

Fossil fuel corporations owe climate reparations

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Abstract

This article provides a philosophical argument that business corporations, especially fossil fuel corporations, bear moral obligations for climate reparation. It identifies four philosophical grounds of such duties. Reparative actions might include monetary transfers, structural remediation or relationship repair. The article offers contributions in two places. First, the proposed ethical obligations provide normative foundations for legislative reform. Second, it highlights the transformative power of shareholders in inducing corporations to enact their obligations, even from within the existing legal parameters of the corporation.

Keywords

Climate reparations, collective agency, business corporations, shareholder activism

The moral case for climate reparations is increasingly pressing. Climate change disproportionately harms vulnerable communities, while responsibility for causing and benefiting from emissions sits with wealthy and powerful institutional agents. Philosophical debate has focused on whether individuals and States have moral duties of climate reparation.¹ Yet business corporations – particularly fossil fuel corporations – also deserve more careful consideration.² In the Australian context, corporate behemoths such as BHP, Rio Tinto, Santos, Whitehaven Coal and Woodside Energy have received media attention for their contributions to climate change and resulting damages,³ as well as being the target of legal proceedings.⁴

But are business corporations suitable bearers of reparative obligations? And, if so, how should those obligations be enacted? This article addresses these questions

from the perspective of moral philosophy. Although not written by a lawyer, the article develops principles in ontology and ethics that might productively inform the development of law in this area. It also highlights the transformative agency already present within business corporations – specifically shareholder activism.

The article proceeds as follows. The first section analyses the nature of business corporations. It presents a theory on which business corporations are collective agents capable of bearing moral obligations – a philosophical theory that supports so-called ‘realist’ visions of corporations from within corporate law.⁵ The second sets out four sources of reparative obligation from within moral philosophy (avoidable causation, unjust enrichment, capacity and embeddedness). It shows that fossil fuel corporations satisfy each source of reparative obligation. The third section explores how these obligations might be more fully embedded in law

¹Simon Caney, ‘Cosmopolitan Justice, Responsibility, and Global Climate Change’ (2005) 18(4) *Leiden Journal of International Law* 747; Lukas H Meyer and Dominic Roser, ‘Climate Justice and Historical Emissions’ (2010) 13(1) *Critical Review of International Social and Political Philosophy* 229.

²Over the past decade there has been growing work focused specifically on the ‘carbon majors,’ following the analysis of Richard Heede, ‘Tracing Anthropogenic Carbon Dioxide and Methane Emissions to Fossil Fuel and Cement Producers, 1854–2010’ (2014) 122 *Climatic Change* 229. Important contributions include: Rosemary Lyster, ‘A Fossil Fuel-Funded Climate Disaster Response Fund under the Warsaw International Mechanism for Loss and Damage Associated with Climate Change Impacts’ (2015) 4(1) *Transnational Environmental Law* 125; Marco Grasso, *From Big Oil to Big Green* (MIT Press, 2022). The current article offers a distinctively philosophical argument to supplement these.

³Royce Kurlmelovs, ‘Cost of Emissions from Five Major Australian Resource Companies more than \$900bn, Study Finds’, *The Guardian* (online, 5 May 2025) <https://www.theguardian.com/environment/2025/may/05/cost-of-emissions-from-five-major-australian-resource-companies-more-than-900bn-study-finds>.

⁴Two recent Australian examples are: *Greenpeace Australia Pacific Ltd v Woodside Energy Group Ltd* (Federal Court of Australia, NSD1520/2023, commenced 13 December 2023); *Munkara v Santos NA Barossa Pty Ltd* (No 3) [2024] FCA 9.

⁵On the debate between realism and nominalism in corporate law, see: Carlos Gómez-Jara Díez, ‘Corporate Criminal Liability in the Twenty-First Century: Are All Corporations Equally Capable of Wrongdoing?’ (2011) 41(1) *Stetson Law Review* 41.

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and it distinguishes ‘outside-in’ approaches (that focus on regulation) from ‘inside-out’ approaches (that focus on governance). For outside-in approaches, the second section provides the argumentative basis for possible legislative reform. Within inside-out approaches, the first section’s realist theory of the corporation enables us to construe shareholder activism as corporations’ voluntary compliance with their ethical obligations. There is a growing trend of climate litigation against fossil fuel corporations, including long histories of efforts to seek reparations.⁶ This article aims to contribute specifically moral-philosophical arguments for legislative reform and ontological arguments to reconceptualise what it is that shareholders are doing when they engage in shareholder activism.

Business corporation organisations

This section offers a realist analysis of corporations’ agency, which treats corporations as *collective agents*.⁷ Collective agency is a broad phenomenon, arguably encompassing everything from two individuals walking together⁸ or painting a house,⁹ right up to the complex machinations of intergovernmental organisations. A *collective agent*, on the other hand, is an entity constituted by two or more humans who are united under a collective decision-making procedure.¹⁰ The collective decision-making procedure enables the collective agent to arrive at beliefs, preferences and intentions that have different content than the beliefs, preferences and intentions of the collective’s members.¹¹ This capacity of the collective – ie, its ability to have an orientation on the world that is different from its members’ respective orientations – is what justifies treating the collective as an agent in its own right. Even more specifically, ‘organisations’ can be understood as a subset of collective agents. An organisation is a collective agent that involves a large number of people who actualise a structure that coordinates divided labour via rules and hierarchical command relations, guided by a collective decision-making procedure.¹²

Some organisations obviously wield huge amounts of power and resources, be they public or private. Yet private

organisations deserve special attention: the lack of democratic control over private organisations might lead us to downplay or ignore their moral obligations, or might lead us to consider those obligations inert or pointless. That would be a mistake.

Perhaps the most challenging type of private organisation – when it comes to enacting climate reparations – is the large publicly traded business corporation. Like all corporations, business corporations have a legal personality distinct from the humans who comprise it, such that the entity can own property and make contracts in its own right.¹³ Yet unlike other types of corporations, *business corporations* have shareholders who bring in train five important features.¹⁴ First, shareholders invest capital in the corporation (as opposed to investing labour, as in cooperative corporations). Second, this investment gives shareholders the option of ongoing financial rewards (dividends) and the ability to elect board members who oversee management of the corporation. Third, shareholders cannot withdraw their capital (‘asset lock-in’), although they can sell their shares: this enables the corporation to engage in long-term planning. Fourth, creditors of the shareholders have no claim to the assets of the corporation (‘entity-shielding’). Fifth, and conversely, creditors of the corporation have no claim to the assets of shareholders (‘limited liability’). These five features distinguish business corporations from corporations that are not businesses (such as churches, universities and so on), and from businesses that are not corporations (such as partnerships and sole-proprietorships). From now on, I will use ‘corporation’ to refer to business corporations specifically.

Notably, I have not mentioned the profit motive when characterising business corporations as it is debateable whether business corporations are defined solely by the profit motive.¹⁵ There is, of course, a legal duty of directors to pursue the corporation’s interest.¹⁶ But it is an open question how ‘the corporation’s interest’ should be defined, and how this should be understood to intersect (or not) with the interests of shareholders. Arguably, the

⁶See the Australian cases cited (n 4). According to a global database tracking climate litigation trends, Australia had the second highest number of cases worldwide after the US. See Joana Setzer and Catherine Higham, *Global Trends in Climate Change Litigation: 2025 Snapshot* (Web Page, 2025) <https://www.lse.ac.uk/granthaminstitute/publication/global-trends-in-climate-change-litigation-2025-snapshot/>.

⁷Of course, not all entities that enjoy the legal status of ‘corporation’ are collective agents: sole proprietorships, for example, are not collective agents. The present analysis theorises the agency of that subset of corporations which are collective agents.

⁸Margaret Gilbert, *On Social Facts* (Princeton University Press, 1989).

⁹Michael E Bratman, ‘Shared Cooperative Activity’ (1992) 101(2) *Philosophical Review* 327.

¹⁰Peter A French, *Collective and Corporate Responsibility* (Columbia University Press, 1984); Stephanie Collins, *Group Duties: Their Existence and Their Implications for Individuals* (Oxford University Press, 2019).

¹¹Christian List and Philip Pettit, *Group Agency: The Possibility, Design, and Status of Corporate Agents* (Oxford University Press, 2011).

¹²Stephanie Collins, *Organizations as Wranglers: From Ontology to Morality* (Oxford University Press, 2023).

¹³As established in *Salomon v Salomon & Co Ltd* [1897] AC 22. On the connection between real entity theory and separate legal personality, see Eva Micheler, ‘Separate Legal Personality: An Explanation and a Defence’ (2024) 24(1) *Journal of Corporate Law Studies* 301.

¹⁴Obviously the details differ between jurisdictions. Here I follow: Rutger Claassen, ‘Political Theories of the Business Corporation’ (2022) 18(1) *Philosophy Compass* e12892.

¹⁵Most influentially in the Law literature, see Margaret M Blair and Lynn A Stout, ‘A Team Production Theory of Corporate Law’ (1999) 85(2) *Virginia Law Review* 247.

¹⁶An influential early formulation stated that directors ‘must exercise their discretion bona fide in what they consider – not what a court may consider – is in the interests of the company, and not for any collateral purpose.’ *Re Smith and Fawcett Ltd* [1942] Ch 304 at 306. Under the *Corporations Act 2001* (Cth) s 181(1), directors must exercise their powers and discharge their duties ‘(a) in good faith in the best interests of the corporation; and (b) for a proper purpose’.

directors' duty is not simply to maximise the profits of current shareholders, but instead to pursue the corporation's long-term interest.¹⁷ And even if corporations (or their managers) have obligations to pursue profit, this need not be understood as an obligation to *maximise* profit.¹⁸ This creates interpretive flexibility that can accommodate reparative obligations.

The foregoing point is important. If corporations are to act on ethical obligations beyond mere legal compliance, they must be capable of giving due weight to moral considerations when forming their bundle of beliefs and goals.¹⁹ However, one might assume that corporations are merely rational self-interested agents that are incapable of responding to ethical considerations. That assumption would be a mistake.²⁰ As long as members are not forbidden from bringing moral considerations to bear on the corporation's decision-making, and as long as the corporation has the basic material and structural resources needed to make decisions on the basis of those moral considerations, the corporation is capable of bearing moral obligations.²¹ In the case of business corporations, these 'members' include shareholders, directors, managers and even some rank-and-file employees. This will be important in understanding the transformative agency that can come from within and by corporations, as will be emphasised in the following discussion of shareholder activism.

Among corporations, fossil fuel companies deserve special attention in the climate reparations discussion.²² Internationally, such corporations are among the largest historical emitters of greenhouse gases,²³ they possessed early knowledge of climate risks²⁴ and some have nevertheless funded misinformation campaigns.²⁵ Even for corporations that have not actively promoted misinformation, their profits remain tied to ongoing extraction. These features make fossil fuel corporations prime candidates for reparative claims, as the next section will explain. I focus on these entities because they represent the strongest moral-

philosophical case for climate reparation obligations. That said, many of the arguments below extend beyond fossil fuel corporations to other large business corporation organisations. Furthermore, many of the below arguments extend not just to business corporations, but also to State-owned enterprises centred on fossil fuels (such as, internationally, Saudi Aramco or Gazprom). In this article, I have focussed on business corporations rather than State-owned enterprises, in order to highlight the agency held by shareholders when it comes to business corporations' climate reparation obligations. In State-owned enterprises, the analysis would have to be different, since it is less clear which individuals within State-owned enterprises should be deemed philosophically equivalent to 'shareholders'.

The multiple sources of reparative obligations

Reparative duties can be grounded in several principles, and this section will discuss four of those principles – avoidable causation, unjust enrichment, capacity and embeddedness.²⁶ This section will focus on the philosophical justifications and framing of the different principles, but it is important to note that they also have legal meanings which will be briefly explored as the discussion proceeds.

Avoidable causation: The Polluter Pays Principle

The Polluter Pays Principle (PPP) holds that those who cause harm, particularly when avoidable, are morally obligated to repair it.²⁷ Fossil fuel corporations have been central causal contributors to climate harm. Richard Heede's influential work has argued that 63 per cent of global carbon and methane emissions from the last 260 years can be traced to the production activities of 90 collective agents that he refers to as 'carbon majors'.²⁸ These are 'investor-owned, ... state-owned, ... and nation-

¹⁷Joint Committee on Corporations and Financial Services, Parliament of Australia, *Corporate Responsibility: Managing Risk and Creating Value* (Report, June 2006).

¹⁸As Berger J put it, 'if they observe a decent respect for other interests lying beyond those of the company's shareholders in the strict sense, that will not, in my view, leave directors open to the charge that they have failed in their fiduciary duty to the company.' See *Teck Corporation Ltd v Millar* (1972) 33 DLR (3d) 288 BCSC at 314.

¹⁹Frank Hindriks, 'Collective Agency: Moral and Amoral' (2018) 72(1) *Dialectica* 3; Collins (n 10).

²⁰For the opposite view, see Joel Bakan, *The Corporation: The pathological pursuit of profit and power* (Free Press, 2004).

²¹Stephanie Collins, 'Corporations' Duties in a Changing Climate' in Jeremy Moss and Lachlan Umbers (eds), *Climate Justice and Non-State Actors: Corporations, Regions, Cities, and Individuals* (Routledge, 2020).

²²Indeed, they have received this attention via extensive climate litigation. See, for example, the cases cited at (n 4) and (n 6).

²³Heede (n 2).

²⁴Benjamin Franta, 'Early Oil Industry Disinformation on Global Warming' (2021) 30(4) *Environmental Politics* 663.

²⁵Naomi Oreskes and Erik M Conway, *Merchants of Doubt: How a handful of scientists obscured the truth on issues from tobacco smoke to global warming* (Bloomsbury Press, 2010).

²⁶In the philosophical literature, these sources of duty are discussed (in slightly different terms) by David Miller, 'Distributing Responsibilities' (2001) 9(4) *Journal of Political Philosophy* 453. They are applied to climate change by Caney (n 1); Simon Caney, 'Climate Change and the Duties of the Advantaged' (2010) 13(1) *Critical Review of International Social and Political Philosophy*, 203. This section also partly draws on Collins (n 21).

²⁷In legal discussion, this principle traces back to *The Rio Declaration on Environment and Development* (adopted 14 June 1992, UN Doc A/CONF.151/26 (Vol I)), principle 16. Regarding the principle's application to corporations, a State is held responsible for the actions of corporations that are empowered or directed by that State, under the *Maastricht Principles on Extraterritorial Obligations of States in the Area of Economic, Social and Cultural Rights* (adopted 28 September 2011, Maastricht University, The Netherlands). States are further 'required to take the steps necessary to prevent human rights violations abroad by corporations domiciled in their territory and/or jurisdiction', according to the Committee on Economic, Social and Cultural Rights, *General Comment No 24 (2017): State Obligations under the International Covenant on Economic, Social and Cultural Rights in the Context of Business Activities*, 61st sess, UN Doc E/C.12/GC/24 (23 June 2017). These 'soft law' documents seek to support corporate accountability measures, including for climate harm. I thank the Editors for drawing their connection to the present argument.

²⁸Heede (n 2) 235.

state producers of oil, natural gas, coal, and cement'.²⁹ Of the 90 carbon majors, 50 are corporations (rather than States or State-owned enterprises). These 50 almost certainly have each made a significant difference to climate harms.

Moreover, this causation is not excusable. Corporations had early scientific evidence of climate harm. Internationally, the American Petroleum Institute was disseminating false and misleading information about climate change as early as 1980.³⁰ The harms were foreseen and avoidable. And the theories of collective agency outlined earlier show that the corporation itself engaged in culpable causation – not merely the individuals who happened to be in positions of corporate power at the time information came to light (although maybe they, too, engaged in culpable causation in their personal capacity). This is important because it would be possible to avoid going 'down the rabbit hole' of identifying specific individuals that did wrong. The corporation outlives changes in individual membership and retains duties even after the individuals involved in creating those duties have moved on, and whether those individuals were culpable or not.

Unjust enrichment: The Beneficiary Pays Principle

The Beneficiary Pays Principle (BPP) grounds moral duties in unjust enrichment. Fossil fuel corporations have reaped vast profits from selling hydrocarbons. But for a benefit to ground a reparative obligation, the benefit itself must be unjust. There is, of course, a straightforward sense in which the spoils of fossil fuel corporations are unjust: these companies' profits derive from activities that harm others. Yet to show that these harms are injustices, it would be necessary to show that the corporations had obligations not to cause these harms. To assume that corporations had obligations not to cause those harms, in the context of debating whether corporations have climate-related obligations, would be to assume an answer to the very questions at issue.

To ground corporations' reparative obligations in unjust enrichment, then, corporations' profit (or enrichment) should be thought of as unjust in the sense that it derives from the failure of *other entities* to do their duty. The primary failures in this realm are committed by States, who can be presumed to have a duty to fulfil citizens' right to an adequate standard of living. States' fulfilment of this duty can be understood as requiring that States adequately regulate the businesses to curb greenhouse gas emissions.³¹ To be sure, not all current citizens require emissions reductions in order to enjoy an adequate standard of living (for example, citizens in the final stages of their lives). Nonetheless, it is clear that many citizens' standard of living will be negatively affected by emissions – particularly younger generations

and those whose wellbeing is constitutively tied to environmental protection (such as Indigenous communities and other local groups). Insofar as corporations' enrichment depends on injustice committed by States against such groups, corporations acquire an ethical obligation to disgorge the benefits received and to (do what they reasonably can to) ensure benefits are not reaped in future.³²

Capacity: The Ability to Pay Principle

The Ability to Pay Principle (APP) holds that agents with the capacity to repair harm have moral duties to do so. Duties held under this principle are perhaps not obviously 'reparative' in nature, because the entity holding the duty does not necessarily have any causal connection to the harm that needs repair. The duty-bearer is not necessarily causally connected to the harm, either in the 'upstream' manner of the PPP, nor in the 'downstream' manner of the BPP. Regardless, moral duties held under the APP are well-understood as 'reparative' in the simple sense that they are duties to engage in *repair*.

Corporations' relevant capacities are grounded in several facts about them. First, fossil fuel corporations possess enormous financial resources. To take just one example, ExxonMobil's 2022 profits exceeded US\$55 billion.³³ Second, these corporations have vast technological capacity, enabling them to invest in renewable energy and carbon capture. Third, they have the capacity for complex and long-term planning and relationship-building, which is required in contexts where there are specific communities (for example, those local to the corporation's operations) towards whom the corporation should orient its reparative behaviour. This last consideration brings us to the final source of corporations' reparative obligations: embeddedness.

Embeddedness: The Neighbour Pays Principle

Humans exist in webs of interdependence that make us the agents we are. Corporations are not outsiders to this web, but are embedded in – indeed, constituted by – the relations they hold with those who work for them, supply to them, buy from them, or live their lives in the environments where corporations operate. Corporations' embeddedness generates obligations for them to sustain and repair the communities on which they rely. Importantly, the concept of 'embeddedness' or 'neighbourliness' at issue here is not simply a matter of physical proximity. It is one of interdependence – whether material, social, financial, operational or something else – that binds agents together in their ongoing activities. Philosophically, this vision of agency has been applied to humans: care theorists, communitarians, Indigenous philosophers and relational ontologists

²⁹Ibid 229.

³⁰Franta (n 24) 663.

³¹Collins (n 21).

³²Recent legal cases have made use of unjust enrichment, including: *Municipality of San Juan, Puerto Rico v Exxon Mobil Corp et al* (D Puerto Rico, 1st Cir 2025); *Suncor Energy Inc v County Commissioners of Boulder County*, US (2026) No 25-170; *State of Rhode Island v Chevron Corp* 393 F Supp 3d 142 (RI, 2019). I thank the Editors for drawing my attention to these cases.

³³ExxonMobil, 'ExxonMobil Announces Full-Year 2022 Results' (News Release, 31 January 2023) https://corporate.exxonmobil.com/news/news-releases/2023/0131_exxonmobil-announces-full-year-2022-results.

have all emphasised that individuals are constituted by their relationships, not merely situated within them.³⁴ However, when considering the socially constructed or ‘artificial’ nature of corporate agents, it is even clearer that they ontologically depend on others. Corporations are sustained through complex networks of recognition, participation and trust – not only by those who are a part of the corporation (shareholders, directors, managers and workers),³⁵ but also by those who are formally ‘external’ yet functionally constitutive – the regulators, consumers, suppliers, civil society organisations and local communities. These actors collectively furnish the corporation with its social licence to operate, its competitive viability, and even the physical and ecological conditions that make its operations possible. To treat corporations as isolated or self-standing entities is therefore not merely sociologically naïve but metaphysically mistaken. The corporation exists only through its relations of dependence and co-production with others.

This ‘Neighbour Pays Principle’ has generally been left aside by climate ethicists, who focus on the other three principles listed above.³⁶ Yet the principle of neighbour pays is essential for identifying those towards whom any given corporation owes its reparative obligations. The first three principles generate general duties to decarbonise in the name of reparation: obligations to shift operations away from fossil fuel extraction and combustion, reduce emissions and support mitigation efforts. These actions, while morally significant, need not be directed at anyone in particular.

By contrast, the ‘neighbour pays principle’ produces directed obligations by isolating the moral claims of those who are materially and relationally entangled with the corporation’s activities. It holds that corporations’ monetary reparations, or attempts at relationship-building and repair, should be oriented towards those on whom the corporation depends, and those who depend on the corporation in turn.³⁷ In the case of extractive corporations, this will centrally include the traditional owners and local community members at the site where extraction occurs. After all, it is these groups whose connections to land and place must sit alongside the corporation’s own connections to that very land and place. The corporation and its neighbours thus share a moral and ontological space, in that each group has its

activities and their identities depend on a land on which the other group also depends. The two groups are ontologically interlinked.

Enacting reparative obligations

Acknowledging ethical duties is only a first step. Next is to ask how these duties can be enacted – especially within the frameworks provided by our legal system. Two modes can be distinguished at this point: outside-in and inside-out.³⁸ Outside-in mechanisms centrally include regulation. The options for legal reform here are numerous. They include imposing liability for environmental harm; mandating reparative funds; mandating that incorporated entities articulate a social purpose in addition to profit; reshaping directors’ duties away from shareholders and towards climate reparation; requiring businesses to have net zero targets; and promoting shareholder stewardship codes.³⁹ The principles articulated earlier contribute as arguments to be used by those pursuing such legal reforms, building on recent developments such as climate-related disclosure requirements.⁴⁰

Such reforms are important, but they face political resistance and may be slow to implement. In the other direction, inside-out approaches work through corporate governance, culture and shareholder engagement. Following this approach, corporations might adopt reparative commitments as part of their statements of purpose, integrate reparations into operational principles, set aside profits for climate funds or shift investments to renewable infrastructure. I will now briefly explore the inside-out approach, both to highlight the moral agency of corporations themselves (as explained in the first section) and to explore how the ethical duties of shareholders can be performed within current corporate frameworks.

When a collective agent has a moral duty, its members have derivative moral duties to enable group compliance.⁴¹ Thus if ExxonMobil, for example, has a reparative moral duty, then directors, managers and employees have moral duties to use their roles to attempt to align corporate action with that duty. Intriguingly, the members with derivative duties include shareholders. This is because, from the perspective of the realist theory of the corporation sketched in the first section, shareholders are not external influencers, but internal constituents. Their governance

³⁴On care theory, Eva Feder Kittay, *Love’s Labor: Essays on Women, Equality and Dependency* (Routledge, 1999). On communitarianism, Alasdair MacIntyre, *After Virtue* (University of Notre Dame Press, 1981). On Indigenous philosophy, Mary Graham, ‘The Law of Obligation, Aboriginal Ethics: Australia Becoming, Australia Dreaming’ (2023) 37 *Parrhesia* 1. On relational ontology, Catriona Mackenzie and Natalie Stoljar (eds), *Relational Autonomy: Feminist Perspectives on Autonomy, Agency and the Social Self* (Oxford University Press, 2000).

³⁵For an argument that these four groups are literally parts of corporations, see Collins (n 12) ch 3.

³⁶Stephen M Gardiner et al (eds), *Climate Ethics: Essential Readings* (Oxford University Press, 2010); Edward Page, ‘Distributing the Burdens of Climate Change’ (2008) 17(4) *Environmental Politics* 556; John Broome, *Climate Matters: Ethics in a Warming World* (W W Norton, 2013).

³⁷This centrally includes those in the corporation’s value chain (its suppliers and consumers), its workers, and those in the local communities where the corporation operates. Dependence comes in degrees: the more dependent someone is on a corporation, the stronger the reparative obligations owed to that person.

³⁸Christine Parker and Fiona Haines, ‘Reconstituting the Contemporary Corporation through Ecologically Responsive Regulation’ (2023) 39(6) *Company and Securities Law Journal* 316.

³⁹The latter include: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation) [2019] OJ L 317/1 (EU); UK Stewardship Code 2020 (Financial Reporting Council, published October 2019, effective 1 January 2020).

⁴⁰Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 (Cth).

⁴¹Collins (n 10) ch 7.

rights – electing directors, voting on resolutions – make them part of the corporation's agency. They inherit obligations that derive from the corporation's own obligations. And this has a fascinating flip-side: when shareholders use their role in the corporation to perform these moral obligations, that performance can be understood as *the corporation itself* doing its moral duty. This allows us to reinterpret shareholder activism as the enactment of the ethical agency of the corporation.

In practice, shareholders' obligations can play out in a number of different ways. Asset managers such as BlackRock, whose holdings give them enormous influence, have in the past supported shareholder resolutions for climate action.⁴² Advisory organisations such as Market Forces can guide shareholders' voting behaviour.⁴³ Groups of individual shareholders can act collectively (for example through the Australasian Centre for Corporate Responsibility) to forward shareholder resolutions and form voting blocs.⁴⁴ Occasionally, even individual shareholders can make a difference – such as Mike Cannon-Brookes, who has used his stake in AGL Energy to press for decarbonisation.⁴⁵

These actors can use both internal mechanisms (such as voting at shareholder meetings) and external mechanisms (such as shareholder-based litigation or public campaigns). But even when the mechanisms used are external, these behaviours are best understood as 'inside-out' performance of corporations' climate reparation obligations: the actors are using their internal role in the corporation to induce action, even if that role is being wielded in an external context. Therefore, shareholder activism can be a valuable mechanism for corporate climate reparations, even before legislative reform.

That said, there are important objections to shareholder activism. Perhaps, in the climate change context, the biggest is that shareholder activism reinforces the capitalist structures that produce climate injustice in the first place. To focus on 'inside-out' solutions might seem to risk legitimising a broken system. Shareholder activism seems to involve only marginal changes that enact minor tweaks within the system, rather than the overhaul that appears necessary. Here, it is essential to emphasise that inside-out strategies need not displace systemic change; they can complement outside-in regulation and the more systemic demands of social movements. My argument does not imply that inside-out change is even close to enough, or that scholars should not advocate changes in the very nature of business corporations. But it is perhaps an under-appreciated route to corporate climate reparations.

Conclusion

Business corporations, particularly fossil fuel corporations, bear moral obligations of climate reparation. They instantiate multiple grounds of obligation – causation, unjust enrichment, capacity and embeddedness – and their structured agency makes these obligations genuinely group-level duties. These principles are being pursued in numerous recent instances of climate litigation. The philosophical perspective advanced in this article aims to support these legal developments. Enacting these duties requires both outside-in regulation (which, after appropriate legislative reform, could provide further legal bases for continued litigation) and inside-out governance. Shareholders, as internal constituents of corporate agents, can pursue the inside-out route by using their roles to do what they can to align corporate action with reparative obligations. This does not absolve States or other individuals; it is just one aspect of climate responsibility. There are numerous avenues for future research here that include: exploring which legislative changes are most feasible and desirable; considering the extent to which incremental legislative change is consistent with systemic overhaul; and consideration of how the voices of rights-bearers (such as younger generations, Indigenous groups and local communities) might be further centred within these developments.

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⁴²Sandra Boss and Michelle Edkins, 'BlackRock on Climate-Related Shareholder Proposals', *Harvard Law School Forum on Corporate Governance* (Blog Post, 12 May 2022) <https://corpgov.law.harvard.edu/2022/05/12/blackrock-on-climate-related-shareholder-proposals/>.

⁴³Market Forces (Web Page) <https://www.marketforces.org.au>.

⁴⁴Australasian Centre for Corporate Responsibility (Web Page) <https://www.accr.org.au/>.

⁴⁵Angela Macdonald-Smith, 'Cannon-Brookes rejects AGL climate plan, demands faster action', *Financial Review* (online, 3 October 2025) <https://www.afr.com/companies/energy/cannon-brookes-rejects-agl-climate-plan-demands-faster-action-20250929-p5mymk>.