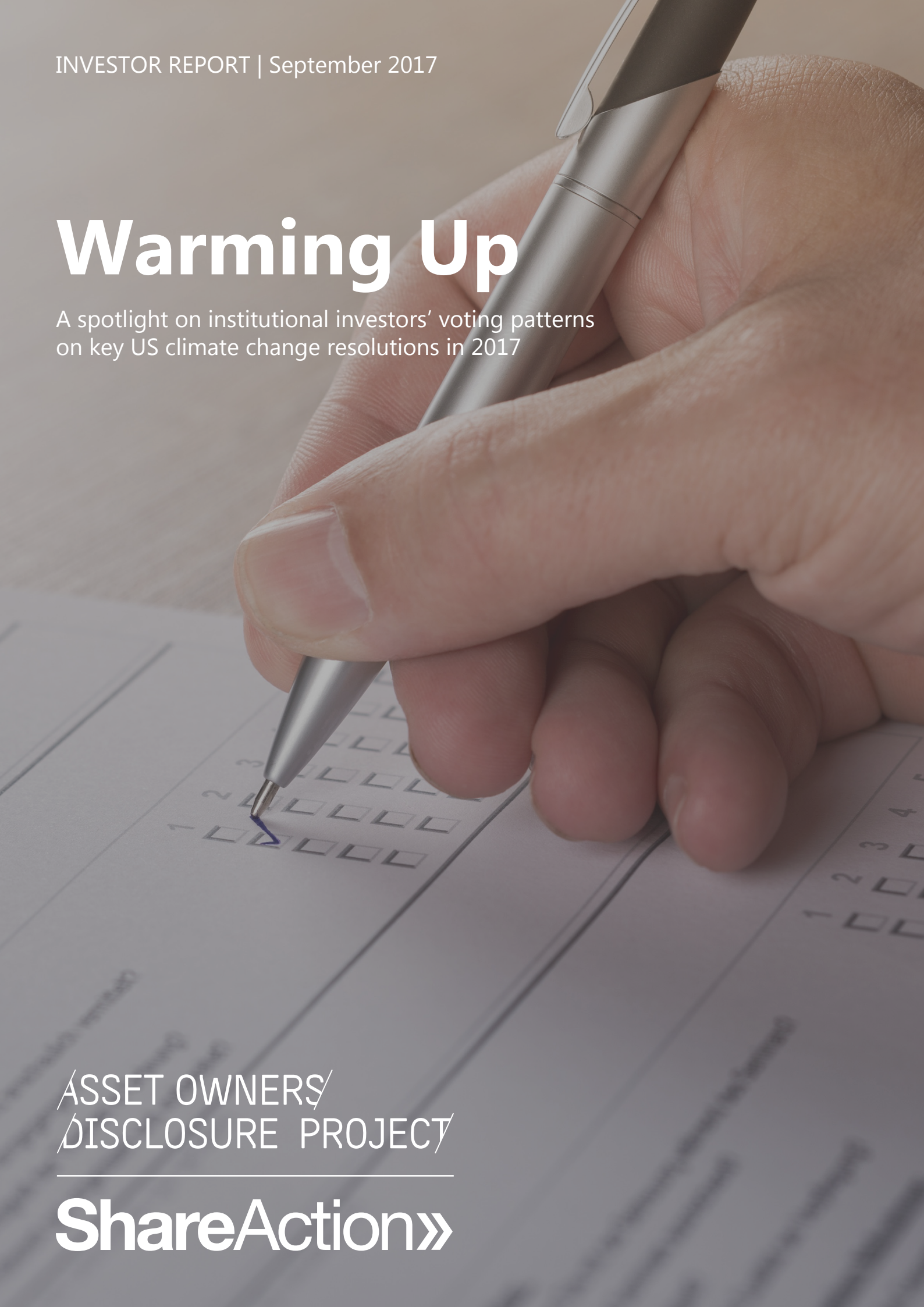
INVESTOR REPORT | September 2017

Warming Up

A spotlight on institutional investors' voting patterns on key US climate change resolutions in 2017



ASSET OWNERS DISCLOSURE PROJECT

ShareAction»

Executive summary

This report reviews how votes were cast during the 2017 US proxy season by the largest 30 shareholders in 7 high-carbon companies on shareholder resolutions addressing climate-related risk management. In every instance, the management and boards of these companies rejected the resolution and recommended shareholders vote against them.

The resolutions examined in this analysis were filed at Exxon Mobil, Devon Energy, PPL Corporation, Occidental Petroleum Corporation, Southern Company, Kinder Morgan and DTE Energy. These resolutions were broadly similar, requesting that management report to shareholders on the business impacts of climate change. We compare voting in 2017 with voting on similar or identical resolutions in 2016 at the same businesses by the same investors. The full text of the resolutions is available in the appendix.

This report covers 5 areas:

- Changes in overall levels of investor support for the 7 climate-related resolutions in focus between 2016 and 2017.
- Changing voting patterns among institutional investors, comparing 2016 with 2017's votes on the same or similar resolutions.
- Consistency in voting decisions across 2017 resolutions and compared to ISS[1] recommendation.
- Institutional investors who consistently give their support to climate-focused shareholder resolutions.
- The reasons provided by investors for these voting decisions and their voting policies.

The report highlights that the 2017 US proxy voting season marked a significant turning point in institutional investor support for shareholder resolutions on climate-related risk. Based on available data from Proxy Insight, our analysis highlights that out of 210 possible votes examined only 1 institutional investor changed its vote between 2016 and 2017 to support management's line on the resolution. This compares to 38 instances where these major institutional investors shifted in 2017 to support these resolutions on climate risk reporting, in defiance of corporate management at the firms concerned (Page 8).

In 2017, Southern Company, Devon Energy, PPL Corporation, DTE Energy and Exxon Mobil all saw 6 or more of their largest shareholders move from either 'abstain' or 'support management' to supporting climate resolutions filed by independent shareholders in the company (Page 8).

Fidelity Management & Research Co (Fidelity) and Goldman Sachs Asset Management were the two asset managers who made the most significant move from supporting company management in 2016 to supporting independent climate change resolutions in 2017 (Page 9).

> "[M]ajor asset management firms are becoming more comfortable about expressing, on behalf of clients, their discontent with corporate management about weak disclosures on climate-related risks.

We find that major asset management firms are becoming more comfortable about expressing, on behalf of clients, their discontent with corporate management about weak disclosures on climate-related risks. Some institutions, notably Blackrock and Vanguard (the two largest shareholders in the 7 companies), voted for climate-focused shareholder resolutions for the first time in 2017 (Page 9).

Nevertheless, we find that a number of major players in the US asset management industry consistently support corporate management on climate change risk management by voting down these resolutions. For example, where they are top 30 shareholders in these companies, American Century, BNY Mellon,[2] and Dimensional Investors have a consistent record of supporting corporate management's recommendation to vote against these resolutions (Page 11).

We find that several asset management firms split their votes on these resolutions at specific companies. Furthermore, many institutional investors are inconsistent in the way they cast votes on essentially identical resolutions. Among the large investors in this analysis, Blackrock voted for 2 of the climate resolutions but against 5, Franklin (For 4; Against 2), SSgA (For 5; Against 2), and Vanguard (For 2; Against 4).

> “[M]any institutional investors are inconsistent in the way they cast votes on essentially identical resolutions.

In the 7 resolutions examined in this study, institutional investors regularly took a different view to ISS (see reference 1), a major proxy voting agency who provide advice to investors on voting. Except for the resolution at PPL, Proxy Insight analysis suggests both these advisers recommended shareholders should support all 7 resolutions (Page 12).[3]

A number of investors stand out as highly reliable supporters of climate-related shareholder resolutions. Where the following investors featured among a company’s largest 30 shareholders: Northern Trust, Morgan Stanley, Deutsche Asset Management, Fidelity, Legal & General Investment Management, Norges, UBS, and TIAA were consistent supporters of these resolutions in 2017 (Page 13).

A review of rationales for votes (when provided and recorded by Proxy Insight) and voting highlighted several themes:

- Institutional investors increasingly expect corporate boards to provide evidence that climate-related risks are being incorporated into business decisions and risk management;
- Private investor engagement with corporate management to address the issues highlighted by these resolutions is frequently given as a reason for voting against. However, investors say much less about the concrete results of such private engagement or about their intended escalation process should results be disappointing (Page 14).
- It would appear some institutional investors have a fixed policy of supporting corporate management and many others have an ‘engagement first’ policy (Page 16-17).

While all the data is accurate at the date mentioned, as Proxy Insight processes and releases more data, some of the votes categorised as ‘for’ or ‘against’ may change to a ‘split’. This reflects new data released on the voting of individual funds, not inaccuracies in the current data set.

Background

In the US, 2017 has been a big year for climate-focused resolutions. In May, Occidental Petroleum's AGM was the first indication that institutional investors were throwing their support behind shareholder resolutions that had previously been perceived as fringe. The vote at Occidental, which secured more than 50% of votes cast, was an important milestone and set the scene for the season ahead.

The 2017 AGM season has also been marked by more sophisticated climate-related shareholder resolutions coming to the ballot with a focus on reporting, mapping scenarios and materiality. This is a similar pattern to that set by the 'Aiming for A' resolutions at UK listed integrated oil and gas and mining companies in 2015 and 2016.

Investors have also been developing their approach to climate-related risk. In an open letter to directors of public companies,[4] CEO (Bill McNab) outlined Vanguard's approach to climate-related risk and how they intend to engage and challenge corporations:

> *"Climate risk is an example of a slowly developing and highly uncertain risk—the kind that tests the strength of a board's oversight and risk governance. Our evolving position on climate risk is based on the economic bottom line for Vanguard investors […] Although ballot items are reduced to a series of binary choices—yes or no, for or against—engagement beyond the ballot enables us to deal in nuance and in dialogue that drives meaningful progress over time."*

Despite these US votes being non-binding, voting trends and statements from industry leaders such as Vanguard's CEO provide a clear indication to executive teams that shareholders are dissatisfied.

Investors have given notice that if executive teams do not respond then further escalation is possible – through engagement or voting. Management can expect to be challenged on progress in private meetings, public arenas and during the 2018 AGM season.

Methodology

This report has been compiled by ShareAction based on data supplied by Proxy Insight. Since launching in April 2014, Proxy Insight has become the world's leading source of information on global shareholder voting.

Proxy Insight's data bank allows users to see how shareholders voted on individual resolutions at a specific shareholder meeting. Based on analysis, Proxy Insight presents voting recommendations by ISS. Proxy Insight has created a synthetic version of ISS voting recommendations based around historic voting patterns. Where institutional investors have made one available, the Proxy Insight database also publishes rationales for shareholders' voting decisions.

The data set used in this report was extracted from the Proxy Insight data bank on 18 September 2017. It included votes by the top 30 shareholders at each of 7 large high-carbon companies where climate change resolutions were voted on at the 2017 AGM. Some data is missing. Of the 210 votes cast by the top 30 shareholders in the 7 resolutions we have examined, 31% the voting records are unavailable. Most of the missing data relates to smaller institutional investors. Some institutional investors also split votes (i.e. voted part of their holding for and part against a given resolution). This may be due to differing Investment Management Agreements or specific instruction from clients. While all the data is accurate at the date mentioned, as Proxy Insight processes and releases more data, some of the votes categorised as 'for' or 'against' may change to a 'split'. This reflects new data released on the voting of individual funds, not inaccuracies in the current data set.

The resolutions examined in this report were at 7 large US businesses from the utility and integrated oil sectors. They were previously identified by CERES/Axios[5] as key votes in the 2017 AGM season. The full text of each resolution is included in the appendix.

The 2017 climate change resolutions examined each requested management compile and provide further information or reporting in relation to a "2-degrees scenario". In 2016, 4 of the 7 companies featured these "2-degrees" scenario resolutions on the ballot. Where there was no "2-degree" resolution in 2016 we selected a broadly similar climate change resolution by way of comparison. Though not perfect, we felt this provided a reasonable basis for comparing voting trends between 2016 and 2017.

1. Overall: voting changes 2016-17

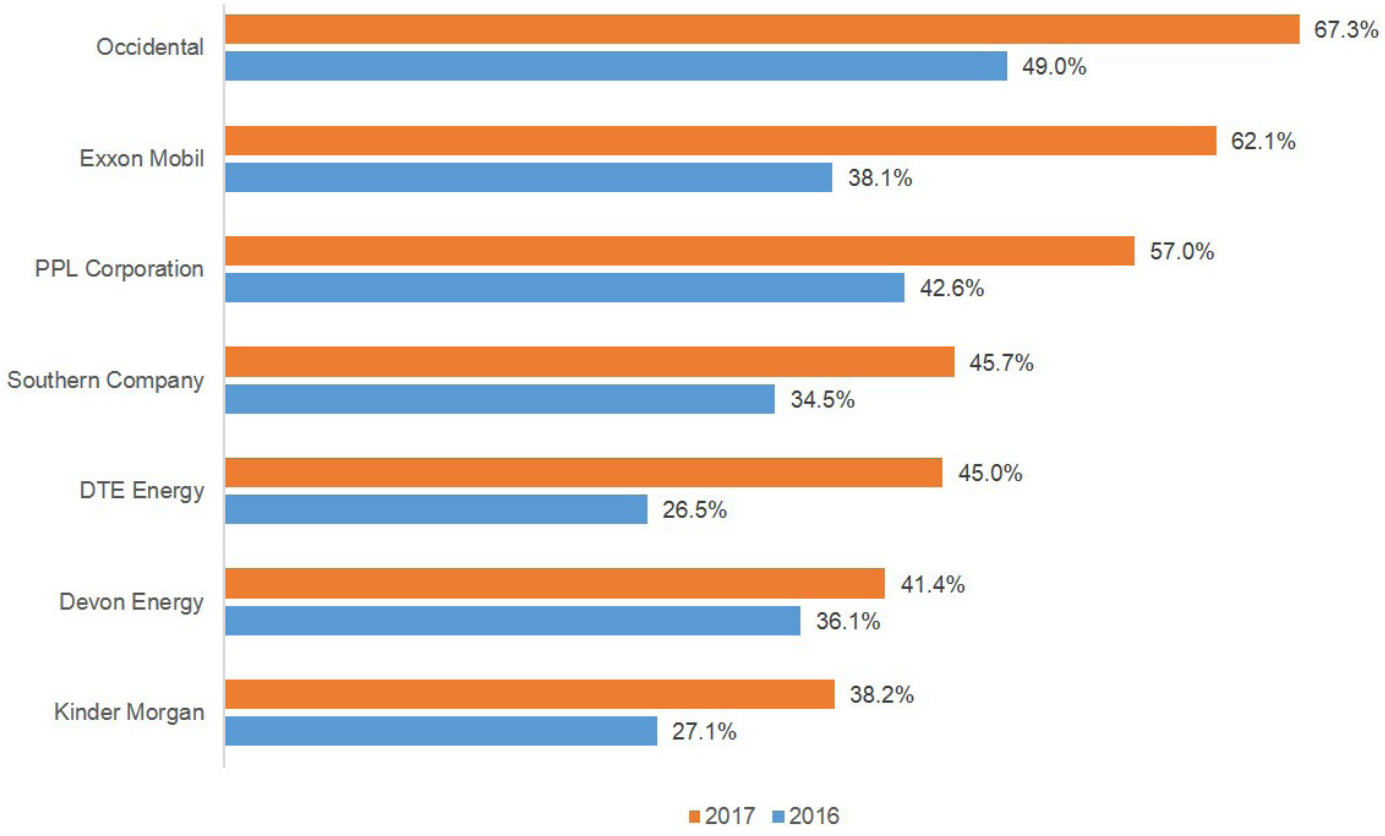
Explanation

Figure 1 provides an overview of the total voting change between 2016 and 2017. As highlighted in the methodology, the wording of the 2016 resolutions was generally similar but not in all cases exactly the same. However, we believed the change in voting pattern provides a strong indicator of how institutional investor support has changed from 2016 to 2017.

Conclusions

- There is a marked increase over the last year in the number of large institutional investors supporting climate resolutions at these 7 key companies;
- Support for climate resolutions is rising at both utilities and integrated oil companies;
- This increase is seen during a period where US politicians seem to be stepping back from climate action – this clearly continues to be an important area of focus for asset managers and their clients.

Figure 1: Overall voting change 2016-2017



2. Momentum: voting changes 2016-17

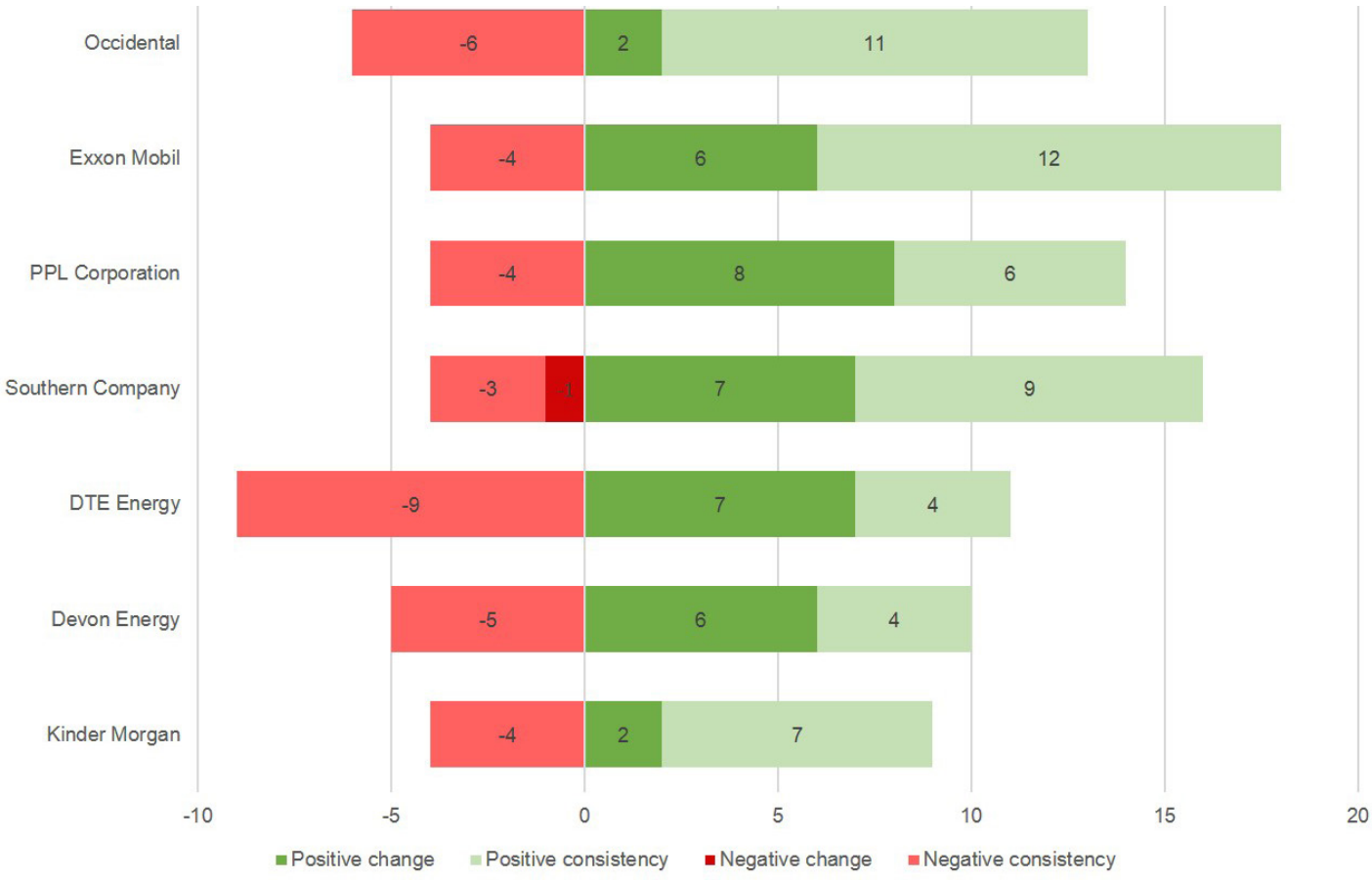
Explanation

Figure 2 shows the changing pattern of support from institutional investors between 2016 and 2017. For example, 8 top 30 institutional shareholders at PPL Corporation switched to support the climate resolution in 2017 when compared to 2016.

Conclusions

- From the data available, out of 210 votes cast by top 30 shareholders on these 7 resolutions, only 1 institutional investor changed its vote to support management between 2016 and 2017. This compares to 38 votes from various institutions that moved to support the 2-degrees resolution when compared to 2016.
- Southern Company, Devon Energy, PPL Corporation, DTE and Exxon Mobil all saw 6 or more of their top 30 institutional investors move from either abstention or supporting management to supporting the climate resolution in 2017 when compared to 2016.

Figure 2: Positive changes in voting patterns at top 30 shareholders



Source: Proxy Insight, accessed 18 September 2017

3. Investors moving to support resolutions

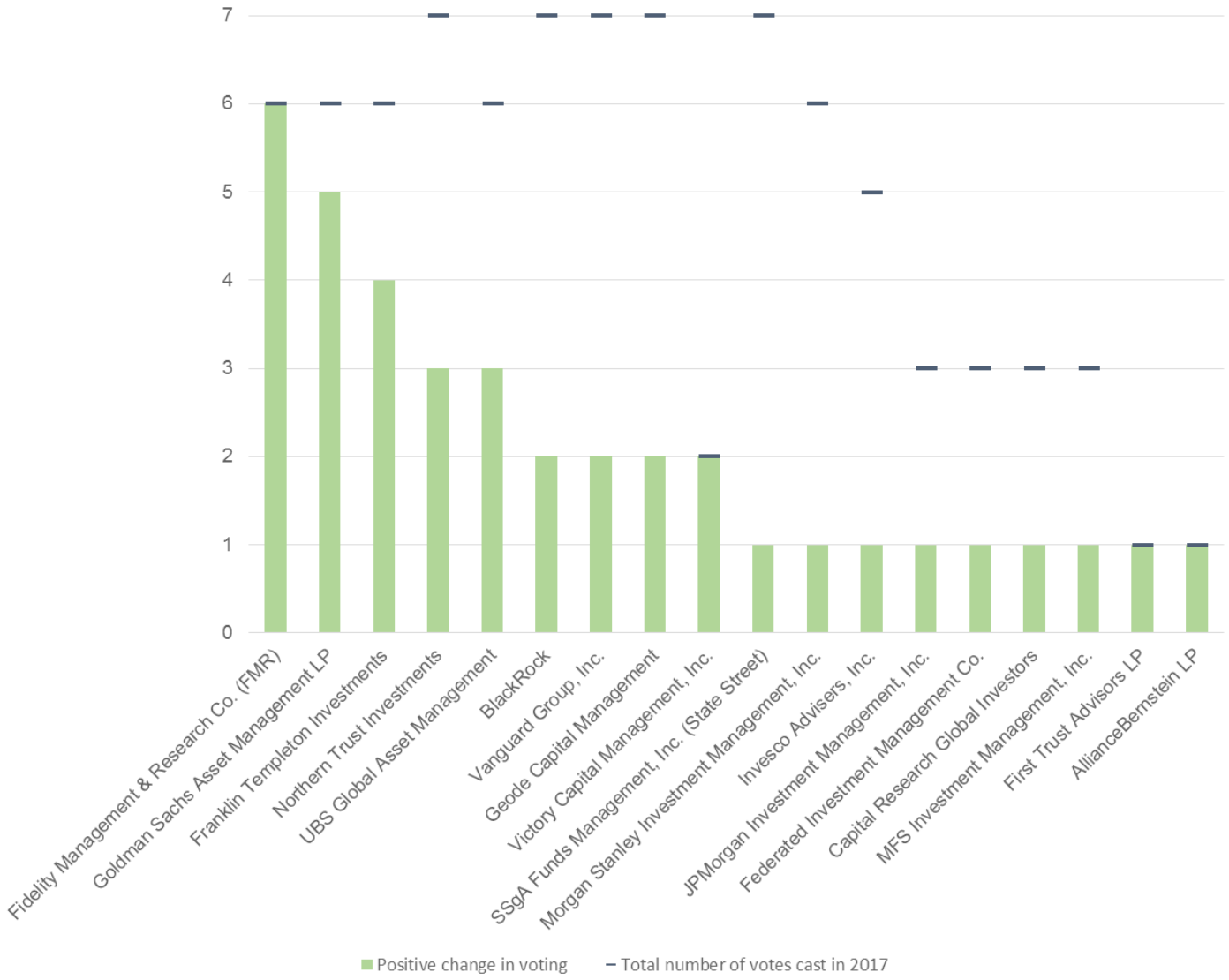
Explanation

Figure 3 shows movement in voting on climate resolutions by the largest shareholders in these companies. For example, Goldman Sachs is a top 30 shareholder at 6 of the 7 businesses reviewed. In 5 of those climate resolutions it changed its vote from support of management to supporting the resolution.

Conclusions

- Among the most prominent top 30 institutional investors at each of the businesses, Fidelity and Goldman Sachs Asset Management changed their votes from supporting management to supporting climate change resolutions from 2016 to 2017 at more than four of the companies.
- Large blue chip institutional investors are becoming less conservative and more comfortable about expressing their discontent about the lack of disclosure through proxy voting.

Figure 3: Positive change in voting patterns by top 30 institutional investor



Source: Proxy Insight, accessed 18 September 2017

4. Consistency: comparing voting patterns

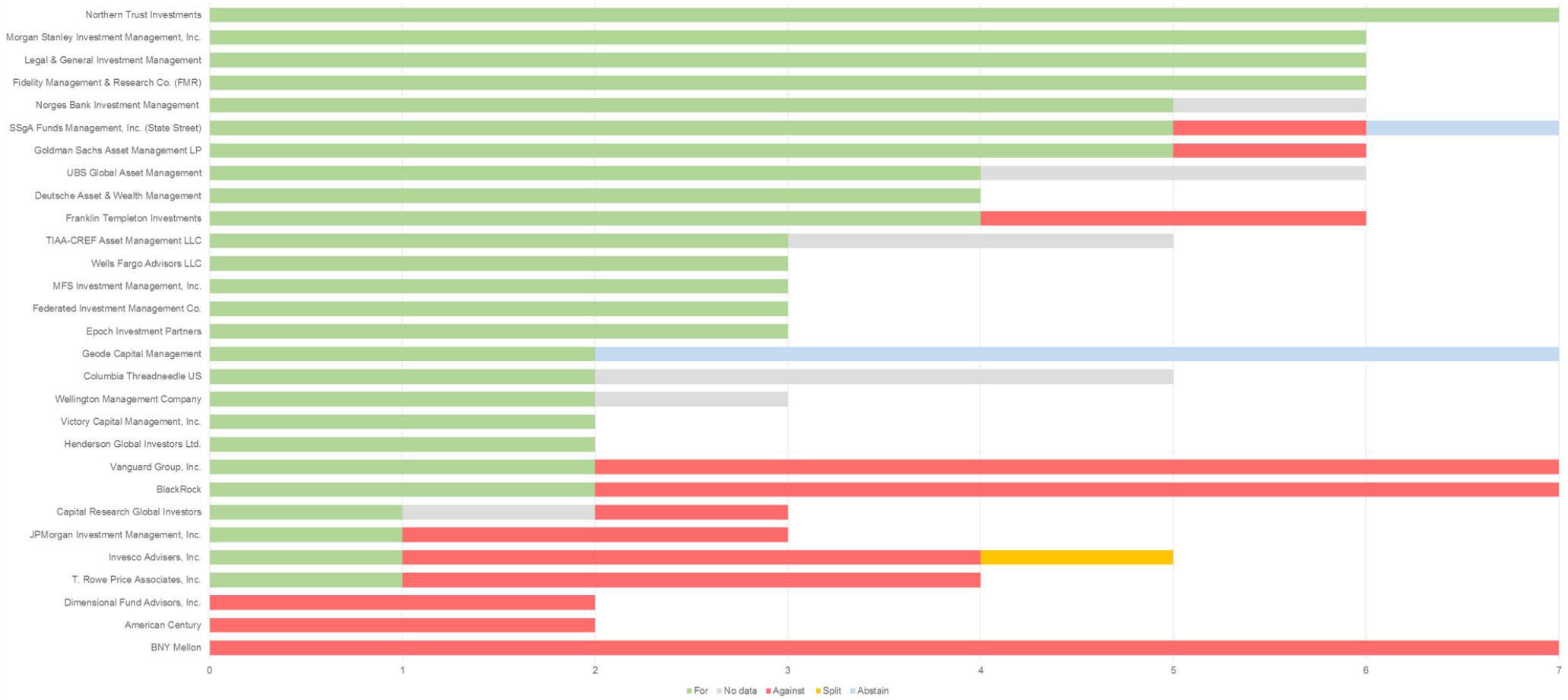
Explanation

Figure 4 includes all institutional investors who appeared more than once in the top 30 shareholders at the 7 businesses. Broadly, this group represents the largest US institutional investors. The figure records each institutional investor's voting decision across all resolutions. For example, Invesco Advisers were a top 30 shareholder in 5 out of 7 businesses. They supported the resolution (once), supported management (3 times) and split their vote (once). In contrast, BNY Mellon[6] was a top 30 shareholder in 7 cases and supported management by voting against the resolution in each case.

Conclusions

- Where they were top 30 shareholders, American Century, BNY Mellon, and Dimensional Fund Advisors Inc consistently supported management by voting down the resolutions.
- Blackrock and Vanguard supported management at 5 resolutions, though they supplied some explanation of their voting decisions and highlighted on-going engagement in some cases. See section 6 below.

Figure 4: Voting patterns by institutional investor across all 7 resolutions in 2017 (for shareholders in 2 or more companies)



Source: Proxy Insight, accessed 18 September 2017

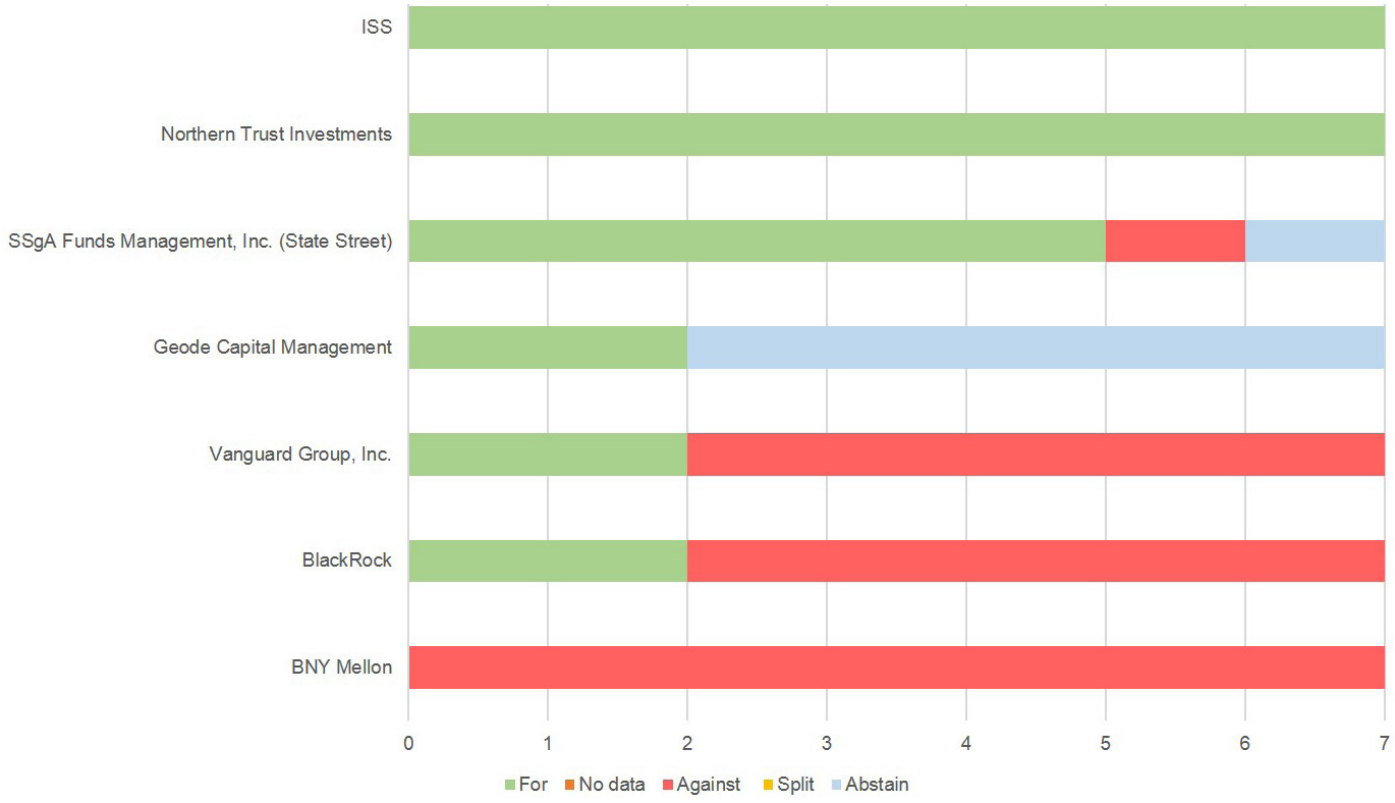
Explanation

Figure 5 selects only institutional investors who were in the top 30 Shareholders at all 7 businesses and compares voting decisions with advice from ISS.[7] For example, ISS recommended supporting all 7 resolutions compared to Geode Capital Management who supported in 2 cases and abstained in the other 5.

Conclusions

- Clearly how each business has responded to the challenge of climate change will be different and this might explain different votes by institutional investors.
- ISS have clearly outlined voting policies focused on risk management, reporting and materiality which have largely resulted in decisions in support of these 2-degrees resolutions.
- Despite the widespread influence of ISS, institutional investors have regularly taken a different view on the 7 climate change resolutions selected in this review.

Figure 5: ISS recommendations compared to top 30 shareholder votes across all 7 resolutions



Source: Proxy Insight, accessed 18 September 2017

ISS published guidelines on how they make decisions on climate change related resolutions.

> *"ISS votes for shareholder proposals seeking disclosure of liabilities or preparation of a report pertaining to global warming and climate change-related risks, such as financial, physical, or regulatory risks. ISS vote for shareholder proposals seeking reports on responses to regulatory and public pressures surrounding climate change, and for disclosure of research that aided in setting company policies around climate change."*

Glass Lewis has published a similar strategy.

> *"Glass Lewis will consider recommending a vote in favour of reasonably crafted proposals that request disclosure of a company's climate change and/or greenhouse gas ("GHG") emission strategies when (i) a company has suffered material financial impact from reputational damage, lawsuits or government investigations, (ii) there is a strong link between climate change and its resultant regulation and shareholder value at the firm, (iii) a company lags its peers regarding the requested disclosure or actions; and/or (iv) a company has inadequately disclosed how it has addressed climate change risks."*

5. Consistently supported 2 degree resolutions

Explanation

Figure 6 lists institutional investors who appear in the top 30 shareholders more than once and have consistently supported all the selected climate resolutions. For example, MFS Investment Management is a top 30 shareholder 3 times and supported all these climate resolutions.

Conclusions

- A large group of global investors and the major proxy advisors now seem to consistently support well-crafted climate change resolutions;
- At some institutions this may reflect a policy of 'automatically' following the proxy advisor recommendation.

Figure 6: Consistent supporters of the 7 selected climate resolutions in 2017

Shareholder	Supported resolution where investor is top 30 shareholder
Northern Trust Investments	7
Fidelity Management & Research Co. (FMR)	6
Legal & General Investment Management	6
Morgan Stanley Investment Management, Inc.	6
Norges Bank Investment Management	5
Deutsche Asset & Wealth Management	4
UBS Global Asset Management	4
Epoch Investment Partners	3
Federated Investment Management Co.	3
MFS Investment Management, Inc.	3
TIAA-CREF Asset Management LLC	3
Wells Fargo Advisors LLC	3
Columbia Threadneedle US	2
Henderson Global Investors Ltd.	2
Victory Capital Management, Inc.	2
Wellington Management Company	2

6. Reviewing published voting rationales

Explanation

When provided, Proxy Insight records a short rationale for a given vote. This has been provided by the institutional investor and includes a brief explanation of the reason for their vote.

Selected rationales

Climate change materiality

> *"Managing the key risks and opportunities of the energy transition will be a long-term business priority for the company. The requested report would provide useful context to understand the long-term resilience of the company's business strategy in a low-carbon environment. Additionally, the proposal is aligned with the draft recommendations of the Financial Stability Board's Task Force on Climate-Related Disclosure."*

Occidental resolution – NEI Investments

> *"…..would allow shareholders to assess whether the company is strategically planning to be competitive in a low-carbon future. Several of the company's peers have gone further in meeting the expectation of similar proposals"*

Exxon resolution – NEI Investments

> *"We believe that shareholders' economic interests would be served by Board disclosure on 2-degree scenario planning."*

Exxon resolution – Blackrock

Climate change governance

> *"Board oversight of material risks"*

Occidental resolution – AXA Investment Management

Engagement rather than voting

> *"Upon engagement, decided to vote with management. Engagement will continue. Company already has policies in place to address these issues."*

Reason given by Blackrock for voting against the PPL climate resolution (and in support of management).

> *"Upon engagement, decided to support management at this time. AGAINST Shareholder"*

Devon Energy resolution – Blackrock (supported management)

Resolution wording

> *"While we strongly support proposals calling for increased transparency around the risks utilities face in a 2-degree scenario world and the strategies they are adopting, we cannot support this proposal due to the short-time frame requested (less than six months)"*

Southern resolution – Schroders (supported management)

> *"The wording of the resolution would require a high degree of speculation from the company, and be overly burdensome in having to disclose all capital expenditure considerations. Instead we encourage companies to enact a theoretical carbon price (>$40), and modelling with low oil price. This allows greater hurdle rates for capital expenditure, without being overly burdensome for the company."*

Kinder Morgan resolution – Schroders (supported management)

Conclusions

- In most cases no rationale is provided by the institution. Where provided most seem to come straight from the proxy advisors.
- Key reasons for supporting special resolutions include the conclusion that executive teams at these 7 businesses need to be providing evidence that climate change-related risks are being incorporated into business decisions and risk management.
- Only a small number of top 30 shareholders have provided explanations rationales.
- Some institutional investors have reported ongoing engagement with the executive management team as a reason for voting against a resolution. However, there is little visibility on their engagement process, progress and results

7. Corporate governance policy review

Explanation

We have reviewed the stated governance voting policies of a selection of the top 30 shareholders. These were sourced from the institutional investors' corporate website.

BNY Mellon was represented in the top 30 shareholders of all 7 resolutions. They supported management in all cases.[8]

Mellon Capital CEO Gabriela Parcella has recently stated that:

> *"ESG factors are now being viewed as risk factors that need to be taken into account as part of an investment decision…We have seen growing numbers of foundations, universities and other institutional investors interested in investing where they can address environmental and social challenges. It is our responsibility as an investment management firm to support this innovative approach…Our strategy's main objective is to provide broad equity exposure while assessing, recognising, and supporting strong climate performance."*[9]

Geode was a top 30 shareholder in all 7 businesses. Geode abstained in 5 votes and supported the resolution on 2 occasions. Geode corporate governance policy states:

> *"Generally, Geode expects to vote with management's recommendation on shareholder proposals concerning environmental or social issues, as Geode believes management and the board are ordinarily in the best position to address these matters. Geode may support certain shareholder environmental and social proposals that request additional disclosures from companies which may provide material information to the investment management process"*[10]

American Century voted against the 2 climate resolutions where it was in the top 30 shareholders. Its policy states:

> *"In general, fund shares will be voted in accordance with management's recommendation concerning social and environmental proposals. In principle, a corporation's shareholders can be expected to agree that the corporation should create the greatest amount of wealth for its shareholders, but cannot be expected to agree on social and environmental issues that are from time to time presented for a shareholder vote."*[11]

Dimensional Fund Managers voted against both resolutions where they were in the top 30 shareholders. This seems to be in contrast with the stated policy which states:

> *"Except as otherwise provided herein or in the Policy, if the recommendations contained in the research reports from ISS and Glass Lewis are the same, the Advisor will vote accordingly."*[12]

Blackrock supported 2 resolutions and supported management in 5 cases. Blackrock's governance policy highlights that:

> *"Climate risk will be one of the key engagement themes that the Investment Stewardship team will prioritise in 2017 and the team's recent work on this issue and its engagement and contributions to external initiatives such as the TCFD will inform our assessment of shareholder proposals on the topic…Consistent with our long-term value focus and 'engagement first' process, where shareholder proposals on climate risk clearly address a gap in investment-decision and stewardship relevant disclosure, that we believe will lead to material economic disadvantage to the company and its shareholders if not addressed, and management's response to our prior engagement has been inadequate, we will consider voting in favour of proposals that would address our concern".*[13]

Like Blackrock, Vanguard supported 2 resolutions and voted with management in 5 cases. Their corporate governance policy states:

> *"The funds will evaluate each proposal on its merits and may support those where we believe there is a logically demonstrable linkage between the specific proposal and long-term shareholder value of the company. Some of the factors considered when evaluating these proposals include the materiality of the issue, the quality of current disclosures/business practices, and any*

progress by the company toward the adoption of best practices and/or industry norms."[14]

Conclusions

- American Century and BNY Mellon, who consistently voted against the climate resolutions have policies that default to supporting management.
- Despite having a policy to generally support management, in 2 out of 7 instances Geode chose to vote against management, supporting the resolution.
- In some instances where they voted with management, Blackrock and Vanguard highlight 'engagement first'. From the literature reviewed it was difficult to gauge engagement process, progress and results.

"Blackrock and Vanguard highlight 'engagement first'. From the literature reviewed it was difficult to gauge engagement process, progress and results.

Appendix: 2016 & 2017 climate resolution text

Occidental 2017

Resolved: Shareholders request that Occidental Petroleum Corporation (Occidental), with board oversight, produce an assessment of long-term portfolio impacts of plausible scenarios that address climate change, at reasonable cost and omitting proprietary information. The assessment, produced annually with the initial report issued prior to the 2018 Annual Meeting of Stockholders, should explain how capital planning and business strategies incorporate analyses of the short- and long-term financial risks of a lower carbon economy. Specifically, the report should outline the impacts of multiple, fluctuating demand and price scenarios on the company's existing reserves and resource portfolio — including the International Energy Agency's "450 Scenario," which sets out an energy pathway consistent with the internationally recognized goal of limiting the global increase in temperature to 2 degrees Celsius.

Management recommended that shareholders vote against the resolution.

Occidental 2016

Resolved: Shareholders request that commencing in 2016 Occidental Petroleum Corporation (Occidental), with board oversight, publishes an annual assessment of long-term portfolio impacts of public climate change policies, at reasonable cost and omitting proprietary information. The report should explain how current capital planning processes and business strategies incorporate analyses of the short- and long-term financial risks of a lower carbon economy. Specifically, the report should outline how the company is evaluating the impacts of fluctuating demand and price scenarios on the company's existing reserves and resource portfolio - including the International Energy Agency's "450 Scenario," which sets out an energy pathway consistent with the internationally recognized goal of limiting the global increase in temperature to 2 degrees Celsius.

Management recommended that shareholders vote against the resolution.

Exxon Mobil 2017

Resolved: Shareholders request that, beginning in 2018, ExxonMobil publish an annual assessment of the long-term portfolio impacts of technological advances and global climate change policies, at reasonable cost and omitting proprietary information. The assessment can be incorporated into existing reporting and should analyse the impacts on ExxonMobil's oil and gas reserves and resources under a scenario in which reduction in demand results from carbon restrictions and related rules or commitments adopted by governments consistent with the globally agreed upon 2 degree target. This reporting should assess the resilience of the company's full portfolio of reserves and resources through 2040 and beyond, and address the financial risks associated with such a scenario.

Management recommended that shareholders vote against the resolution.

Exxon Mobil 2016

Resolved: Shareholders request that by 2017 ExxonMobil publish an annual assessment of long term portfolio impacts of public climate change policies, at reasonable cost and omitting proprietary information. The assessment can be incorporated into existing reporting and should analyse the impacts on ExxonMobil's oil and gas reserves and resources under a scenario in which reduction in demand results from carbon restrictions and related rules or commitments adopted by governments consistent with the globally agreed upon 2 degree target. The reporting should assess the resilience of the company's full portfolio of reserves and resources through 2040 and beyond and address the financial risks associated with such a scenario.

Management recommended that shareholders vote against the resolution.

PPL Corporation 2017

Resolved: Shareholders request that PPL, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long term impacts on the company's portfolio, of public policies and technological advances that are consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels.

Management recommended that shareholders vote against the resolution.

PPL Corporation 2016

Resolved: With board oversight, assess how PPL Corporation is adapting (or could adapt) its business model to enable increased deployment of distributed low-carbon electricity generation resources as a means to reduce societal greenhouse gas emissions and protect shareholder value, and report to shareholders (at reasonable cost and omitting proprietary information) by September 1st, 2016.

Management recommended that shareholders vote against the resolution.

Southern Company 2017

Resolved: Shareholders request that Southern Company commit by November 30, 2017 to issue a report at reasonable cost and omitting proprietary information, on Southern's strategy for aligning business operations with the IEA 2°C scenario, while maintaining the provision of safe, affordable, reliable energy.

Management recommended that shareholders vote against the resolution.

Southern Company 2016

Resolved: Shareholders request that Southern Company issue a report by November 30, 2016, at reasonable cost and omitting proprietary information, on Southern's strategy for aligning business operations with the IEA 2˚C scenario, while maintaining the provision of safe, affordable, reliable energy.

Management recommended that shareholders vote against the resolution.

DTE Energy 2017

Resolved: Shareholders request that DTE Energy, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long term impacts on the company's portfolio, of public policies and technological advances that are consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels.

Management recommended that shareholders vote against the resolution.

DTE Energy 2016

Resolved: With board oversight, assess how DTE Energy is adapting (or could adapt) its business model to enable increased deployment of distributed low-carbon electricity generation resources as a means to reduce Societal greenhouse gas emissions and protect shareholder value, and report to shareholders (at reasonable cost and omitting proprietary information) by November 1, 2016.

Management recommended that shareholders vote against the resolution.

Kinder Morgan 2017

Resolved: Shareholders request that, beginning in 2018, KMI publish an assessment of the medium and long-term portfolio impacts of technological advances and global climate change policies. The assessment can be incorporated into existing reporting and should analyse the impacts on KMI's portfolio of assets and planned capital expenditures under a scenario in which reduction in fossil fuel demand results from technological advances, carbon restrictions and related rules or commitments adopted by governments consistent with the globally agreed upon 2 degree target. The report should be overseen by a committee of independent directors, omit proprietary information, and be prepared at reasonable cost.

Management recommended that shareholders vote against the resolution.

Kinder Morgan 2016

Resolved: Shareholders request that KMI prepare a report analysing the consistency of company capital expenditure strategies with policymakers' goals to limit climate change, including analysis of long- and short- term financial risks to the company associated with transporting high production-cost fossil fuels in low-demand scenarios, as well as analysis of options to mitigate related risk and harm to society. The report should be overseen by a committee of independent directors, omit proprietary information, and be prepared at reasonable cost by December, 2016.

Management recommended that shareholders vote against the resolution.

Devon Energy 2017

Resolved: Shareholders request that beginning in 2018, with board oversight, Devon publish an annual assessment of the long-term portfolio impacts of global climate change policies, at reasonable cost and omitting proprietary information. The report should analyse the impacts on Devon's portfolio of oil and gas reserves and resources in a scenario in which reduction in demand results from technological innovation, carbon restrictions and related rules or commitments adopted by governments consistent with the globally agreed upon 2 degree target. The report should asses the resilience of the company's full portfolio of reserves and resources through 2040 and beyond and address the range of financial risks associated with such a scenario.

Management recommended that shareholders vote against the resolution.

Devon Energy 2016

Resolved: Shareholders request that starting in 2016 Devon Energy publish an annual assessment of long term portfolio impacts of public climate change policies, at reasonable cost and omitting proprietary information. Such report should analyse the impacts on Devon's portfolio of oil and gas reserves and resources in a scenario in which reduction in demand results from carbon restrictions and related rules or commitments adopted in the future by governments consistent with the globally agreed upon 2 degree target. The report should assess the resilience of the company's full portfolio of reserves and resources through 2040 and beyond and address the range of financial risks associated with such a scenario.

Management recommended that shareholders vote against the resolution.

Appendix: 2017 voting record of top 30 shareholders

Shareholder	Occiden-tal	Exxon Mobil	PPL Crop.	Southern Company	DTE	Devon Energy	Kinder Morgan
Northern Trust Investments	For	For	For	For	For	For	For
Fidelity Management & Research Co. (FMR)		For	For	For	For	For	For
Legal & General Investment Management	For	For	For	For	For		For
Morgan Stanley Investment Management, Inc.	For	For	For	For		For	For
Norges Bank Investment Management	For	For	For	For		No data	For
SSgA Funds Management, Inc. (State Street)	For	For	Abstain	For	Against	For	For
Goldman Sachs Asset Management LP		For	For	Against	For	For	For
Deutsche Asset & Wealth Management				For	For	For	For
UBS Global Asset Management	For	No data	For	For	For		No data
Franklin Templeton Investments	Against		For	For	For	For	Against
Epoch Investment Partners	For		For	For			
Federated Investment Management Co.	For		For	For			
MFS Investment Management, Inc.	For		For		For		
TIAA-CREF Asset Management LLC	For	For		No data	No data		For
Wells Fargo Advisors LLC		For	For	For			
Geode Capital Management	Abstain	For	Abstain	Abstain	Abstain	For	Abstain
Columbia Threadneedle US	No data	For	No data	For		No data	
Henderson Global Investors Ltd.				For	For		
Victory Capital Management, Inc.					For	For	
Wellington Management Company	For	For					No data
BlackRock	For	For	Against	Against	Against	Against	Against
Vanguard Group, Inc.	For	For	Against	Against	Against	Against	Against
Capital Research Global Investors		Against		For			No data
JPMorgan Investment Management, Inc.	Against	For					Against
Invesco Advisers, Inc.	Split		Against	For	Against	Against	
T. Rowe Price Associates, Inc.	Against	For		Against	Against		

American Century	Against					Against	
Dimensional Fund Advisors, Inc.		Against					Against
BNY Mellon	Against	Against	Against	Against	Against	Against	Against

References

1. Proxy Insight has created a synthetic version of ISS recommendations.

2. BNY Mellon voting record excludes JNL Investments, and WisdomTree investments.

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5. Some of the 2016 resolutions we selected differ from those selected by Ceres and reported in the Axios article. We believe the 2016 resolutions we selected provide a fair basis for comparison between 2016 and 2017. See more:

   Amer Hardy (26 June 2017). *Wall Street is starting to care about climate change*, Axios. Available online at: https://www.axios.com/investors-are-starting-to-really-care-about-climate-change-2446957535.html [accessed 18 September 2017].

6. BNY Mellon voting record excludes JNL Investments, and WisdomTree investments.

7. Proxy Insight has created a synthetic version of ISS recommendations. Available online at: https://www.proxyinsight.com/ [accessed 18 September 2017].

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Disclaimer

About ShareAction

ShareAction (Fairshare Educational Foundation) is a registered charity that promotes Responsible Investment practices by pension providers and fund managers. ShareAction believes that Responsible Investment helps to safeguard investments as well as securing environmental and social benefits.

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About AODP

The Asset Owners Disclosure Project is a ranking of global asset owners and asset managers that is managed by responsible investment charity ShareAction. The objective of the AODP is to protect retirement savings and other long term investments from the risks posed by climate change by improving disclosure and industry best practice.

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