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# Ahead of Exxon's annual meeting, shareholders and investors push for climate action

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BOSTON (Reuters) - Shareholder activists focused on climate issues are gaining traction in their push to have large energy companies and utilities take account of the impact rising global temperatures could have on their businesses.

Proponents ranging from giant New York and California state pension funds to Wespath Investment Management of Illinois scored a number of victories this month.

Those include a resolution at electricity company PPL Corp approved by 57% of votes cast calling for the company to publicly report how it could be affected by policies and technologies aimed at limiting global warning. The PPL result comes on the heels of a vote at oil company Occidental Petroleum Corp on a similar resolution, backed by two-thirds of votes cast.

Also, top proxy advisers recommended votes in favor of a third such resolution set for Exxon Mobil Corp's annual meeting on May 31.

Activists say the developments suggest they are at an inflection point after years of seeking support from big institutional investors like BlackRock Inc. The giant New York asset manager switched sides in this year's vote at Occidental, citing concerns about the company's pace of disclosures to date.

The reports the activists have sought through the advisory shareholder resolutions are sometimes known as "2 degree scenario analysis" reports after the goal of the 2015 Paris climate accord to limit global temperature increases to 2 degrees Celsius (3.6 degrees Fahrenheit) from preindustrial levels by phasing out fossil fuels.

The limits could hit companies' bottom lines such as by reducing the revenue they can expect from extracting fossil fuel reserves. Activists hope that having the companies lay out plans for dealing with future regulatory, technology and market changes will smooth their transition to cleaner energy.

Edward Kamonjoh, executive director of the 50/50 Climate Project in Washington, which supports the resolutions, said actions by U.S. President Donald Trump like the dismantling of Obama-era climate policies may have moved big investors to take on a more active role.

While Trump has not so far followed through on a campaign promise to take the United States out of the Paris deal, investors cannot count on strong environmental regulations in the future, he said.

"Investors who feel that climate is a risk now realize they just have themselves to manage this risk in the next few years," Kamonjoh said.

**'The market itself is moving to take carbon risk into account'**

Most energy company and utility boards have urged their investors to oppose the measures, some arguing they already take climate change seriously.

A key test of investors' mood will come at the end of May at Exxon. The largest U.S. oil & gas producer argues a climate report is unnecessary because it already conducts reviews that sufficiently test its business for impacts from changing technology and energy demand.

Exxon has offered other arguments including that it supports the Paris agreement, Exxon Secretary Jeffrey Woodbury told investors in a May 18 letter, and that it has invested nearly $7 billion since 2000 on emissions-reduction technology.

At PPL, spokesman Ryan Hill said via e-mail that its board "will carefully consider the results and determine the best path forward." PPL is committed to sustainable energy, he said, noting steps it has taken such as retiring coal plants and building Kentucky's largest solar power facility.

Some companies have made changes even without votes. Activists including Wespath on May 2 said they withdrew a call for a climate-change report from Chevron Corp, citing an 18-page document Chevron issued in March titled "Managing Climate Risks" as a good first step.

While it did not analyze all the scenarios sought by activists, the report went further than past efforts to outline how climate change could affect its profitability.

Chevron CEO John Watson said in the report he "shares the concerns of governments and the public about climate change risks."

Also, **Danielle Fugure**, president of California nonprofit **As You Sow**, said last month it withdrew a shareholder resolution calling for a climate risk report from Anadarko Petroleum Corp. In return, she said, the Texas company agreed to continue to work with her group and others to develop methods for reporting on climate risks that would be practical for the company but still convey to investors the full extent of the risks it could face.

Anadarko spokesman John Christiansen confirmed the agreement. "We are consistently looking for ways to further enhance sustainability in our operations, as well as improve transparency regarding these efforts," he said via e-mail.

**Fugure** said the high vote totals such as at Occidental show how climate change is becoming an accepted business issue. "The market itself is moving to take carbon risk into account, and the market itself will be pricing carbon risk into the value of companies," she said.

(Additional reporting by Gary McWilliams and Ernest Scheyder in Houston; Editing by Cynthia Osterman) http://www.businessinsider.com/r-ahead-of-exxons-annual-meeting-climate-activists-gain-ground-2017-5