



AP7 co-files resolutions to Woodside and Santos

Brief background on AP7 and the rationale behind the filings

- AP7 is a universal owner, investing across the whole listed equity market with a long term investment horizon. Our work is based on the values of democracy and scientific credibility and we strive to use our resources efficiently and transparently.
- We focus our ESG efforts on addressing the major systemic challenges facing society, such as climate change and human rights. When evaluating active ownership measures we focus on the potential to achieve real-world impacts and to resonate across the global market. Those actions include driving the development and acceptance of norms and standards.
- Responsible corporate climate lobbying is a crucial component in enabling policymakers to make effective policy decisions.
- We expect companies to lobby only positively in line with the goals of the Paris Agreement, to have robust governance procedures for climate lobbying, to act when unaligned and to be transparent.
- The International Energy Agency (IEA) Net Zero by 2050 Roadmap lays down the changes to global energy systems necessary to achieve the goals of the Paris Agreement. The pathway identifies priority actions that are needed today to ensure the opportunity of net zero by 2050 – narrow but still achievable – is not lost. Whilst the roadmap describes significant and challenging steps, this autonomous expert organisation finds the roadmap to be the most feasible and achievable solution. In the pathway, no new oil and gas fields are approved for development beyond projects already committed as of 2021.
- The resolutions were written and initially filed by ACCR (Australasian Centre for Corporate Responsibility). ACCR has submitted another additional resolution (relating to decommissioning) which AP7 has not co-filed.
- Due to the rules of the Australian market, the filing package consists of 2 resolutions – the first of which is required in order to enable the second resolution to be raised.

What is the ask?

Resolution text: Shareholders request that our company cease all private and public advocacy, both direct and indirect, that contradicts the conclusions of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) on 1.5°C alignment, including advocacy relating to the development of new oil and gas fields.



- The resolution goes beyond a request for transparency and requests real world action. We believe this is warranted given:
 1. **The IEA Net Zero Roadmap** which provides the market with clarification on the changes to global energy systems necessary to achieve the goals of the Paris Agreement. Whereas existing reserves of oil and natural gas play a role in the energy transition, the IEA is very clear that there is to be no more fossil fuel expansion: “Beyond projects already committed as of 2021, a Net Zero 2050 pathway does not allow any new oil and gas fields and no new coal mines.”
 2. **Influence Map’s analysis** of both companies which indicates continued obstructive climate policy engagement.
 3. **The local context** whereby Australia is the largest exporter of fossil fuels in OECD, and third largest globally after Russia and Saudi Arabia. The IEA roadmap finds that developed countries such as Australia should be moving to net zero emissions at a faster pace than less developed countries whilst Australian federal policies, such as the allocation of AUSD58.6m to the “gas-fired recovery”, appears to be misaligned with that goal. With a wealth of renewable energy resources and vital commodities, Australia is ideally positioned to become a significant producer and exporter of renewable energy¹ and commodities enabling a low-carbon transition².

What we expect to achieve with the resolutions

- To send a strong signal to the companies about investors’ expectations regarding climate lobbying.
- We expect the companies to lobby only positively in line with the goals of the Paris Agreement. We do not expect the companies to cease current production of oil and gas, but we do expect them to cease advocacy and exploration relating to the development of new oil and gas fields.
- We expect the companies to respond to this resolution through reporting in their annual lobbying review, as laid out in the Global Standard on Responsible Lobbying³. This should use the IEA Net Zero roadmap as the reference source to define which activities are aligned with the Paris Agreement.
- To reinforce the IEA Net Zero 2050 roadmap as the best available global resource/guidebook for the energy transition. Whereas

¹ <https://www.wwf.org.au/what-we-do/climate/renewables/resources/making-australia-a-renewables-export-powerhouse-policy>

² https://bze.org.au/research_release/export-powerhouse/

³ <https://climate-lobbying.com/>



natural gas plays a role in the energy transition, the IEA is very clear that there is to be no more fossil fuel expansion.

Specifics on company performance

We rely on the analysis by the organization Influence Map (IM) which finds:

- IM's analysis of Woodside indicates obstructive climate policy engagement⁴ (D on a scale from A-F)
- Woodside's corporate industry association review shows some progress but all in all fell short of investor expectations (IM review).
- IM's analysis of Santos indicates obstructive climate policy engagement⁵ (D on a scale from A-F).
- Santos corporate industry association review shows some progress and is of 'better quality than Woodside's' (IM review).

Contacts at AP7

We welcome the opportunity to discuss the resolution with asset owners and managers as well as proxy voting service providers and other relevant parties. Please contact Emma Henningson emma.henningson@ap7.se.

⁴ <https://lobbymap.org/company/Santos-1a1fb152d93c9e34c7b741b97e6d6d1c/projectlink/Santos-In-Climates-Change>

⁵ <https://lobbymap.org/company/Woodside-Petroleum/projectlink/Woodside-Energy-In-Climates-Change>