

The Guardian

Whitehaven Coal: activist shareholders to force vote on climate strategy

Proxy firm secures support from major investors for three resolutions calling for company to align policy to Paris agreement

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One proposal calls on Whitehaven Coal's board to make strategy and capital expenditure decisions 'consistent with the climate goals of the Paris agreement'. Photograph: Dave Hunt/AAP

Activist shareholders in Australia's largest independent coalminer are expected to vote in record numbers on Thursday to demand Whitehaven Coal aligns its long-term company strategy with the Paris climate agreement.

Guardian Australia understands the group Market Forces has secured support from some superannuation funds and large overseas investors in Whitehaven for three resolutions that will be put to the company's annual general meeting in Sydney.

Will van der Pol, a legal researcher and campaigner at Market Forces, said investors had been "receptive" in recent discussions.

One non-binding advisory resolution calls on the company to disclose climate change-related

risks to shareholders, in line with recommendations of the Financial Stability Board's taskforce on climate-related financial disclosures.

Another proposal says that shareholders call on the board to make strategy and capital expenditure decisions "consistent with the climate goals of the Paris agreement" in order to safeguard the longer-term success of the company and respond to risks and opportunities posed by climate change.

"We move this resolution in order to ensure our company is protected from stranded asset risks, and poised to take advantage of regulatory and market changes as international action is taken to satisfy the goals established by the Paris climate change agreement," a supporting statement says.

"Given the higher stranding risk of coal assets over oil and gas, coal producers should be acting more urgently than other fossil fuel producers.

"Presently, Whitehaven Coal does not appear to have its strategy aligned with a scenario consistent with holding global warming below 2C. We consider this dangerous, given it amounts to second-guessing the ambition of 197 nations that signed the Paris agreement."

Any substantial level of support would be significant, considering Whitehaven is a pure-play coalminer.

The company released a statement to the ASX on 5 October that indicated it would consider climate risk reporting in 2019, a move interpreted as a concession to activist shareholders. It followed an Australian Securities and Investments Commission report last month critical of the level of climate risk disclosures by companies.

"Whitehaven is committed to playing a role in reducing carbon emissions ... by promoting increased use of Whitehaven's high-quality, low-emissions coal," the company said in its statement to the ASX.

Whitehaven's future planning is based on the "New Policies Scenario" of the International Energy Agency, under which coal demand to Asia would double by 2040. Under that scenario, global warming would increase to about 2.7 degrees above pre-industrial levels by 2100.

Under a Paris baseline scenario modelled by the IEA, international demand for thermal coal would halve by 2040.

Van de Pol said the resolutions at Thursday's Whitehaven AGM were "an opportunity for investors to make their mark and say this is exactly what we expect companies to be doing".

"These sorts of resolutions are about the long-term sustainability of these companies," he said.

Climate activists have increasingly switched from the coalface to the boardroom in recent years, where campaigns for large investors to divest from fossil fuels have gathered pace.

At last week's AGM for the Queensland-based freight rail company Aurizon, investor proxies

asked repeated questions about the company's role in hauling coal and its potential to support operations in the Galilee Basin.

The Aurizon chairman, Tim Poole, told the meeting the company's coal freight rail network had a higher risk profile than other utilities and that the company was concerned about "stranded asset risk".

"At some point in the next 50 years, renewable energy might be such that we might not be hauling as much thermal coal as we are today ... part of our system might not be required," Poole said.

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