

November 2021

# BP case study

BP has committed to become net-zero by 2050 or sooner, supported by a robust strategy to get there and market-leading disclosures. EOS continues to engage, following more than a decade of climate-focused engagement with the company.

## Background and company overview

We have engaged with oil major BP on climate change for more than a decade. As part of Climate Action 100+, a collaborative engagement of more than 370 investors and their representatives seeking greenhouse gas emissions reductions from the world's largest emitters, we co-lead the engagement with BP.

## Our engagement

In 2018, we intensified our engagement, as we were concerned about whether the company's growth strategy was consistent with the Paris Agreement goals. We acknowledged BP as a relative leader on climate change at that time, with market leading targets to manage its operating emissions. However, the company had not disclosed a plan to reduce emissions associated with its products – so-called 'Scope 3' emissions. These are critical to the future of the industry and the energy transition.

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To accelerate change, we led the drafting of a shareholder resolution calling on the company to set out its strategy consistent with the Paris goals. We worked collaboratively with BP to ensure the resolution was in the company's long-term interests. The resolution gained management support and was co-filed by nearly 10% of the shareholder base, passing with a very large majority at the shareholder meeting in 2019.

Engagement objectives:



### Environmental:

Disclosure of a Paris-consistent strategy;  
Alignment of lobbying to corporate position on climate change



### Strategy, risk and communication:

Audit assumption of long-term oil price

## Sustainable Development Goal:



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**BP has benefitted from engaging with EOS at Federated Hermes and Climate Action 100+ over the past number of years as we have developed our net-zero ambition and a constructive engagement and look forward to building on our dialogue.**

– Bernard Looney, CEO, BP

## Changes at the company

In early 2020, the newly-appointed CEO, Bernard Looney, announced a new ambition for the company to transition to net-zero by 2050 or sooner, supported by 10 underpinning corporate aims. This included the company aiming to be net-zero by 2050 or sooner, and covers Scopes 1, 2 and 3 emissions - ie the carbon in its products.

The company has since laid out a detailed strategy by which it intends to transition the energy it produces from high carbon to low carbon, including short, medium and long-term targets and aims on the journey to net-zero. The company also has market-leading disclosures demonstrating how it evaluates new material capex investments for consistency with the Paris Agreement goals.

**The company has since laid out a detailed strategy by which it intends to transition the energy it produces from high carbon to low carbon, including short, medium and long-term targets and aims on the journey to net-zero.**

EOS further intervened at the 2020 shareholder meeting, asking the company to reconsider its assumptions for Paris-consistent investment and its long-term oil-and-gas price assumptions, in light of the coronavirus pandemic. During its Q2 2021 results, BP reduced the long-term oil-and-gas price assumptions used in its financial statements, giving shareholders greater visibility about the firm's climate-related risks.

 This case study has been fact-checked by BP to ensure a fair representation of EOS work carried out and changes made at the company.



**We are also requesting that BP extends its net-zero goal beyond the energy produced by the company to apply also to the energy products it markets and sells to customers.**

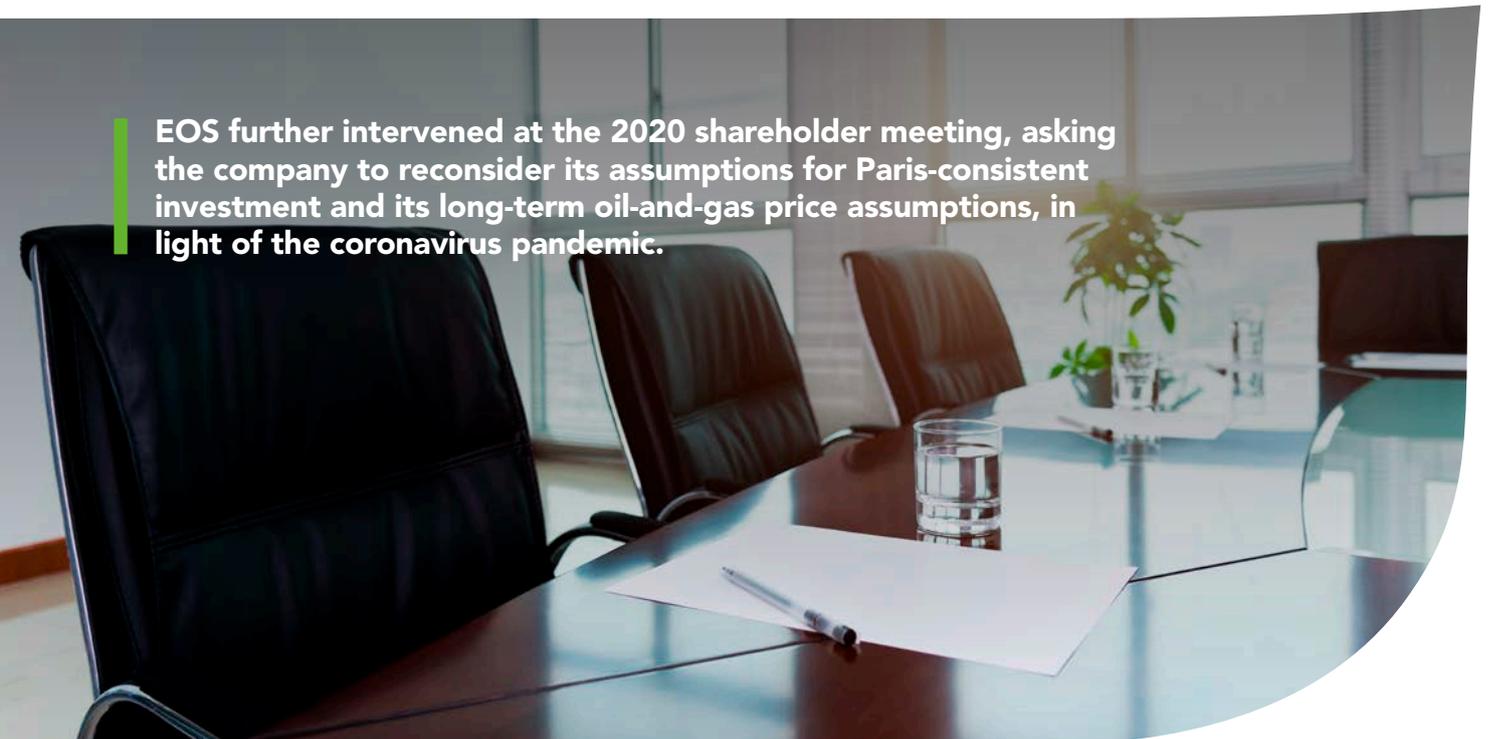
### Next steps

We continue to engage with BP to seek assurances that it has in place a rigorous investment process, with economic criteria consistent with the company's purpose and a range of price scenarios including assumptions consistent with the Paris goals. We are also requesting that BP extends its net-zero goal beyond the energy produced by the company to apply also to the energy products it markets and sells to customers.



**Bruce Duguid**  
Head of Stewardship  
EOS

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Guided by our conviction that responsible investing is the best way to create long-term wealth, we provide specialised capabilities across equity, fixed income and private markets, multi-asset and liquidity management strategies, and world-leading stewardship.

Our goals are to help people invest and retire better, to help clients achieve better risk-adjusted returns, and to contribute to positive outcomes that benefit the wider world.

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## Our investment and stewardship capabilities:

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- **Fixed income:** across regions, sectors and the yield curve
- **Liquidity:** solutions driven by four decades of experience
- **Private markets:** real estate, infrastructure, private equity and debt
- **Stewardship:** corporate engagement, proxy voting, policy advocacy

## Why EOS?

EOS enables institutional shareholders around the world to meet their fiduciary responsibilities and become active owners of public companies. EOS is based on the premise that companies with informed and involved shareholders are more likely to achieve superior long-term performance than those without.

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