Exxon management was not pleased when shareholders forced them to produce a report on how climate change would impact their business. In May, Exxon is facing another shareholder vote on whether to form a climate change committee on the Board of Directors and whether to disclose how sea level rise will impact its investments on the Gulf Coast. The SEC rejected Exxon's plea to quash the shareholder vote.

Naturally, President Trump is siding with Exxon management. In an apparently effort to rescue fossil fuel companies from such embarrassment, Trump's recent executive order on fossil fuel expansion attempts to put a roadblock in the way of such shareholder efforts. Section 5(b) of the executive order threatens major institutional investors with retaliation if they support these efforts. Specifically, it requires the Secretary to "omplete a review of existing Department of Labor guidance on the fiduciary responsibilities for proxy voting to determine whether any such guidance should be rescinded, replaced, or modified to ensure consistency with current law and policies that promote long-term growth and maximize return on ERISA plan assets."

This executive order seems to be swimming against the current in the business world. Many corporations have taken strong positions on climate change. Many of them made carbon commitments prior to the Paris Agreemet and over six hundred have joined the Ceres climate declaration. One revealing statement was from the director of global sustainable agriculture at Monsanto, who said, "This is directly related to our business. . . We need to provide solutions while farmers are facing climate change." Monsanto is on track to be carbon neutral by 2021 and has long accepted as fact something the Trump administration has not: that absent swift action, human-induced climate change could be catastrophic for business. It was among the more than 745 companies and big investors that signed a post-election letter expressing full support for the Accord. And after Trump announced his intention to withdraw from the Paris Agreement, numerous major corporations endorsed the "We're Still In" effort.

It is hard to credit the argument that a pension fund violates its duties to invest prudently when it supports a shareholder resolution on climate change. First, even if they were misguidedl, such resolutions are very unlikely to have a material effect on corporate earnings. Surely forming a shareholder committee or disclosing climate risks wouldn't smash Exxon's share prices. And second, major private investors are also supporting these motions. For instance, the climate resolution that was previously adopted by Exxon shareholders was supported by major

financial firms like Blackrock and Vanguard. These are for-profit institutions that surely would not take any actions that would imperil their investments. Meanwhile, the CERES organization represents more than 160 institutional investors, collectively managing more than $26 trillion in assets.. It works with investors to better manage these CERES works with investors to better manage climate risks and improv e disclosures.

And in fact, there are strong reasons to think that responding to climate change is a smart business strategy. Climate change regulations will surely impact the oil business, and corporate managers should be planning ahead. It’s also clear that rising sea levels and other effects of climate change are going to pose problems for companies that have so many of their operations on or near the ocean. Indeed, Blackrock, the world’s largest asset manager, recently warned that investors are seriously undervaluing the business risks associated with climate c change.

The Trump Administration’s action is a threat to efforts to overcome the inertia of corporate managers on the climate issuel. But it’s also an opportunity. It puts the spotlight on sound financial reasons for companies to take climate change seriously. The shareholder advocates can win this debate and by doing so advance the campaign for climate-smart business planning. They can also win the ensuing litigation. See you in court, Mr. President.