

This document is intended to provide guidance to users of SuperSwitch or others following Market Forces' work in this area on how we identify and classify companies relevant to the fossil fuel sector.

Market Forces classifies members of the MSCI World ex Australia index according to their fossil fuel exposure on an ongoing basis. Index constituents are correct as at 31 December 2015.

Market Forces firmly believes that the time for engagement with those companies with substantial involvement in fossil fuel extraction – pure play companies – has passed. Our suggested approach is divestment. For diversified companies and those companies providing essential services to pure play companies, divestment must be the response where the outcome of engagement is not satisfactory.

Category	Definition	Suggested Response	Index Weight	Sector	Companies
Tier 1	<b>Substantial involvement in fossil fuel extraction.</b>  These companies have the highest exposure to carbon risk and are unlikely to be able to sufficiently diversify in the short term.	Divestment	6.13%	Energy – Coal	CAMECO CORP
				Energy – Oil & Gas	ALTAGAS AMEC FOSTER WHEELER ANADARKO PETROLEUM CORP ANTERO RESOURCES APACHE CORP ARC RESOURCES BAKER HUGHES BG GROUP BP CABOT OIL & GAS CORP CAMECO CORP CAMERON INTERNATIONAL CANADIAN NAT RESOURCES CANADIAN OIL SANDS CENOVUS ENERGY CHENIERE ENERGY CHESAPEAKE ENERGY CORP CHEVRON CORP CIMAREX ENERGY CO COLUMBIA PIPELINE GROUP CONCHO RESOURCES CONOCOPHILLIPS CONTINENTAL RESOURCES CORE LABORATORIES CRESCENT POINT ENERGY DELEK GROUP DEVON ENERGY CORP ENBRIDGE ENCANA CORP ENERGEN CORP ENI ENSCO A EOG RESOURCES EQT EXXON MOBIL CORP FMC TECHNOLOGIES GALP ENERGIA SGPS B HALLIBURTON CO HELMERICH & PAYNE HESS HOLLYFRONTIER HUSKY ENERGY IDEMITSU KOSAN CO IMPERIAL OIL INPEX CORP

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Tier 2	<p><b>Significant fossil fuel exposure including infrastructure, utilities, transport and diversified companies where fossil fuels constitute a relatively minor part of revenue or net asset value.</b></p> <p>These companies have significant exposure to carbon risk but should be engaged to reduce that risk through the sale of assets or finding alternative sources of revenue. In the event that inadequate action is taken to move fossil fuels from their asset bases and portfolios, divestment becomes the suggested response.</p>	Divestment / Engagement	5.47%	Financials	BROOKFIELD ASSET MAN A
				Industrials	AP MOLLER MAERSK A AP MOLLER MAERSK B CANADIAN NATL RAILWAY CP RAILWAY CSX CORP GENERAL ELECTRIC CO ITOCHU CORP KANSAS CITY SOUTHERN KUEHNE & NAGEL INTL MARUBENI CORP MITSUBISHI CORP MITSUI & CO MITSUI OSK LINES NIPPON YUSEN K.K NOBLE GROUP NORFOLK SOUTHERN CORP UNION PACIFIC CORP
				Materials	ALCOA ANGLO AMERICAN ARCELORMITTAL A BASF BHP BILLITON PLC (GB) FREEPORT MCMORAN B GLENCORE RIO TINTO PLC (GB) TECK RESOURCES B
				Utilities	AGL RESOURCES ALLIANT ENERGY CORP AMEREN CORPORATION AMERICAN ELECTRIC POWER ATCO I CANADIAN UTILITIES A CENTERPOINT ENERGY CENTRICA CHEUNG KONG INFRA HLDGS CHUBU ELECTRIC POWER CO CHUGOKU ELECTRIC POWER CLP HOLDINGS CMS ENERGY CORP CONSOLIDATED EDISON CONTACT ENERGY DOMINION RESOURCES DTE ENERGY DUKE ENERGY CORP E. ON EDF EDISON INTERNATIONAL EDP ENERGIAS DE PORTUGAL ELECTRIC POWER DEV ENAGAS ENEL ENGIE ENTERGY CORP EXELON CORP FIRSTENERGY CORP FORTIS FORTUM CORP GAS NATURAL SDG HK ELECTRIC INVESTMENTS HOKURIKU ELECTRIC POWER HONGKONG CHINA GAS IBERDROLA KANSAI ELECTRIC POWER CO KYUSHU ELECTRIC POWER CO

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Tier 3	<p><b>Indirect fossil fuel exposure. These companies provide services to the fossil fuel industry including financing, insurance, construction and engineering.</b></p> <p>These companies should be engaged and encouraged to find alternative sources of revenue. Should there be inadequate evidence that these companies are reducing their support for the fossil fuel industry consistent with action to avoid catastrophic climate change, or mitigating risks resultant from high exposure to fossil fuel projects or companies, divestment should be considered.</p>	Divestment / Engagement	11.69%	Financials	ACE ADMIRAL GROUP AGEAS ALLEGHANY CORP ALLIANZ ALLSTATE CORP AMERICAN INTL GROUP AOZORA BANK ARCH CAPITAL GROUP ASSICURAZIONI GENERALI ASSURANT AVIVA AXA AXIS CAPITAL HOLDINGS BALOISE HOLDING BANCO POPOLARE BANCO POPULAR ESPANOL BANCO SABADELL BANCO SANTANDER BANK EAST ASIA BANK HAPOLIM BANK KYOTO BANK LEUMI LE-ISRAEL BANK MONTREAL BANK NOVA SCOTIA BANK OF AMERICA CORP BANK YOKOHAMA BANKIA BANKINTER BARCLAYS BB&T CORP BBVA BCP BANCO COMERCIAL BERKLEY (W.R.) CORP BLACKROCK A

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				Industrials	SANDVIK
				Materials	DOW CHEMICAL CO

Companies that are members of the index that do not appear above are considered fossil fuel free. Companies outside the MSCI World ex Australia index should be classified according to the definitions provided above.

*DISCLAIMER: The information provided in this document does not constitute financial product advice. The information is of a general nature only and does not take into account an individual's financial objectives, situation or needs. It should not be used, relied upon, or treated as a substitute for specific professional advice. Market Forces recommends individuals obtain independent professional advice before making decisions in relation to their own particular requirements or circumstances. Market Forces is a nonprofit environmental advocacy project and an affiliate of Friends of the Earth Australia.*