preventable surprises

Dialogue 5:

Building Momentum for Emissions Reduction

JUNE 21 - JUNE 23, 2017

67 PARTICIPANTS / 341 POSTS

Background

In the last Preventable Surprises virtual dialogue in September 2016, we envisaged a ‘triple leap forward’:

- from supply side resolutions to demand side
- from scenarios/stress tests to transition plans
- from individually crafted resolutions to industrial scale.

Many people worked hard on this, and we achieved effectively a ‘double leap’ in the USA - definitely industrial scale (>35% by market cap we reckon) on the demand side, but a preponderance of scenario rather than transition plans. And despite fightback from management, one vote exceeded 50%, and the rest came close, with the Southern transition plan resolution going up from 34% to 46% in favour. This dialogue will build on that success, reaching into strategies for Europe and the UK, wider campaigns, and reflection on the political challenges ahead - all with the aim of bending the curve of energy utility emissions by 2020.

Objective

Co-Chair's Welcome

As we gather from across the world for our fifth dialogue, it feels as though forceful stewardship is finally having a moment. Two things that have particularly struck me – first, the Japanese Government Pension Investment Fund's requirement that all its investment managers disclose how they vote on resolutions at the companies they own. Interestingly, disclosure is specifically requested in order to work against conflicts of interest. GPIF has said it intends to put its money where its mouth is – 'cheques will be smaller' for those managers who don't comply with this and other requirements.

Secondly, the Baltimore nuns challenging Google (yes, 'Don't be evil' Google) to disclose Alphabet's lobbying expenditure are being supported by the three largest proxy voting agencies. Of course, not everything in the garden is rosy by any means. But let's share these and other examples of 'straws in the wind' and see how they can strengthen our collective endeavour to use forceful stewardship to bring down emissions in the energy utility sector.

Carolyn Hayman
Co Chair, Preventable Surprises

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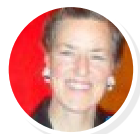
Corporate Sustainability Architect

CO-FACILITATORS



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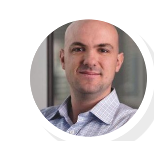

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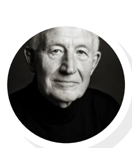

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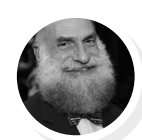

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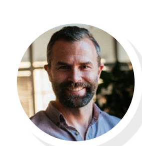

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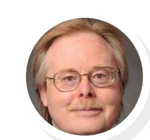

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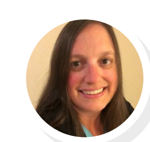

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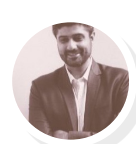
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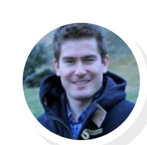

Kurt Winter
Policy Advisor, AGL Energy

AGENDA

DAY 1: Taking Stock of Different Perspectives

Annual General Meetings & Engagement
A) Learning from investor engagement with EU companies **Sebastian Godinot (WWF)**
B) Learning from US 2017 Annual General Meetings **John Rogers (OM Asset Mgt and Preventable Surprises)**
C) Implications of 2017 proxy season & potential SEC changes **Sanford Lewis (Independent Attorney)**

Scenarios & Transitions
D) Learning from TCFD & TPI **Paul Fisher (ex Bank of England)**
E) Learning from IEA 450 scenario **Pedro Faria (CDP)**

Policy & Governance
F) Trump and Paris: how much does it matter? **John Fullerton (Capital Institute)**

DAY 2: Creating a more supportive context -- Challenging assumptions, removing constraints

Changing Investor Mindsets
G) What are the major obstacles to industrial scale transition plan resolutions for the energy utility sector? **Raj Thamotheram (Preventable Surprises)**
G2) What do investors need to believe, in order to play a constructive role in the transition? **John Rogers (OM Asset Mgt and Preventable Surprises)**
H) Flip the Switch **Carolyn Hayman (Preventable Surprises)**

Bringing in the campaigning heavy guns
I) Role of campaigners/foundations **David Murray (incoming CEO, Preventable Surprises)**

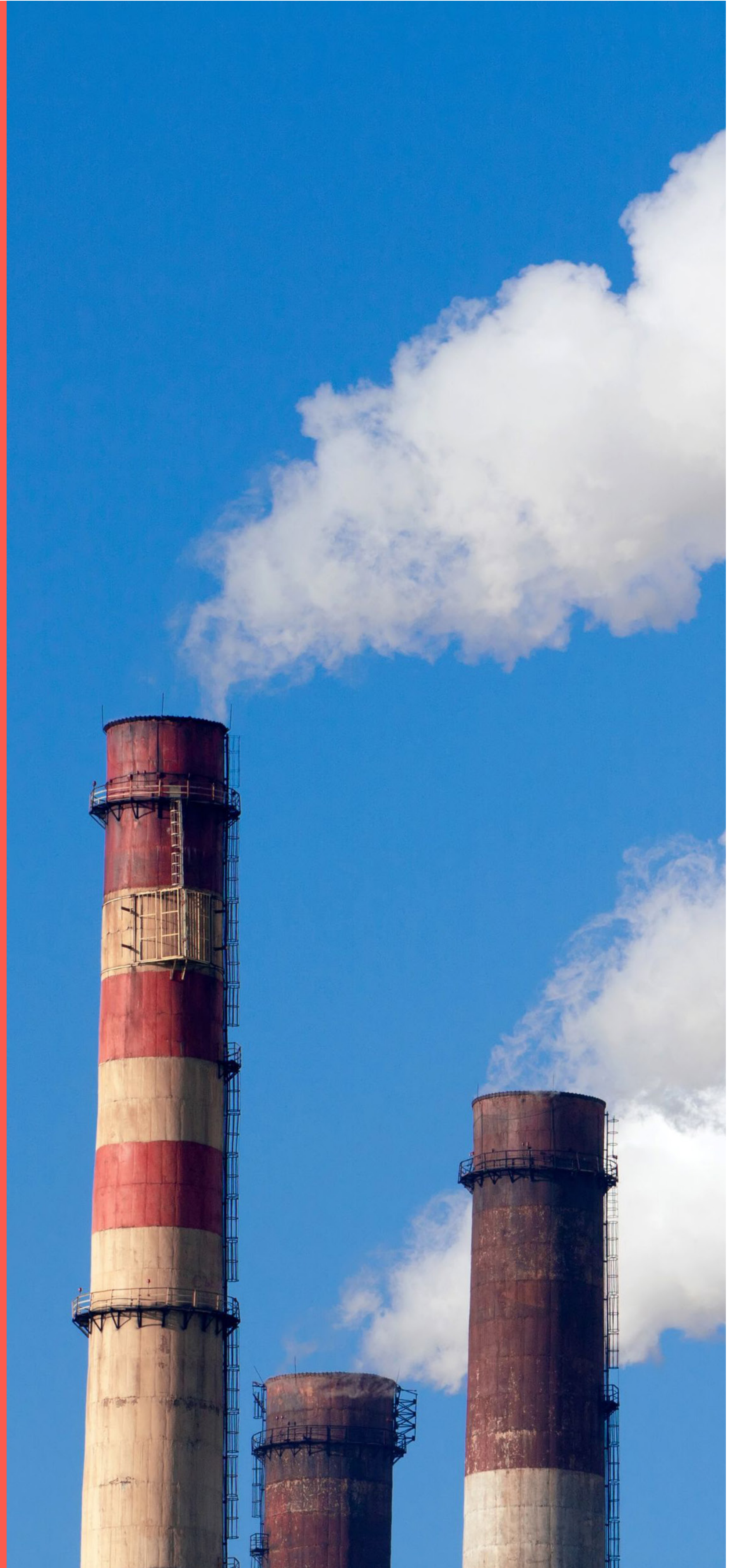
Regulation
J) Regulation is crucial so let's get it right **Antony Froggatt (Chatham House, University of Exeter), Dylan Tanner (InfluenceMap)**

Day 3: Fit-for-Purpose Transformation Strategies

Role model companies
K) How to get companies to support transition plan resolutions in 2018? **Andrew Logan (Ceres)**

Achieving breakthroughs with equity investors
L) North America **Tom Murtha (Preventable Surprises)**
M) What does a 2°C transition plan in this sector look like? **Colin Baines (Friends Provident Foundation)**

And finally
N) Other disruptive yet practical ideas **RajThamotheram (Preventable Surprises)**



Day 1:
Taking Stock of Different Perspectives

Preventable Surprises' three-day dialogue on "Building Momentum for Emissions Reduction" started with a bang as participants took a good look at what is and is not working in moving toward a 2°C world. We looked at three arenas where activists and investors have contact:

- Annual General Meetings & Engagement (Discussion Threads A-C);
- Scenarios & Transitions (Discussion Threads D&E); and
- Policy & Governance (Discussion Thread F).

A) Learning from investor engagement with EU companies

Most listed utilities are still not at all on a 2°C pathway. What areas provide opportunities to accelerate a transition to a low carbon economy?

GUEST EXPERT
Sebastien Godinot
Economist, WWF

> *"The authorities need to set the rules to make this (sustainable finance) happen"*

> *"Where there is a leadership gap between the [elected officials of a city] and its pension fund, trying to help close this gap could be an interesting experiment for positive mavericks in different locations."*

> *"Why are debt investors doing so little on the engagement front? Global oil supply would quite literally be shrinking if investors were not hungry for the sector's high yield debt, and even the very largest companies like Chevron and Shell have increasingly turned to debt to plug gaps in cash flow. There are very few examples where debt investors have used their existing exposure, or the prospect of buying into future issuances, to influence company behavior."*

> *"[A] major issue holding us back is the placating force of incrementalism. For example, BP and Shell both included references to climate in their remuneration policies this year. ShareAction highlighted how these fell short of incentivising the kind of changes required for a <2°C transition. A lot of investors agreed with the points we were making on an intellectual level, but still voted in line with management because of the 'progress' seen."*

B) Learning from US 2017 Annual General Meetings

One of the leaders of the AGM season in the US, who co-filed a resolution that received majority support from shareholders, provided an excellent summary of what swung large institutional investors in favour of the Exxon 2°C proposal (62% support):

- Asset owners' private pressure on asset managers
- Civil society pressure, exercised forcefully in public, e.g. #missing60
- Shareholder resolutions filed at asset managers requesting disclosure on climate voting
- The co-filing of the Exxon resolution by so many large European asset managers
- TCFD recommending scenario analysis made it an institutional quality ask
- PRI stressing active ownership required asset managers who rarely back ESG shareholder proposals to consider whether their status as Responsible Investors was secure. In addition he pointed out that large passive management shops are in play as a result of this vote, but also that US managers are resisting the idea that developing and implementing 2°C transition plans is financially material.

GUEST EXPERT
John Rogers
Director, OM Asset Management

> *"PS research showed that on average the CEOs of the Big 8 that were targeted have been with their organisations for an average of 23 years. And many of them fulfil the roles of CEO President and Chair!"*

> *"The BAU engagement model is not fit for purpose [for addressing climate risk]. Without a more top-down systemic risk-driven approach, we won't bend the GHG curve by 2020. As Roger Pielke Jnr says, the growth of carbon-free energy is only about half as fast as it needs to be to deliver a fully decarbonised system by the end of the century."*

> *"Sustainable Finance will require changes in behaviour by savers, borrowers and intermediaries in both private and public sectors. Disclosure rules are part of that, so is prudential regulation and supervision, fiduciary duty, rating agency rules, sustainability tests for all new policies, retail preferences and so on."*

C) Implications of 2017 proxy season & potential SEC changes

Lewis led a session examining threats to the shareholder resolution process in the US in the age of Trump. He suggested companies are not inclined to assume that the Trump pendulum will not swing back to a more climate-friendly position after subsequent elections.

GUEST EXPERT
Sanford Lewis
Attorney, Strategic Counsel

> *"The threats to the shareholder proposal process have caused some investors in the US to begin the "thought experiment" of considering alternative sources of leverage to perpetuate engagement, disclosure, and responsive action from companies they invest in. For example, there is the possibility of new shareholder litigation focused on the lack of long-term strategy by company boards, the potential for shareholders to issue "materiality statements" that delineate the thresholds for material information disclosed by companies they invest in, and the potential for stock exchanges to impose ESG types of disclosure requirements."*

> *"Many business practices that are now commonplace were once considered radical ideas, such as proxy access, allowing shareholders to nominate candidates to the board of directors."*

> *"While almost all companies work through trade associations like the Business Roundtable (BRT) which has taken the lead for business attacking shareholder resolutions, (Jamie Dimon, CEO of JPM is Chair of the BRT), most BRT members state they do not support the BRT's extreme position (the "nuclear option") destroying the ability to file resolutions. This is an interesting disconnect between implicitly undermining shareholders' rights and denying doing so."*

D) Learning from TCFD & TPI

"Disclosure is not a silver bullet to ensure a successful transition – but it is an essential part of the armoury." And so Paul Fisher started our discussion on the role disclosure efforts can play in reducing emissions.

GUEST EXPERT
Dr. Paul Fisher
Senior Associate, Cambridge Institute for Sustainability Leadership

"Is there a way we can make a "safe" place for companies to try scenario analysis, etc? I think there is a learning curve and many won't want to ride that curve in public."

"One of the key points in relation to climate disclosures is that there are already mandatory reporting requirements in place that legally oblige companies to report on material risks - which in many cases will include climate risk. This is a point that, in our view, the TCFD's interim recommendations didn't emphasize enough."

"Investors must call lack of genuine attempt out. The BlackRock Proxy Voting Bulletin explaining its recent vote at the Exxon AGM was blistering - calling out the inadequacy in the content and methodology of Exxon's 'voluntary' climate/ stranded asset risk analysis to date."

"It would promote both efficiency and comparability if there were standardised 'base scenarios' (including prescribed assumptions and methodologies) that all firms (by sector?) were obliged to use."

E) Learning from IEA 450 scenario

Faria walked us through a range of scenarios using a variety of assumptions, with slides to illustrate. The assumptions turned attention toward claims made on behalf of the potential of CCS as a remedy.

GUEST EXPERT
Pedro Faria
Technical Director, Carbon Disclosure Project

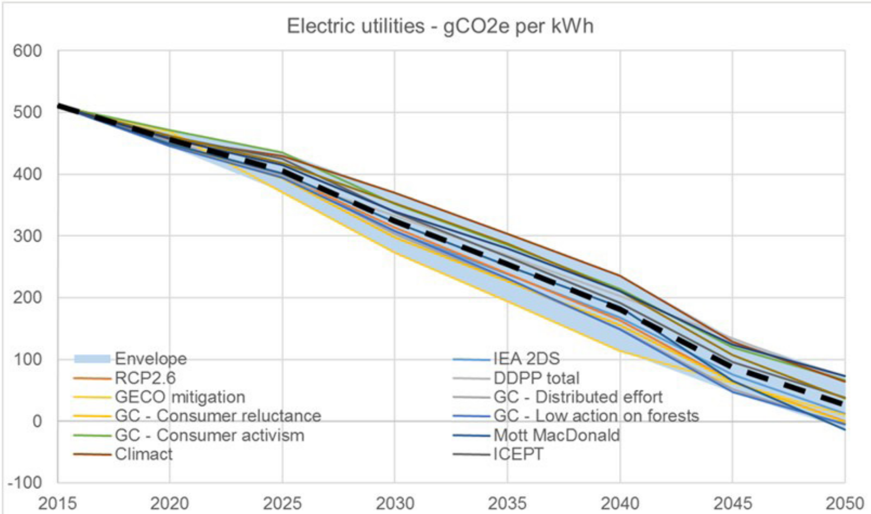
> *"I think care must be taken to ensure certain vested interests are not using the potential of CCS in the future as a means of arguing against rapid decarbonisation of energy generation."*

> *"IEA World Energy Outlooks and scenarios have been uniform in their material underestimation of the rate of renewables and battery storage cost reduction and penetration. The IEA - and firms touting its scenario-based demand projections as the 'true and only word', should be called out by investors and stakeholders. Auditors- your thoughts?!"*

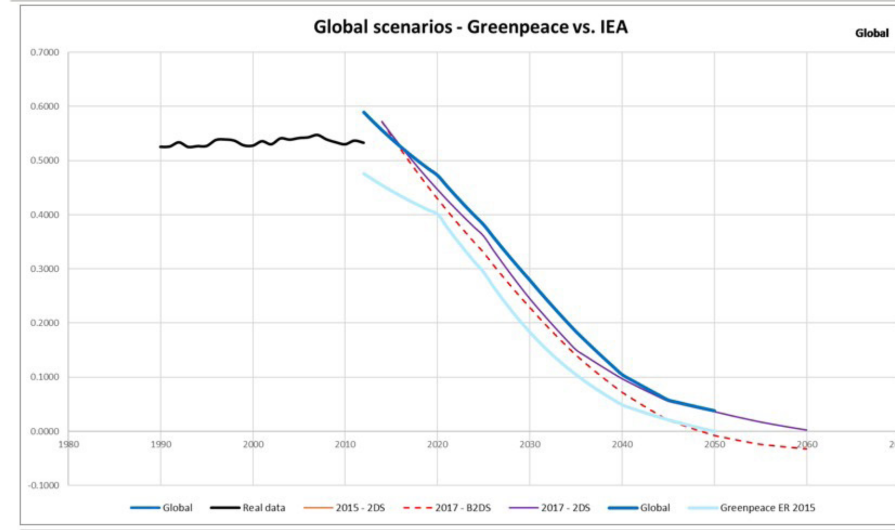
> *"The costs of focusing on land degradation/deforestation is significantly less than the cost of CCS without the costs of unintended consequences."*

> *"I particularly like the idea of expressing pathways in a form that is technology independent and scenario assumption independent. This allows companies a higher degree to think how they want to contribute to the transition."*

Scenario envelope – Global scenarios



Scenario envelope – Global - IEA vs. Greenpeace



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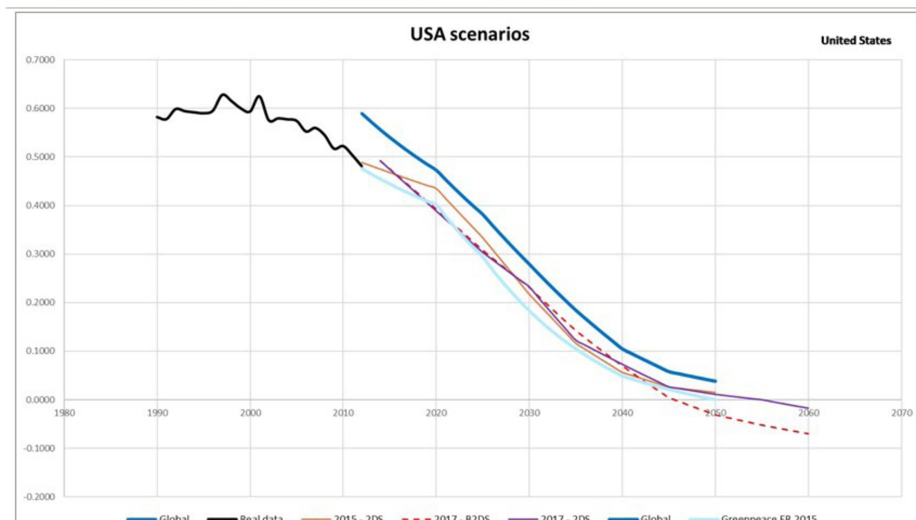
Scenario envelope – USA



Note: Global and Greenpeace scenarios are both global scenarios not specific to USA. They serve as benchmark to compare USA power sector to global benchmark (according to scenarios)

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Differences

	Greenpeace ER2015	IEA – B2DS
Carbon budget	2010	219
Fossil fuel demand	-92%	-59%
Electricity demand	2.8x (67.5PWh)	1.6x (39.9 PWh)
Reliance of CCS (Gt)	0 (zero)	-0.5 (-12.4)

In both scenarios decarbonization of power is deep and fast. Reliance on CCS is a big difference, impacting extent of "overshooting" and impacts on fossil fuel extraction (decarbonizing economy or just decarbonizing power). The difference is largely in the growth of electricity demand (electricity substituting for Fossil Fuels). It seems that IEA has not significantly reviewed its assumptions on 2DS and fossil fuel demand, it has just increased reliance on CCS in the future.

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Disclaimer: All figures and conclusions are preliminary and have not yet been reviewed. While we trust they should be roughly OK there might be errors in both figure and interpretation.

F) Trump and Paris: how much does it matter?

Fullerton posed three ideas in this session:

- That many U.S. states, municipalities and companies will comply with the Paris Agreement regardless of Trump's actions;
- That corporate governance is the larger issue facing those advocating a sustainable financial system; and
- That Paul Hawken's book Drawdown provides some promising math on reducing GHG.

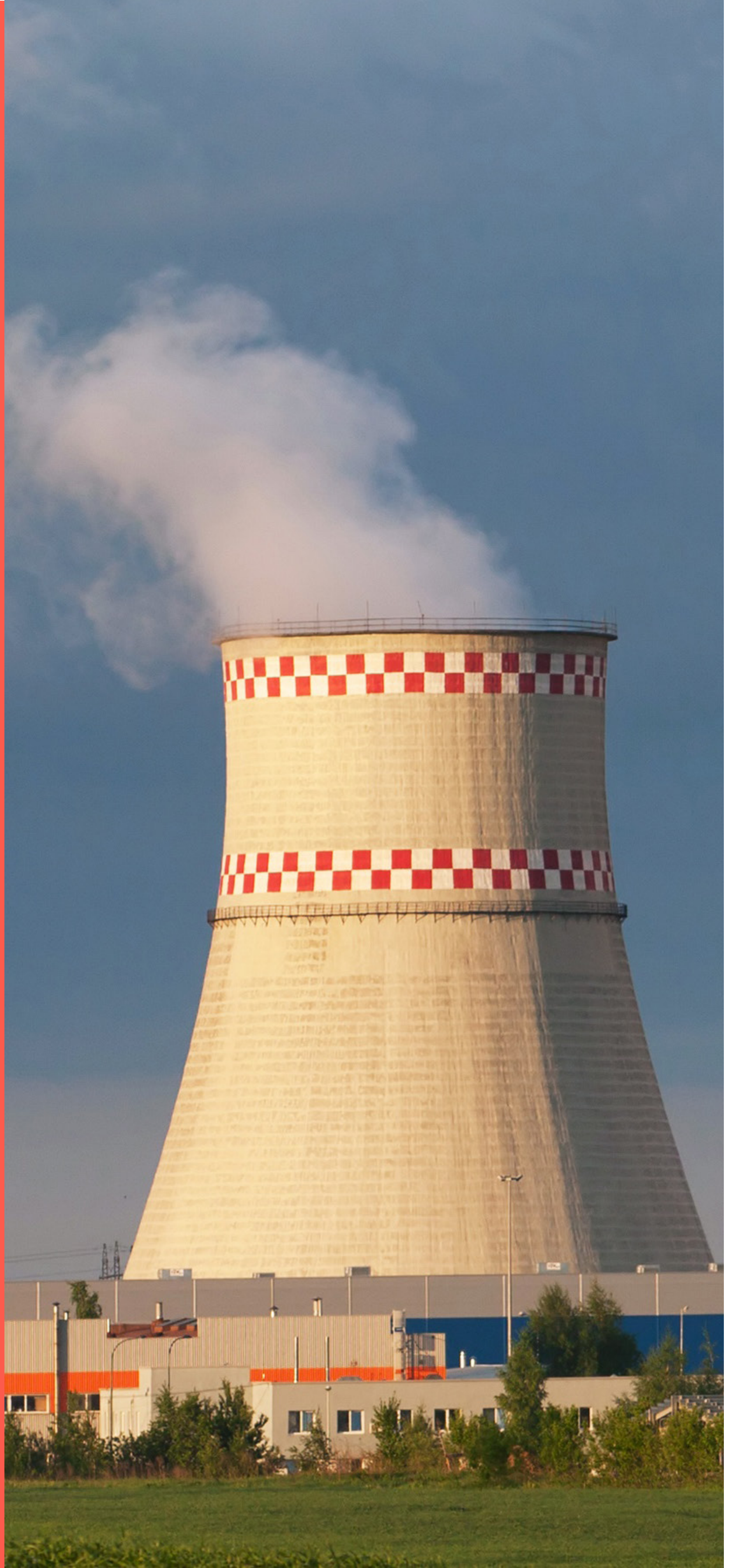
GUEST EXPERT
John Fullerton
Founder and President, Capital Institute

> *"I disagree that Paris Agreement is not enforceable: Enforcement may also come from other avenues - international trade law, investor state dispute settlement and indeed domestic litigation."*

> *"The new Investor Stewardship Group (https://www.isgframework.org/) shows that the big US companies are feeling the heat. If you read the stewardship and corporate governance principles, you will find it is pretty weak tea."*

> *"In India, solar PV is now cheaper than NEW coal plants, but also cheaper than EXISTING coal plants: a game changer."*

> *"There are too many action plans drawn up that are for someone else to implement. We need to get the main actors to act and the US administration is a main actor. Thankfully other US actors will step up, but they can't easily fill the US government-shaped hole at global level."*



Day 2:

Creating a More Supportive Context: Challenging Assumptions, Removing Constraints

Everyone got down to work on day two by focusing on the obstacles to transition plan resolutions in the energy utility sector, optimal strategies for overcoming these obstacles, and how to escape regulatory capture.

G1) What are the major obstacles to industrial scale transition plan resolutions for the energy utility sector?

Raj tested a list of seven obstacles campaigners face when advocating for low-carbon transition plans.

1) Investor beliefs about "constructive engagement"

2) Investor beliefs about "turf"

3) Investor beliefs about responsibilities for sectoral or system-level change

4) Organisational power relationships

5) Lack of resources for stewardship activity, in particular filing resolutions

6) Respect for geographic territory

7) Influence of campaigners & philanthropic foundations

Participants plotted these obstacles on a dual-axis grid, weighing "how powerful this obstacle is" against "how easy it is to surmount this obstacle." Participants also helpfully proposed additional obstacles.

GUEST EXPERT
Raj Thamotheram
Chief Executive Officer,
Preventable Surprises

> *"Other obstacles: Time horizon of the impact of these issues; wording of the proposals; deference to regulators; large US asset managers don't typically file resolutions"*

> *"Politicians in the mining states of Western Australia and Queensland are facing huge constituent pressure to create jobs as the mining boom has come off the boil. Added to industry lobby groups, we face a huge uphill battle to break the politics away from the orthodoxy that mining=jobs and renewables=greenie clap trap and unemployment. Such is a country where 2/3 of the stock exchange is mining companies and banks."*

> *"AP7 divested from Southern Company, the 2nd largest US utility and one that receives an "F" grade in our investor-focused rankings. We track this company as funding climate denial and doubting basic climate science."*

> *"Asset owners are highly concerned about the lobbying issue as some tend to own the whole market as universal owners, and want to send a signal to it that companies holding back national-level climate policy as recommended by the Paris Agreement have no place in the portfolio of such long term asset owners."*

G2) What do investors need to believe, in order to play a constructive role in the transition?

John similarly submitted a list of “must-be-true” statements (see slide 25 for the full list)

He then asked participants to gauge what they see as the most effective way to get investors to pay attention to risk in the utility sector.

GUEST EXPERT
John Rogers
Director, OM Asset Management

“One of the most important things for investors to do is CALL COMPANIES OUT ON LIP SERVICE. Asset owners - follow up on climate risk mandate requirements with specific, targeted questions of asset managers in performance reviews.”

“Obviously investors should stop companies from destructing value. This is well established in the M&A space where investors regularly say no to an acquisition because it does not create investor value. Investors could transfer this analysis to capex investment in fossil based business models.”

“The key point is that in order to live out a commitment to force the pace of transition, investors have to have a high, and conscious, conviction that mitigating climate change is (a) their responsibility and/or (b) in their financial interests.”

*“What finally helped get FULL Board consensus for a belief that climate change is an investment risk (and opportunity) that *must* be addressed and managed.....(1) letting everyone have their say and be listened to; (2) An unwavering commitment from a CIO who kept stressing (over and over again) that this is a financial issue and that the buck stopped with him; (3) Over-communication with every individual involved.”*

H) Flip the Switch: Why we want transition plan resolutions, not scenarios

Carolyn led an enlivened scenario plan vs. transition plan debate: Will you support an ask for a transition plan leading to net zero carbon emissions.

GUEST EXPERT
Carolyn Hayman
Co Chair, Preventable Surprises

> *"Rather than asking for companies to disclose their plans under each scenario, perhaps it would allow for far less wriggle room if they were asked to disclose what their business model looks like in a zero carbon economy, what their plan is to transition the business to that platform, and their time line for doing so?"*

> *"Companies adept at footdragging should not be given another year or two when it is clear that a transition in the sector is underway and they will only destroy s/h value if they don't get on the (EV) train. When Southern's transition plan polls just as well as scenario plans at utilities, why not forge ahead with the transition ask in the sector?"*

> *"My sense, then, is that lining up strong votes on scenario analysis, and following that up with robust engagement on the need for that analysis to reshape the business strategy, is a powerful path forward."*

> *"Investor: "I thought that the goal was to limit warming to 2C?" Forceful Steward: "Absolutely. These are effectively the same thing. But corporates are better able to act on things under their control, such as reducing their net emissions to zero by 2050 (or sooner). They can't as directly control global mean temperatures."*

I) Bringing in the campaigning heavy guns: Role of campaigners/foundations

Our new CEO led a conversation on campaign tactics and strategies, seeking feedback on these 6 specific proposals:

1) Persuade well-resourced campaigning groups and foundations to push investors to be forceful stewards and focus on demand sectors e.g. energy utilities.

2) Engage the RE100 (the companies committed to using 100% clean energy) to put pressure on the investment managers of their pension funds.

3) Engage members of TCFD (the Task Force on Climate-related Financial Disclosure) to put pressure on their investment managers to align their investments with the TCFD recommendations.

4) Engage TCFD members to do the same/name and shame TCFD fund managers who voted AGAINST 2C resolutions and name and acclaim those who voted FOR

5) Team up with a public campaigning organization to get consumers to switch electricity suppliers, or engage with their pension funds as investors of these suppliers.

6) Persuade Preventable Surprises' existing Positive Mavericks to choose one major target in the energy utilities sector, to magnify the network's forceful stewardship efforts and secure a significant majority vote in favour of a 2C transition plan resolution at its 2018 AGM.

GUEST EXPERT
David Murray
Incoming Chief Executive Officer,
Preventable Surprises

"I like the idea of - focusing on consumers - because the energy transformation that is occurring is not only about decarbonisation but also consumers, who will necessarily become more powerful not just about who they get their energy from but also from what sources and how."

"The RE100 is an en extremely powerful group and their engagement would in my view remove the risk, of concentrating on a single target which might turn out to be unsuccessful."

"Could there be a 'reverse RE100' campaign where a group maps out the companies that are not buying any RE from their utility and then these companies become the focus of forceful investor/NGO engagement and campaigning? In the US, it's largely going to be demand-driven (whether individual or corporate) and so we need to highlight the RE100 leaders AND the laggards. This could be complemented by (5) creating individual consumer pressure on the same utility."

J1) Regulation is crucial so let's get it right; What does good regulation look like?

Antony framed why it is critical to transforming the utility sector and questioned utilities' role in policy development.

GUEST EXPERT
Antony Froggatt
Senior Research Fellow,
Chatham House

"The incumbents and regulators need to also recognise that technology is breaking down barriers between the electricity, transport and heating sectors, encouraging new market actors into the utility space. These new companies need early engagement with the regulators and governance bodies across the sectors."

"We speak to a lot of policy makers and they say each sector explains in a detailed way why their own situation is "special" and the burden should be placed elsewhere or jobs and growth are at risk."

"The next step is to ensure that (PRI principles) are reflected in their pension funds and their holdings as well. That information should be referenced in the Annual Report to shareholders."

"Regulation needs to drive significant innovation by prizing open new markets and framing decarbonisation as a competitive imperative for market participants."

J2) Forceful Stewardship with the Utilities Sector on Lobbying for Policy & Regulation

InfluenceMap's Dylan picked up the thread by diagramming utilities' scores for encouraging/obstructing clean energy policy development.

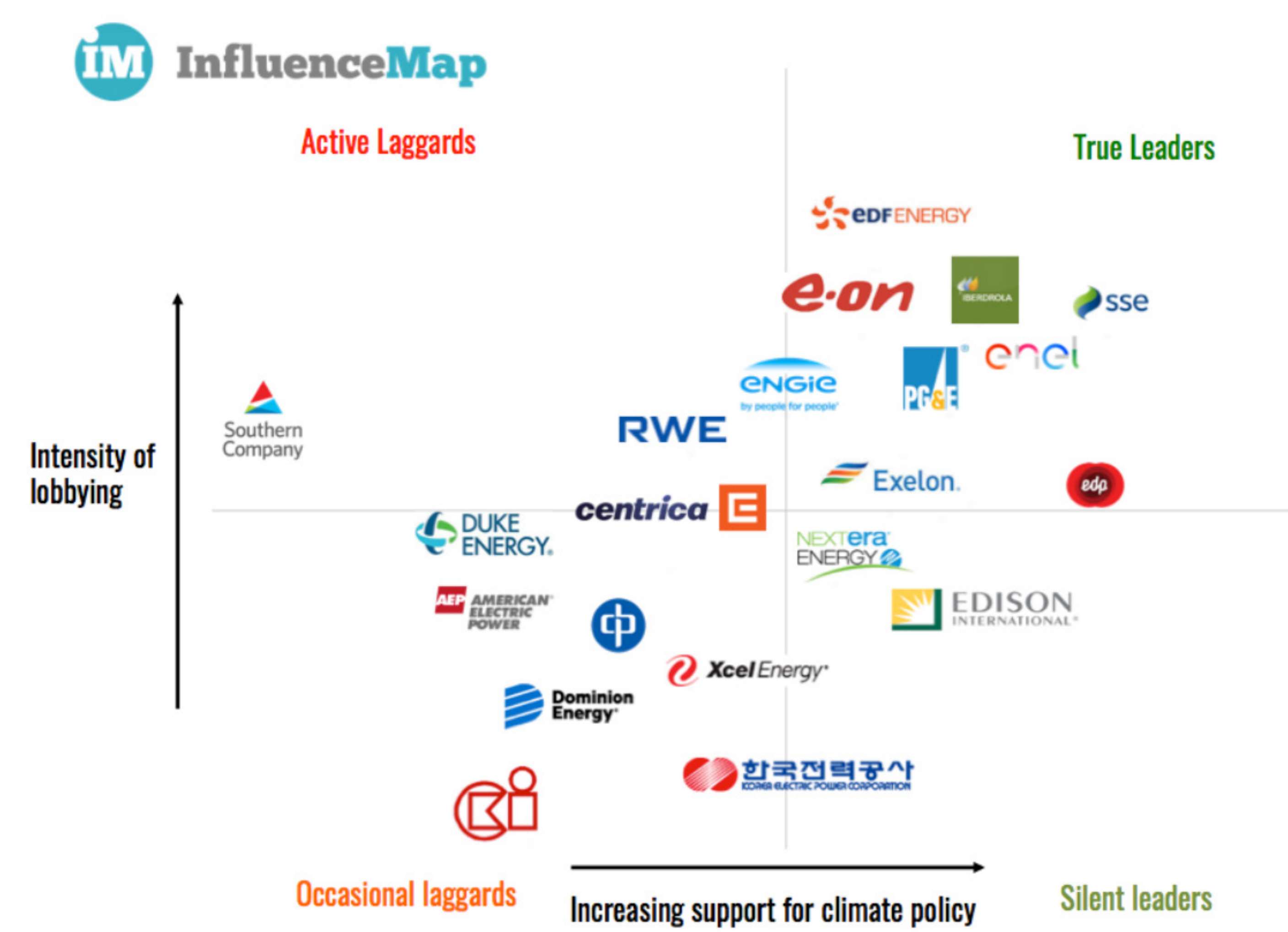
GUEST EXPERT
Dylan Tanner
Executive Director, InfluenceMap.org

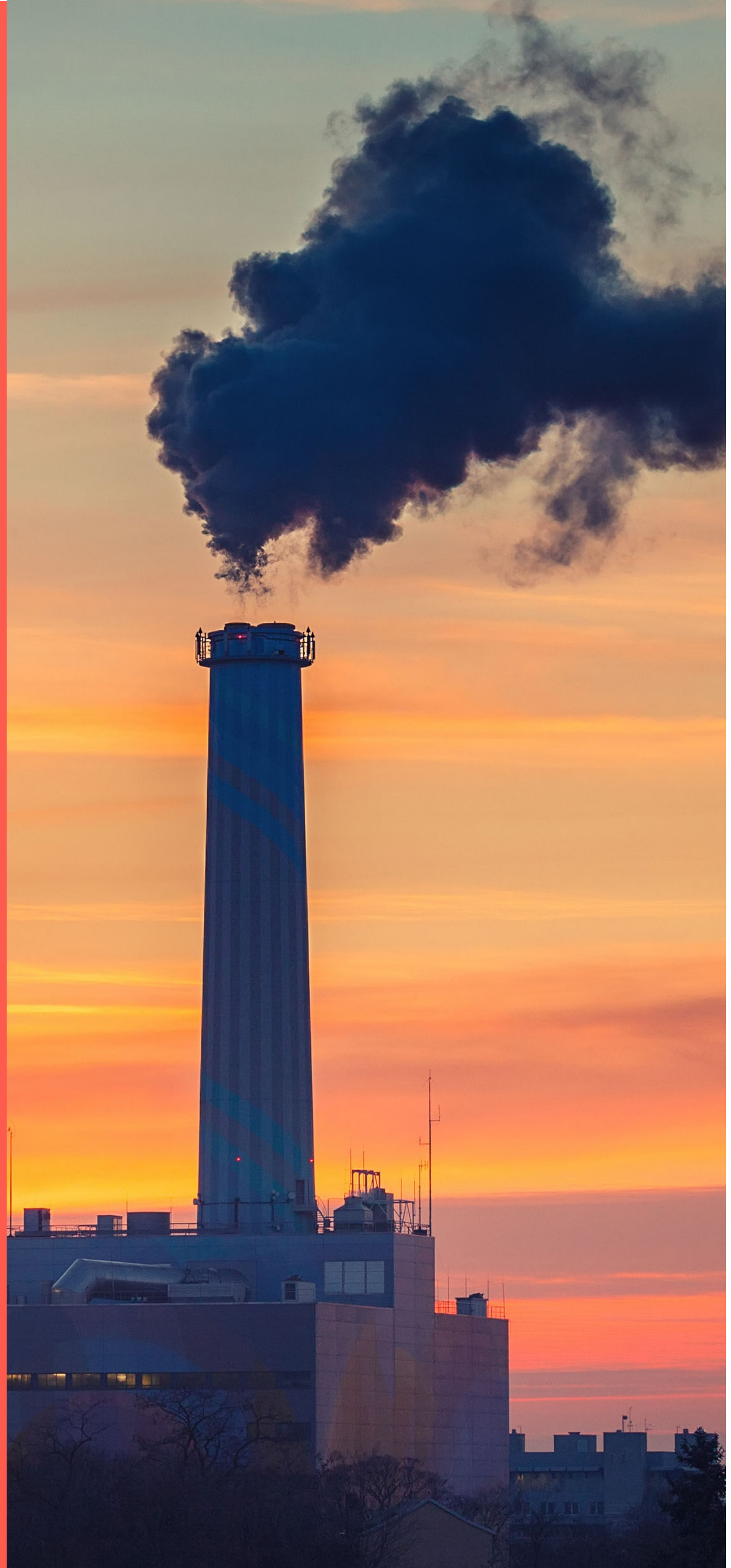
"A 45.7% vote of Southern shares for a scenario has compelled them to look for ways to disclose more of their plans, but their regulators insist only on lowest-cost energy, with few considerations for externalities."

"Regulatory capture makes investor stewardship of the utmost importance for continuing to pressure electric power providers to adopt transition plans addressing longer-term risk and opportunities."

"The fact is that these vested interests, increasingly an economic minority, tend to fight the hardest when their business is threatened."

"Perhaps we need to tell the investors why a 6.2% year on year reduction in GHG emissions is an absolute necessity to protect their long term returns."

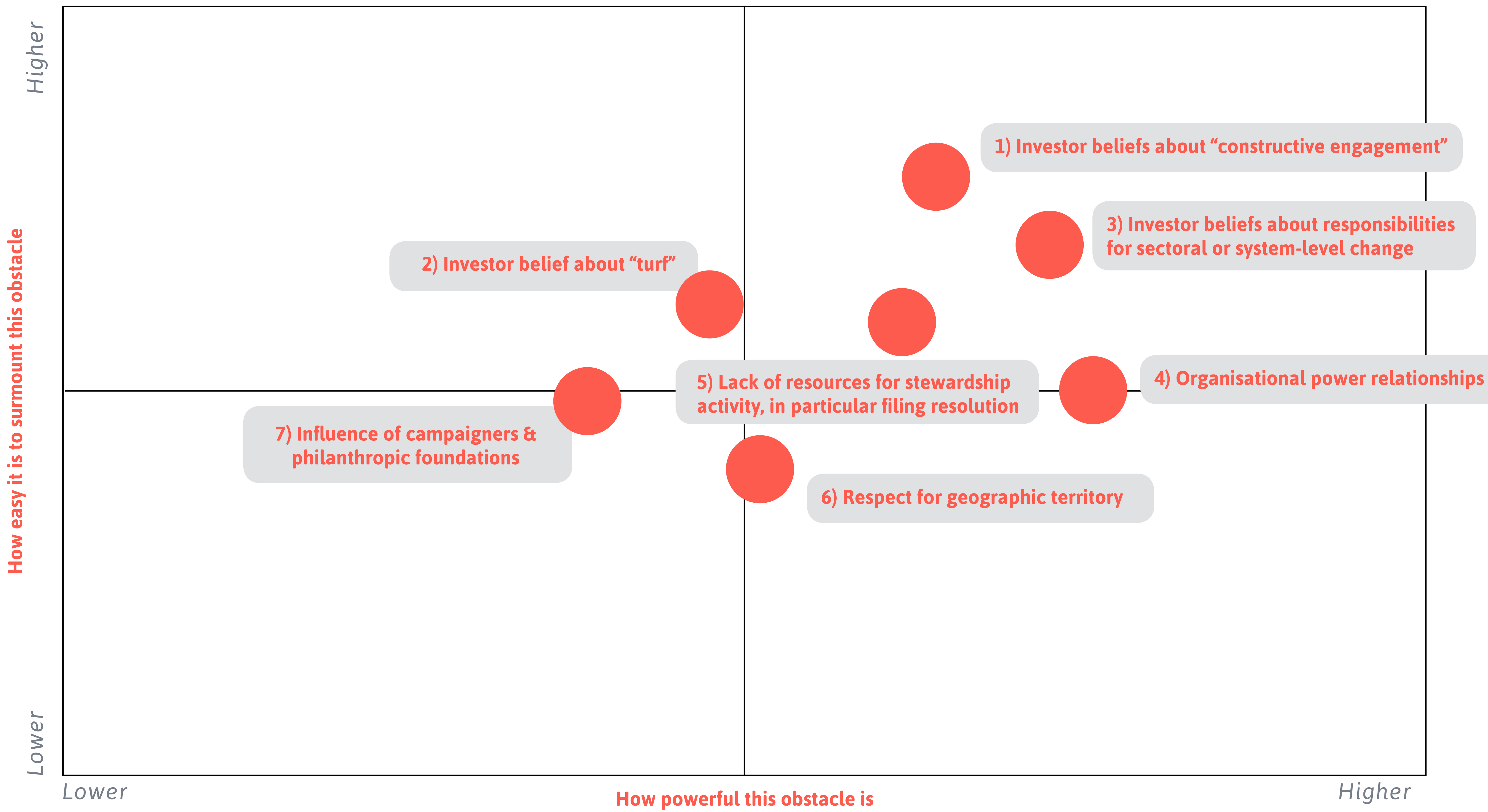




Day 3:
Fit-for-Purpose Transformation Strategies

Our final day was spent discussing strategies aimed at carbon emitters and at the investment firms who enable their business-as-usual bias. We kicked off with a survey for you to vote up the comments received in our pre-dialogue survey. The highest vote getter: "There is mispricing of climate change-related risks in the sector."

Plotting major obstacles to industrial scale transition plan resolutions for the energy utility sector



Which 3 of these 10 must-be-true statements do you most support?

There is mispricing of climate-change related risks in the sector	18.33%	11 votes
Renewable energy generation is cost competitive with fossil fuels, and assumptions about growth of renewable energy are regularly shown to be too pessimistic	16.67%	10 votes
Where there is political blocking, demand pressures can force change rather than policy	13.33%	8 votes
The existing models of centralised generalisation and high regulation are coming to the end of their lives and some companies will exploit new opportunities, others will fail	11.67%	7 votes
Battery storage will enhance the opportunities for renewables	11.67%	7 votes
There is 'value at risk' in the low carbon transition that can be clearly identified and understood	11.67%	7 votes
Engagement can change company performance leading to improved returns that can be modelled	10.00%	6 votes
Investors are capable of understanding utilities' business models	3.33%	2 votes
Proper remuneration and governance policies are in place, whereby investor pressure can be made effective	3.33%	2 votes
Global political agendas will set the pace and nature of innovation, not just country-level ones	0.00%	0 votes

K) How to get companies to support transition plan resolutions in 2018?

This discussion picked up on yesterday's scenario-vs-transition plan debate, which continued on those threads into today.

GUEST EXPERT
Andrew Logan
Director of Oil and Insurance Programs, Ceres

"The time is certainly right to put transition planning on the table, front and center, with companies since we want them to act, not just "study" options."

"There will be winners and losers - and the winners will not be those who insist on a strategy of improvement by increment only."

"We at Preventable Surprises still feel that transition plans are what's needed and that the Southern example shows that a) they can get through the SEC b) and surprisingly, two years in a row, investors will back them more or less on a level with scenario resolutions."

"I think that focus in 2018 should be on asking industrywide for transition plans to net zero."

"Given this year's shareholder vote results, the rationale for a transition plan ask is even stronger."

L) Achieving breakthroughs with equity investors in North America

Tom put forward a long list of questions re. obstacles to effective action in the land of Trump.

GUEST EXPERT
Thomas O. Murtha
Senior Advisor, Preventable Surprises

"U.S. pension plans are holding back [from engaging companies on climate risk…because]: 1) fear of being viewed (and subsequently sued) for breach of fiduciary duty and 2) lack of support from their governing boards."

"it would be good to see transition plan resolutions supported by pension funds in the US, Canada, and Mexico"

"Greenpeace is suing the Norwegian State for breach of the Norwegian constitution's requirement to ensure the livelihood of future generations because it permits expanding methane extraction in the Arctic"

"I have heard Heffa Schucking of Urgewald express frustration that the divestment campaign has so strong focus on supply and saying that utilities (demand) is also needed. She is also seeking someone who can actually use her data analysis to have impact on utilities."

M) What does a 2°C transition plan in this sector look like?

Colin picked up on Carolyn's Flip the Switch analysis to enlarge on what a transition will look like in the utility sector.

GUEST EXPERT
Colin Baines
Investment Engagement Manager, Friends Provident Foundation

"The current situation provides excellent opportunities for investor engagement with the sector to encourage new business models that embrace this "complete paradigm shift" and achieve low carbon transition."

"Prof. Mathiesen (https://en.wikipedia.org/wiki/Brian_Vad_Mathiesen) who is a strong believer in a fossil free energy system (which will have solar and wind in it) is not a fan of residental battery storage. (goes on to explain tying demand to different supply based on time of day)."

"Markets where we have seen penetration of wind and solar have benefited from liberalised and to some extent, decentralised grid trends.   In some markets we have "gridlock" due to large incumbent power companies stalling change. Japan is a prime example. Some crucial SE Asian markets also - Vietnam, for example."

"No matter how hard investors push the market and the cost of renewables comes down, structural change is needed to allow smaller players to play & disrupt."

N) Other disruptive yet practical ideas

While we still have your attention, Raj threw out a few more out-of-the-box suggestions for bending the emissions curve downward, and asked participants for theirs.

GUEST EXPERT
Raj Thamotheram
Chief Executive Officer, Preventable Surprises

"I suggest that the Forceful Stewardship initiative begin to reframe the argument for action onto an existential risk basis, and forge links with the rapidly developing national security/climate change community. The objective being to form a coalition to accelerate action by going around conventional politics and vested interests."

"'Nothing focuses the mind like the spectre of personal liability'. Call out misleading company disclosure on climate risk. Sue the directors personally. It would only take one case surviving motion to dismiss in the US for the rest of the director cohort to pull up their socks..."

"I really encourage Preventable Surprises to consider taking one or two huge companies to court and make it hugely high profile. This will get your position across."

"Create a tool box of verbal elevator pitches and a visual pitch deck for "mavericks." Aim to motivate by compassionately and passionately sharing knowledge with as many people as possible in the sectors where you work and hope to see change."

Co - Chair's Conclusion

I really enjoyed this dialogue. Not only because I was not doing the heavy lifting this time, but mainly because we are now getting very real.

We had big things to celebrate – the Exxon case study clearly laid out how many different people and organisations contributed to this success and the Southern case study was also very encouraging. But there was also widespread and strong concern that things are not changing anything like as fast as they need to.

With echoes of the debate between progressives in the UK and USA, there is clearly a range of views on some issues. We sense a marked shift in these debates with a growing expectation that investors will be more demanding. As one of the dialogue participants said: "Given this year's shareholder vote results, the rationale for a transition plan ask is even stronger." We very much appreciated the critical consideration of scenario vs. transition, and appreciate both the balanced assessment of many that scenarios and transition plans work hand-in-hand, and the growing consensus in favour of moving forward with transition plan resolutions. Our collective challenge is to influence traditional investors, who clearly do not yet agree. So as we move forward, it will be important to stay an effective coalition even if we end up pushing for slightly different things in 2018.

I found the discussions around the way we frame the climate goal particularly new and lively, and we'll be taking the temperature (no pun intended) on this in our post dialogue survey.

And a lot of ideas have surfaced for actions that could reinforce the impact of forceful stewardship in the Anglo Saxon world, such as working on debt, focusing on Asia, and public campaigns. Again, we'll be polling the 'wisdom of crowds' – that's you – to see where you think PS can have most impact.

Dr Raj Thamotheram
Chief Executive Officer, Preventable Surprises