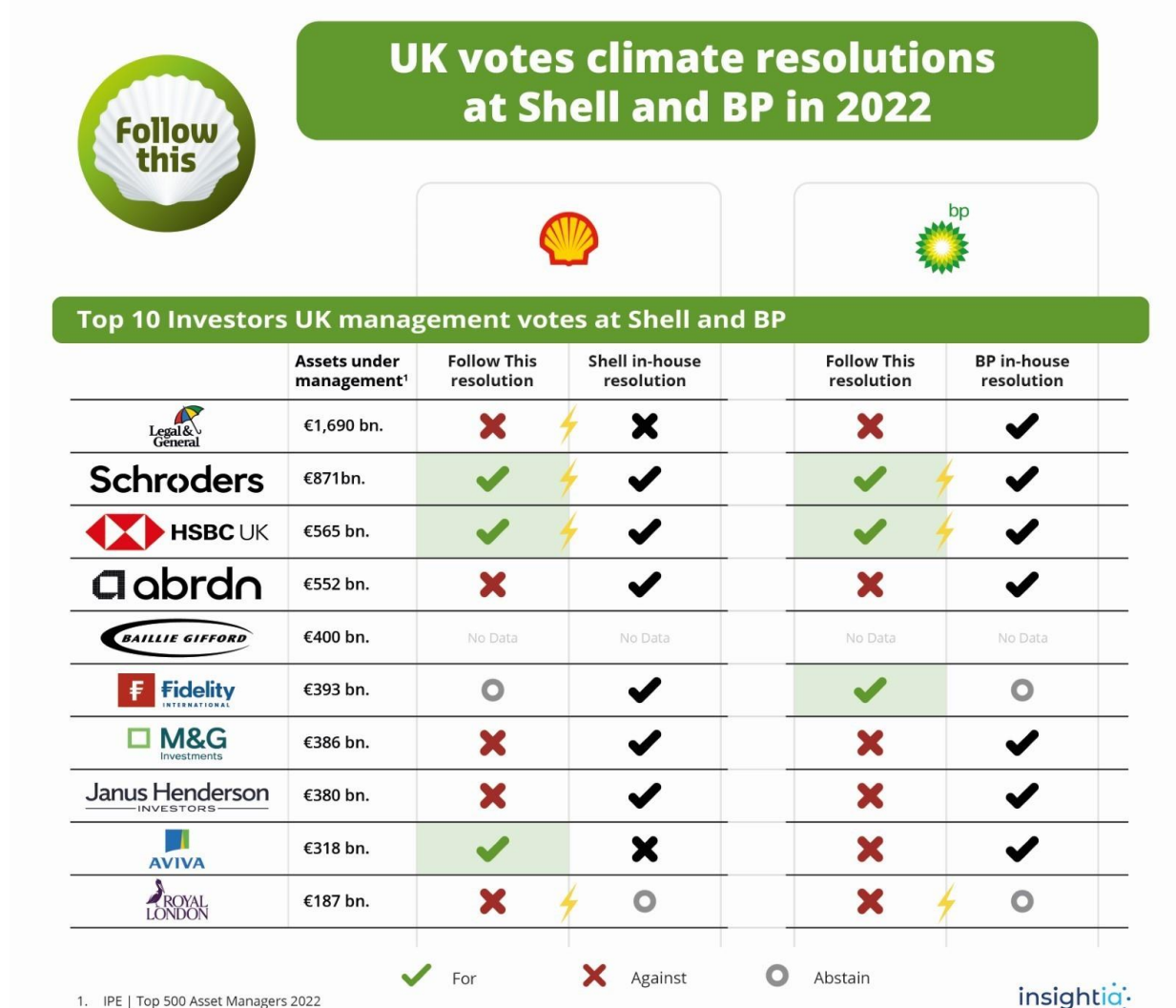
Table 4 (below) shows a multitude of voting preferences by the asset managers and highlights a paradoxical interplay between the Follow This climate resolutions and the Say on Climate resolutions tabled by Shell and BP. Comparing the votes in this way, we can observe that apart from one instance (Aviva at Shell), the investors scrutinized here have not given the companies an unambiguous sign that they disagree with the companies' current trajectories and desire a Paris aligned strategy. For example, Schroders and HSBC's support for both the Follow This resolution at BP and Shell and the companies' Say on Climate could be interpreted as satisfaction with company plans as well as strong encouragement to bring current plans in line with Paris.

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<sup>42</sup> Shell Notice of Annual General Meeting 2022 page 7 available at <https://www.shell.com/investors/shareholder-meetings.html>



**Table 4. Paradoxical interplay between UK asset managers' votes for Follow This resolutions and confusing Say on Climate Shell and BP**



The lightning bolts represent votes by asset managers that are most difficult to interpret without rationales. These asset managers have apparently not viewed the Say on Climate and the Follow This resolution as adversarial, which has led to some supporting both, some voting against both and some using an abstention and a vote against.

Although it could be argued that these asset managers vote ambiguously on Say on Climate proposals at Big Oil, the myriad of possible interpretations of the Say on Climate resolutions as presented by Shell and BP seem to form a larger obstacle.

While it is excellent that companies are giving shareholders the opportunity to weigh in on important issues, the way in which it is currently used by several Oil and Gas companies such as Shell, BP, TotalEnergies and Equinor ASA, does not lead to the most progressive outcomes. The first issue identified here is that the companies use the vote to get rubber stamp approval from shareholders on weak climate plans. ClIFF, founder and lead supporter of the Say on Climate



initiative has encouraged investors not to support inadequate climate plans and to act against companies who try to get approval for them.<sup>43</sup>

In practice however, due to shareholders' natural inclination to vote with management to show support, companies like Shell and BP have received high support for their Say on Climate and have interpreted this as a green light to carry out a climate strategy that is not proven to be in line with Paris. This shifts the responsibility of the board to set and approve a climate strategy to shareholders, many of which do not possess the same degree of knowledge on the company's plans, or the capacity, to be able to evaluate the extent to which that plan will lead to the necessary real economy emission reductions. There are concerns that companies may use this approval to justify plans and their ramifications when they are (legally) challenged in subsequent years.

### ***Confusing Say on Climate votes***

In the absence of a legal requirement not to rubber stamp weak plans, it is unclear what is meant by a vote for or against a company's Say on Climate. For instance, shareholders may want to vote in favor to express support for action on climate in general, or to convey they acknowledge sufficient progress made against existing targets. Such a vote does not necessarily reflect full approval of or agreement with the contents of the plan itself. Likewise, the interpretation of a vote against the Say on Climate varies from a stance against any type of climate action in general to disagreement with certain aspects or details of the presented plan. Companies rolling back targets after claiming overwhelming support for a strategy may bring up further doubts among investors about the legal and practical implications of the Say on Climate when used in this way.<sup>44</sup>

To mitigate some of this ambiguity, some investors disclose voting rationales to explain the nuance of their choice. While this disclosure is crucial to the company, shareholders and other stakeholders, the nuance is snowed under when companies like Shell and BP claim overwhelming shareholder support to pursue their strategy based on behind-closed-doors engagement and the mere voting percentage in favor of their Say on Climate (Shell and BP quote in [introduction](#)).

### ***Abstaining from Say on Climate?***

While some investors have taken strong public stances on the companies' inadequate climate plans by voting against them unless they are proven to be Paris aligned ([see Annex 1](#)), other investors have decided to abstain from voting on these resolutions altogether, citing it is for the board to sign off on a strategy and not shareholders' responsibility which could be used by the company to avoid future accountability.<sup>45</sup>

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<sup>43</sup> Children's Investment Fund Foundation (2021). Say on Climate [PowerPoint Slides]. Available online at: <https://www.sayonclimate.org/wp-content/uploads/2021/04/Shareholder-votes-on-climate-transition-action-plans-09042021-1.pdf> [accessed 16 March 2022]

<sup>44</sup> See for instance: Paul Verney, '[CA100+ investor criticizes BP's 'lack of consultation' on emissions scale back](#)' *Responsible investor* 24 February 2023

<sup>45</sup> Abrdn publicly stated it adopts this approach going forward, stating it will only use its vote to signal correct or incorrect application of the strategy. See for instance, Genevieve Redgrave, 'Abrdn is to abstain from 'say-on-climate' votes' *Environmental Finance* 15 Feb 2023





An abstention rather than voting in favor of Say on Climate resolutions may allow more room for individual investors to challenge the company in the future and is a way to express discontentment with companies holding a management sponsored Say on Climate. However, in cases where climate plans submitted for approval are inadequate, abstentions do not prevent the company from oversimplifying and misusing the Say on Climate to persist in continued climate inaction. As abstentions are simply taken out of the denominator, a vote against presents a more suitable option for investors who do not wish to sign off on an inadequate strategy and do not want their vote, or lack thereof, abused by companies' summaries of voting and engagement.<sup>46</sup>

## **Finding 5:** UK asset managers' rationales on Follow This resolutions and Say on Climate Shell and BP express no oil major is in line with Paris

### ***Rationales for Follow This climate resolutions and Say on Climate resolutions 2022***

Diving deeper into the rationales underlying the votes on the Follow This resolutions including those at Chevron, ExxonMobil, Shell and BP, a main conclusion to be drawn is that none of the ten largest UK asset managers believe any of the oil majors have set Paris aligned emission reduction targets. This is a key observation that seems contradictory to the votes against the Follow This resolution at Shell and BP.

The voting rationales reflect various underlying motives for asset managers not to support the Follow This climate resolutions at BP and Shell. Presumably, in cases where these asset managers supported the Say on Climate resolutions, this voting combination would suggest that these asset managers believed the companies had already met the request of the resolution. However, none of the disclosed rationales that underpin votes in favor of the Say on Climate nor those against the Follow This resolutions at BP and Shell confirm this assumption. Instead, UK asset managers indicate the following considerations in the rationales for supporting the management Say on Climate resolution:

<b>BP</b>	<ul style="list-style-type: none"><li>• The Company is ahead of its peers on emission reduction targets</li><li>• The Company has improved substantively in response to engagement</li><li>• The Company improved targets, disclosure and capex plans as well as exited from its Russian holdings in Rosneft</li></ul>
<b>Shell</b>	<ul style="list-style-type: none"><li>• The Company has updated operational targets for 2030 and plans include Scope 1, 2 and 3 in the short- medium- and long-term.</li></ul>

<sup>46</sup> The United Nations Principles for Responsible Investment (PRI) state that investors should primarily vote against inadequate plans. Investors are encouraged to explain why plans are insufficient through voting rationales and take further escalatory action such as votes against auditors and directors. See "Climate transition plan votes: investor briefing." Principles for Responsible Investment, Feb. 10, 2022. Available at: <https://www.unpri.org/stewardship/climate-transition-plan-votes-investor-briefing/9096.article>



- The company has met the intensity targets it had set under its Energy Transition Strategy

However, these same investors who supported the plans also expressed that their support is not without concern and may not be warranted in the future noting that:

<b>BP</b>	<ul style="list-style-type: none"> <li>• BP's asset sales program will not lead to real economy emissions reductions or reductions in fossil fuels</li> <li>• BP needs to prove its targets are aligned with a 1.5 scenario through external validation</li> <li>• Shareholders need to be able to vote on strategy updates and when changes are made</li> </ul>
<b>Shell</b>	<ul style="list-style-type: none"> <li>• Shell lacks absolute Scope 3 targets and fails to explain how it will meet targets already set</li> <li>• Shell needs to disclose how its goals relate to the Paris goals and the IEA Net Zero pathways</li> <li>• Current plans are reliant on nascent technologies such as CCS and on offsets</li> </ul>

Some investors abstained and noted:

<b>BP</b>	<ul style="list-style-type: none"> <li>• Faith in engagement and progress on targets, disclosures and risk management but concerns about climate policy and reliance on divestment.</li> </ul>
<b>Shell</b>	<ul style="list-style-type: none"> <li>• Considerable progress but no support considering continued investments in oil and gas exploration and absence of targets and CAPEX aligned with 1.5 degrees</li> </ul>

The asset managers who voted against the Shell Say on Climate stated they remained concerned with targets, (TCFD) disclosures and plans for oil and gas production, while acknowledging progress made by the company. This demonstrates how asset managers are able to show their support for steps taken without condoning an insufficient strategy.

## 5. Expectation for the 2023 AGMs

The past years have demonstrated that engagement without voting does not lead to sufficient climate action by Big Oil. But the aftermath of the 2022 AGMs made clear that apart from stagnant behavior by companies, engagement without additional tools can even lead to companies backtracking from their climate commitments. 2023 marked the first time since the inception of the Follow This climate resolutions that an oil major has reduced its climate commitments previously made. The 2022 AGMs, in the wake of energy security concerns, also saw a first-time decline in overall support for the Follow This climate resolutions. This seems to have emboldened companies like BP to roll back existing climate commitments.



Follow This expects this behavior to be a wakeup call for all asset managers who are interested in protecting the assets of their clients and the world economy. The asset managers who warned through voting rationales they might discontinue support for BP and Shell must follow suit and give the companies a clear signal they want to see the companies improve their emission reduction targets instead of reducing their ambitions and continuing with business as usual. Several leading asset managers have already given a clear signal by co-filing the Follow This resolutions at Shell, BP, Chevron and ExxonMobil.<sup>47</sup> A consortium of 17 institutional investors and Follow This have also co-filed a resolution at TotalEnergies.<sup>48</sup>

In 2023, some asset managers may also want to vote against incumbent directors for scaling back climate action, thereby following the threat of votes against directors at Shell and BP unless targets are improved ahead of the AGM as announced by several UK pension funds.<sup>49</sup>

Asset managers who fail to put voting on par with engagement and apply the necessary escalation steps now may risk being pressured by their clients to divest from fossil fuels entirely, thus losing influence over companies that are crucial in the realization of the energy transition.

The record profits made by the oil and gas industry in 2022 present a unique opportunity in 2023 for investments in the energy market of the future. However, right now, not a single oil and gas major has set targets ambitious enough to reach the goals of the Paris Climate Agreement and shareholders focused on short-term returns are rewarding companies for failing to adequately address climate risk.

It is not too late to send companies a clear signal that business as usual cannot continue. In 2023, asset managers focused on preserving the long-term value of the company, its shareholders, and the world economy should feel inclined to oppose insufficient climate action by voting for the Follow This resolution requesting Paris aligned emission reduction targets at Big Oil and pre-declaring their intentions to do so, thereby catalyzing the support of their peers; this would help to instill best practices for the investor community.

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<sup>47</sup> Paul Verney, "[ESG resolution round-up: Refined Follow This proposals filed at oil majors](#)" Responsible Investor 22 December 2022 ; "Six investors are involved in the co-filing of the four proposals, including Edmond de Rothschild Asset Management (on Shell), Degroof Petercam Asset Management (all four resolutions) and Achmea Investment Management (Exxon) ... Both Degroof Petercam and Achmea are members of Climate Action 100+, the multi-trillion-dollar investor group targeting the world's biggest emitters."

<sup>48</sup> Sarah White, "[Investors to press TotalEnergies over climate goals](#)" *Financial Times* 6 April 2022.

<sup>49</sup> Chris Flood, Attracta Mooney and Tom Wilson, "[UK pension funds threaten to vote against BP and Shell directors over climate targets](#)" *Financial Times*, London, March 12 2023



## 6. Method

### **Data Description**

The Follow This climate resolutions support publicly listed oil and gas companies to set Paris-aligned targets to reduce all emissions (scope 1, 2 and 3). Support for Paris aligned targets is intended to provide these companies with a shareholder mandate to lead the energy transition, causing an industry-wide ripple effect. Due to the non-prescriptive nature and industry-wide focus of the resolution, votes in favor or votes against it provide a useful indicator to measure asset managers' stance on and commitment to bringing oil and gas companies in line with Paris.

In 2022, the Follow This climate resolution came to a vote at Shell PLC; BP PLC; Equinor ASA; Chevron Corporation; ExxonMobil; ConocoPhillips; Phillips 66; and Occidental Petroleum. The resolution at Valero requesting Paris aligned emission reduction targets for Scope 1, 2 and 3 was filed by Mercy investments.

Data of investors' stance on the request of the resolution is collated in voting tables. These tables are briefly described below.

- Table 1 ('UK votes climate resolution 2022') includes a resolution filed by Mercy investments at Valero Energy Corporation which also requested Paris aligned emission reduction targets for Scope 1, 2 and 3 emissions.
- Table 2 ('UK votes climate resolution 2017-2022') (and Table 3 'UK votes climate resolution 2017 – 2022 at Shell and BP') display the votes for resolutions filed by Follow This at the supermajors (Shell; BP; ExxonMobil; Chevron). This allows for a comparison of the differences in votes for resolutions at European oil majors, and at US oil majors by the UK's largest asset managers. The progress tables have been limited to reviewing the evolution of votes at these four supermajors as Follow This has continuously focused on these companies and has opted to file at only these supermajors in 2023.<sup>50</sup>
- Table 4 'UK votes climate resolutions at Shell and BP in 2022' highlights the interplay between the asset manager's votes on the Follow This resolution and the votes for the companies' in-house (Say on Climate) resolutions. In part due to influence from companies, investors may have treated these votes as adversarial and therefore a vote in favor of both the shareholder resolution and the in-house resolution as mutually exclusive. The lightning bolts in the table indicate where this logic is not followed.

Considering the binary nature of investor voting, more granularity on the observed voting outcomes is gained through a qualitative review of the investor's voting rationales and voting policies.

### **Data Collection**

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<sup>50</sup> <https://www.follow-this.org/resolutions-2023/>

Data on the asset managers' votes and rationales was collected via the asset managers proxy voting disclosure websites<sup>51</sup>; the Insightia database (for 2022 votes) as well as through direct contact with the asset managers.

All asset managers that had not (fully) disclosed their votes and rationales for all the 2022 Follow This resolutions were contacted throughout September-October 2022.

All disclosed votes and rationales were collated and coded using MAXQDA, a qualitative data analysis software. This data collation and analysis enables qualified statements on investor's rationales and how these pertain to the binary voting choice. A limitation to conclusions drawn from the data is a lack of disclosure; out of the ten investors scrutinized in this analysis, on average only 5 disclosed a rationale per Follow This resolution. Some investors did not disclose any rationales.

### ***Asset manager selection***

The Follow This voting tables illustrate the votes of the largest asset managers per country for the Follow This climate resolutions. The leading selection criterion for this definition is the number of assets under management per investor.

We hold the view that the larger asset managers are, the larger the impact they have through their capital allocation abilities and voting power, as well as through media appearances. Moreover, we have opted to disregard the differences between investors' equity / fixed income ratios. The top 10 lists do not necessarily present the 10 largest shareholders per country in oil and gas, although some do rank into that category in Shell and BP.<sup>52</sup>

The asset managers selected are based on their assets under management size as ranked by the 'IPE top 500 asset managers in 2022'.<sup>53</sup> While several investors in the IPE 500 ranking are marked US/UK based, a number have been included upon permission in our UK top 10 list due to being headquartered in the UK and/or pursuing relevant investment activities in the UK.<sup>54</sup>

Investors that act as an investment advisor or consultant; and those who do not disclose their votes public on their website or on Insightia have been excluded.

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<sup>51</sup> Throughout previous years, Follow This has collected data on all votes by the ten asset managers scrutinized here apart from Fidelity International and Janus Henderson. Their publicly available disclosures do not date further back than 2022. For this reason, only the 2022 votes for these asset managers have been incorporated into the voting tables.

<sup>52</sup> Source: Bloomberg Finance L.P


<sup>53</sup> Top 500 Asset Managers 2022 | Special Report | IPE – by Liam Kennedy (June 2022) <https://www.ipe.com/top-500-asset-managers/top-500-asset-managers-2022/10060190.article>

<sup>54</sup> E.g., Fidelity International (Bermuda Headquarters); Janus Henderson (London Headquarters)





















## Annex 1. The evolution of Dutch investor votes for Paris at Big Oil

Table 1. Dutch investors support for the Follow This climate resolution in 2022



NL votes climate resolution 2022

Top 10 Investors Netherlands											
	Assets under management <sup>1</sup>										
	€634 bn.	✓	✓	✓	—	—	✓	—	✓	—	
	€410 bn.	✓	✓	✓	✓	—	✓	✓	✓	✓	
	€301 bn.	✓	✓	✓	✓	✓	✓	—	✓	✓	
	€291 bn.	✓	✓	✓	✓	—	—	✓	—	✓	
	€220 bn.	✓	✓	✓	—	✓	—	—	—	✓	
<b>ROBEKO</b>	€201 bn.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	€170 bn.	✓	✓	✓	—	—	—	—	—	—	
	€87 bn.	✓	✓	✓	—	—	—	✓	—	—	
	€28 bn.	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	€20 bn.	—	—	✓	—	—	—	—	—	—	

✓ For
✗ Against
○ Abstain
— Did not vote
— No Shares

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In 2022, for the first time all the Follow This resolutions received support across the board from Dutch asset managers.





**Table 2. Voting evolution Dutch asset managers results in support for all climate resolution at oil majors in 2022, notably also at Shell**



**NL votes climate resolution 2017 - 2022**

		2017	2018	2019	2020	2021	2022
<b>Top 10 Investors The Netherlands</b>							
	Assets under management <sup>1</sup>						
	€634 bn.	✗	○	✗	○	○	✓ ✓ ✓ ✓
	€410 bn.	○	✓	✓	✓	✓	✓ ✓ ✓ ✓
	€301 bn.	○	✓	✓	✓	✓	✓ ✓ ✓ ✓
	€291 bn.	○	○	○	○	✓	✓ ✓ ✓ ✓
	€220 bn.	✓	○	✓	✓	✓	✓ ✓ ✓ ✓
	€201 bn.	✗	○	○	○	✓	✓ ✓ ✓ ✓
	€170 bn.	✓	✓	✓	✓	✗	✓ ✓ ✓ ✓
	€87 bn.	✓	✓	✓	○	○	✓ ✓ ✓ ✓
	€28 bn.	✓	✓	○	✓	✓	✓ ✓ ✓ ✓
	€20 bn.	✓	✓	✓	✓	✓	✓ ✓ ✓ ✓

✓ For
✗ Against
✓✗ Split vote
○ Abstain
— Did not vote
— No Shares

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Support for the resolutions has been steadily rising over the years as asset managers increasingly understand the urgency of using votes not as an escalation to behind-closed-doors engagement, but as a standard tool available to shareholders to express concerns about continued climate inaction.

In comparison to other jurisdictions such as the US and UK, the Dutch asset manager landscape has been particularly successful in adopting climate concerns in voting. This has been attributed to Dutch asset managers being subject to relatively strong social and legal norms with higher emphasis on stewardship, stemming from both the European and the Dutch level, compared to asset managers from other jurisdictions, where these norms are under current development.<sup>55</sup>

In recent years, Dutch asset managers have also been subjected to increasing pressure from their clients, primarily large institutional pension funds who, in turn, are also under mounting pressure from citizen led initiatives to invest responsibly. These initiatives have led to large scale divestment from oil and gas by several of the asset managers' clients, such as ABP (client of

<sup>55</sup> Lafarre, Anne, Do Institutional Investors Vote Responsibly? (February 16, 2022). TILEC Discussion Paper No. DP2022-001, Tilburg Law School Research Paper, Available at SSRN: <https://ssrn.com/abstract=4042907> or <http://dx.doi.org/10.2139/ssrn.4042907> p.31










APG), who announced in October of 2021 after a campaign led by citizen movement Fossilvrij it would divest from the fossil fuel sector.<sup>56</sup>

This development has added to the sense of urgency of peer investors who believe responsible investing means not only allocating more capital to low emitting companies, but using the full range of shareholder rights to ensure high emitting companies reduce negative externalities on the environment and other companies. Only if high-emitting sectors such as the fossil fuel industry change their business models can investors protect the assets in their diversified portfolios and the world economy.











The Dutch Climate Coalition, a group of the largest Dutch asset managers and asset owners has also demanded publicly from oil and gas companies that they prove their strategies will lead to real world emission reductions in line with a 1.5 degrees pathway and refrain from using high oil prices as an excuse for overinvestment in fossil fuels.<sup>57</sup>

**Table 3. Dutch investor support for Follow This climate resolutions over 2016-2022**

## NL votes climate resolution 2016 - 2022 at Shell and BP

2016	2017	2018	2019	2020	2021	2022
						

### Top 10 Investors The Netherlands

	Assets under management <sup>1</sup>	2016	2017	2018	2019	2020	2021	2022
	€634 bn.	✗	✗	○	✗	○	○	✓
	€410 bn.	✗	○	✓	✓	✓	✓	✓
	€301 bn.	✗	○	✓	✓	✓	✓	✓
	€291 bn.	✗	○	○	○	○	✓	✓
	€220 bn.	✗	✓	○	✓	✓	✓	✓
	€201 bn.	✗	✗	○	○	○	○	✓
	€170 bn.	○	✓	✓	✓	✓	✓	✗
	€87 bn.	✗	✓	✓	✓	○	○	✓
	€28 bn.	✗	✓	✓	○	✓	✓	✓
	€20 bn.	✓	✓	✓	✓	✓	✓	✓

✓ For

✗ Against

○ Abstain

— Did not vote

— No Shares

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<sup>56</sup> <https://www.abp.nl/english/press-releases/abp-stops-investing-in-fossil-fuel-producers>

<sup>57</sup> Investor Statement Dutch Climate Coalition 20-10-2022 <https://www.mn.nl/blog/183/investor-statement-dutch-climate-coalition>

Translated into voting behavior, these asset managers have continuously increased pressure on Shell since 2016 to adopt Paris aligned emission targets. In 2022, all top 10 Dutch asset managers with holdings in Shell voted in favor of the Follow This resolution and against the companies' Say on Climate resolutions.<sup>58</sup>

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<sup>58</sup> <https://www.follow-this.org/resolutions-results/> (Climate resolutions Shell – Top 10 Dutch Investors 2022)

