

NGOs Launch Pension Fund Member Voting Platform for Supporting Shareholder Resolutions, Starting at Chevron

Targeted campaign will continue at select AGMs at companies over emissions' policies

Hugh Wheelan | May 13th, 2015

A group of NGOs endorsed by the International Trade Union Confederation, which has millions of pension scheme members, has created an on-line pressure campaign that will enable members to indicate to their plans whether they'd like them to vote on a shareholder resolution, and then publish the responses by the funds. The move is another ratchet up in an increasing number of social media-type finance campaigns putting pension funds under pressure on their response to climate change. The Vote Your Pension platform launches today with its first resolution target named as Chevron, the US oil giant, which holds its annual general meeting (AGM) on May 27 in San Ramon, California. It will then roll out a series of targeted company campaigns, which it says will be international and multi-sector, including, as examples, an un-named target in India and resolutions at un-named Swiss reinsurance companies. Vote Your Pension is inviting scheme members to say on-line if they think their pension fund should back a resolution at Chevron put forward by **As You Sow**, the US not-for-profit shareholder advocacy group. It requests that the oil major pay larger dividends to shareholders rather than invest in high cost, high carbon projects, which it says could become 'stranded' because of excessive capital expenditure amid mooted tightening environmental regulation. RI understands that resolution '7' on the Chevron AGM slate is already being backed by the \$176.8bn New York State Common Retirement Fund and the £150bn (€188.9bn) UK Local Authority Pension Fund Forum (LAPFF). However, ISS, the big proxy shareholder advice firm has recommended that investors vote against the resolution. In its resolution, **As You Sow** cites reports from Goldman Sachs that in the past two years no major new oil project has come on stream with production costs below \$70 per barrel. It says research from Kepler Cheuvreux, the French broker, has warned of a "capex crisis" as companies invest in higher cost, higher carbon unconventional crude to stem conventional crude decline rates. HSBC, it says, has warned that the equity valuation of oil producers could drop 40 to 60% under a low carbon consumption scenario.

According to the Carbon Tracker Initiative (CTI), 26% of Chevron's future project portfolio (2014-2050), representing \$87bn of investment, requires at least \$95 per barrel for a break-even price, while 14% requires a price of \$115 per barrel.

RI reported last week that Chevron, along with oil peer ExxonMobil – which also holds its AGM on May 27 – also face a different shareholder resolution calling for timely, quantitative GHG

reduction targets based on the recent Aiming for A campaign at BP and Shell. That campaign includes an on-line platform for institutional investors to sign up to. Speaking about the Vote Your Pension platform, Sharan Burrow, General Secretary of the International Trade Union Confederation (ITUC) said: "People must understand that the real owners of these companies aren't governments or the super-rich anymore, but ordinary workers like themselves who trust their retirement funds to protect their savings from the ravages of climate change." Vote Your Pension is being run by the Asset Owners Disclosure Project, a ranking of pension fund responses on climate change and SumofUs, a consumers, workers and shareholders network lobbying against the power of large corporations. It is being supported by The Climate Institute, the Australian climate research group. It will send the on-line statements from individual scheme members to their respective pension funds and highlight any action or inaction by responding funds. In its launch document, Vote Your Pension says: "Many asset owners have already rejected divestment stating that they prefer engagement with companies in order to manage climate risks. For those companies and the host of industry associations who also support engagement, Chevron represents an inflection point. For the long-term asset owners to fail to vote on resolution 7 at Chevron will bring the strongest calls of hypocrisy ever seen."