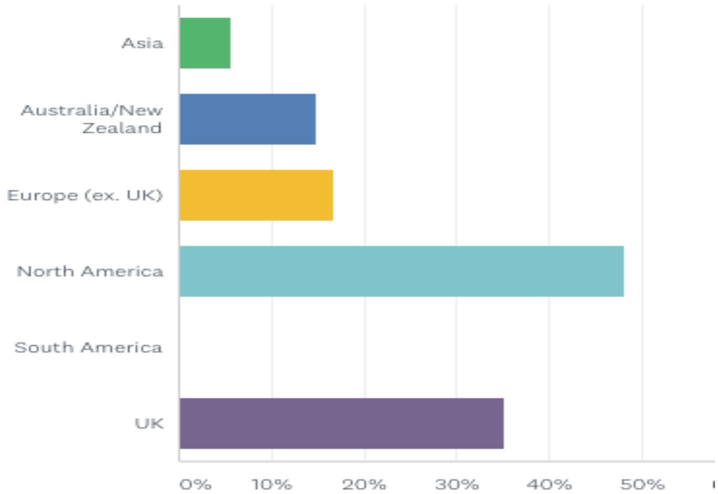
Executive Summary

The Stats: Three days; 341 posts; 67 geographically dispersed participants:



Celebrating success: Why did Exxon vote jump from 38% to 62%?

- Exxon's weak response to 2016 vote
- AO pressure on AMs, exercised forcefully in private
- Civil society pressure, exercised forcefully in public (Missing60)
- Resolutions on BR's and Vanguard's climate voting records
- Co-filing by large European AMs, motivating US AMs
- TCFD recommendations
- PRI advocacy for Principle 2, credibility of signatories

Addressing mindset: What must investors believe to support 2C transition plans (TPs)?

- "There is mispricing of climate change-related risks in the sector." (18.3%)
- "Renewable energy generation is cost competitive with fossil fuels, and assumptions about growth of renewable energy are regularly shown to be too pessimistic." (16.7%)

Learning from the crowd: What can campaigners do to advance transition plans?

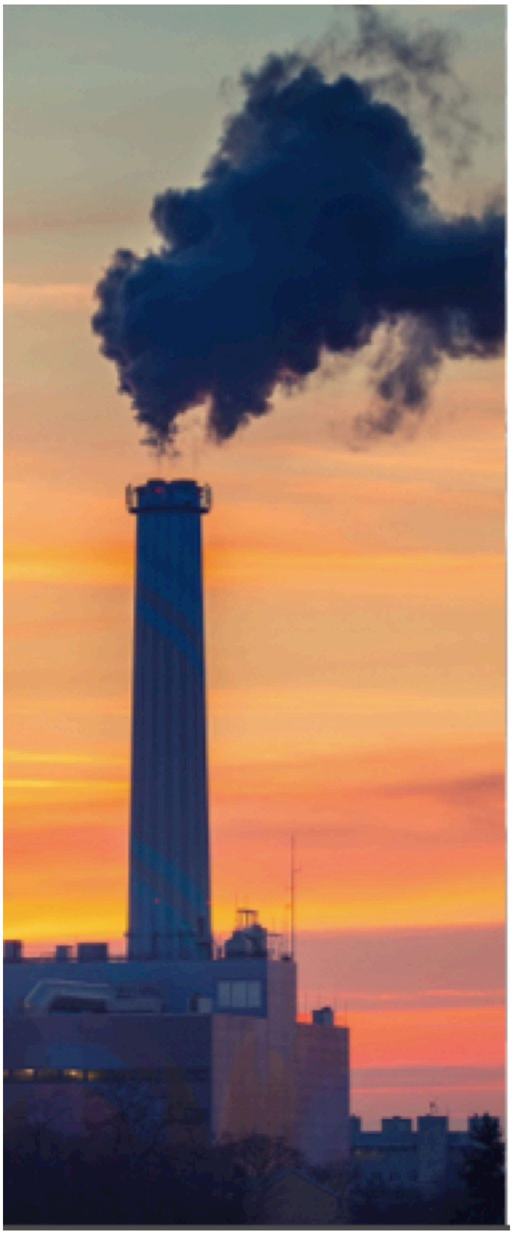
- Demand 7,000 green cities align their pension plan assets with their energy policies.
  - Ditto C40 Cities, the Mayors Innovation Project, RE100.
  - Create global network of public pension funds to improve shareholder (s/h) engagement. Existing initiatives: http://investorsonclimatechange.org/
  - Challenge pension funds in US, Canada, Mexico to support TPs given integration of power systems in Americas.
- Convince five largest consultants to delineate climate risk to their clients.
- Explore relationship between Delaware as corporate domicile and state's position on Paris: http://news.delaware.gov/tag/paris-climate-agreement/

Learning from the crowd: Opportunities to work with allies

- Engage with Red Lines campaign in US and connect w/ large AOs.
- Work with ICCR to support adoption of science-based targets (as indicated in CDP surveys).
- The new Investor Stewardship Group has published stewardship, CG principles that will go into effect Jan. 1. Help them understand climate related systemic risk and benefits of forceful stewardship (FS): https://www.isgframework.org/
- Consultants Cambridge Associates publishing a model for integrating Paris considerations into investment principles for endowments network. Help ensure this moves from endowments to pensions, AMs: http://www.intentionalendowments.org/paris_agreement_ips
- Work on FS with Urgewald to leverage its research on global coal industry, which identifies 160 cos. developing new coal infrastructure.
- Encourage use of InfluenceMap's soon-to-be-launched tool to help non-technical investors talk to regulators and investee companies about climate policy.
- Extend Sierra Club and faith activists' work on Southern and Ameren to other US regional utilities.
- Help Friends Provident Foundation connect with other asset owners interested in co-filing TP resolutions at big 6 UK utilities.
- Help WWF design a strong template resolution on scenario analysis and transition plans that it can discuss with asset owners.

More broadly:

- Better articulate the financial case in favour of TPs by understanding and deconstructing the arguments against them (e.g. analyzing Shell's response to Follow This).
- Use CTI report on assets at risk (sponsored by 5 pension funds) to underline stranded assets argument: http://www.carbontracker.org/report/2-degrees-of-separation-transition-risk-for-oil-and-gas-in-a-low-carbon-world/
- Encourage climate aware investors to take a public stand on Saudi Aramco IPO.
- Investors must call out failed attempts at real risk analysis, e.g. as Blackrock has done on XOM. Explore working with ClientEarth on suits against directors for misleading climate risk disclosure.
- Encourage investors to vote against the annual report and auditor to protest inadequate disclosures. (NYAG is subpoenaing PwC as part of Exxon investigation).
- Award for climate aware leader in the energy utility sector.



Scenario plans vs. Transition plans

Wide support for transition plans among participants: Developing a transition plan can change a company's perceptions of what is possible. And with a transition plan, even one that is sketchy, investors will be able to track the company's progress.

- When a merger or acquisition is proposed, investors regularly vote against deals they perceive to be value destroying.
- Investments in fossil fuel-based generation are at high risk of becoming stranded assets. Companies must disclose what assumptions about the relative costs of renewables these investment decisions are based on.
- Not all companies will survive the low carbon transition; some will experience major losses in value, e.g. Peabody Coal, EON.
- Companies must address issues of culture change, governance, investment, R&D, lobbying and remuneration to capitalize on (and show credibility vis a vis) opportunities presented by the increased electrification of the economy.
- Switch the ask from something a company can't control -- <2°C warming -- to something it can control e.g. net zero emissions by target year.