

Statement from the Church of England Pensions Board in relation to the recent decision by proxy voting advisors ISS and Glass Lewis not to recommend support for the Pension Board's co-filed BHP shareholder resolution.

Adam Matthews, Head of Ethics and Engagement at the Church of England Pensions Board, said:

"Momentum for the shareholder resolution on corporate climate lobbying at BHP continues to grow, with investors representing over £2.1 trillion of Assets Under Management (AUM) indicating they will support it.

"The resolution is advisory and recommends that memberships of industry associations be suspended where their advocacy demonstrates overall inconsistency with the Paris Agreement's goals.

"Corporate funding of lobbying, fuelled with shareholder funds, is continuing at pace. In BHP's case, changes that were promised in 2017 have not been delivered: namely that trade bodies should cease lobbying where its members are not aligned (this was the third principle of BHP's 2017 Industry Review). Not one industry association has done so. Instead sophisticated, sustained and impactful negative lobbying remains evident.

"All investors are under growing scrutiny on the issue of climate change and how they exercise their proxy voting. The decision by the proxy voting advisors ISS and Glass Lewis not to recommend support for the co-filed shareholder resolution raises serious questions about how investors can receive advice that enables them to meet their fiduciary duties to navigate the financial risks posed by climate change.

"Our fear is that continued inertia in the proxy voting system will ultimately prevent the objectives of key engagement interventions such as CA100+ being achieved.

"To this end we would call on the Principles for Responsible Investment (PRI) to convene a high-level meeting of climate aware Asset Owners with the heads of the proxy voting providers to discuss a fit for purpose approach to climate change voting. It is hard to argue the current approach is aligned to the Goals of the Paris Agreement and a below 2 degrees of warming world."

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