Triodos Investment Management

TIME WARNER INC.

MEETING DATE	Thu, 15 Jun 2017 9:30 am	TYPE	AGM	ISSUE DATE	Thu, 01 Jun 2017
MEETING LOCATION	Warner Bros. Studios, 4000 Warner Boulevard, Burbank, California 91522				
CURRENT INDICES	S&P500				
SECTOR	Cable and other pay television services				

	PROPOSALS	ADVICE
1a	**Re-elect William P. Barr** Independent Non-Executive Director. He is chair of the Remuneration committee which is not fully independent which Triodos does not support.	**Oppose**
1b	**Re-elect Jeffrey L. Bewkes** Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal.	**Oppose**
1c	**Re-elect Robert C. Clark** Senior Independent Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1d	**Re-elect Mathias Dopfner** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1e	**Re-elect Jessica P. Einhorn** Non-Executive Director. Not considered independent as she has served on the board of BlackRock, which owns 5.5% of the Company's outstanding share capital. There is insufficient independent representation on the Board.	**Oppose**
1f	**Re-elect Carlos M. Gutierrez** Independent Non-Executive Director.	**For**
1g	**Re-elect Fred Hassan** Independent Non-Executive Director.	**For**
1h	**Re-elect Paul D. Wachter** Independent Non-Executive Director.	**For**
1i	**Re-elect Deborah C. Wright** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board. She is chair of the Audit committee which is not fully independent which Triodos does not support.	**Oppose**
2	**Appoint the Auditors** EY proposed. Non-audit fees represented 9.38% of audit fees during the year under review and 10.35% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than seven years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.	**Oppose**

3 Advisory Vote on Executive Compensation **Oppose**

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDC. Executive compensation is not aligned with companies of a similar market capitalisation nor with peer group averages, which raises concern. Further, annual bonus and long-term equity opportunities are considered excessive as they are not limited to 200% of base salary. Mr Averill received a one-off bonus of $4,728,500 as part of actions taken by the Compensation Committee to mitigate the potential adverse tax consequences to the Company and Mr. Averill of Section 280G of the Code in connection with the Merger. Such discretionary payouts are not considered best practice.

Triodos opposes this resolution.

4 Approve the Frequency of Future Advisory Votes on Executive Compensation **For**

The Company is providing shareholders with an advisory vote on whether the advisory vote on executive compensation should be held every one, two or three years. The Board is required by Section 951 of The Dodd-Frank Wall Street Reform and Consumer Protection Act to offer this vote on the frequency of a say-on-pay proposal not less than every six years, although they have the option to offer this proposal more often.

The Board of Directors recommends an annual vote. It is considered that an annual vote on executive compensation is best practice for companies. Executive compensation comprises both fixed and variable pay elements, with the variable including share based incentive awards and cash bonuses over which the compensation committee have discretion. Decisions affecting the quantum and design of variable pay are made annually by the committee and it is therefore appropriate that shareholder approval is sought at the maximum frequency permitted by the new legislation. Contentious compensation payments and issues could occur in the intervening years between votes, if the frequency is less than annually. A one year frequency is therefore recommended.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

The Company has achieved: an average level of disclosure; a below average balance for rewards; and an average approach to contracts with executives.

Disclosure: C- Annual cash bonus is determined by 70% financial performance (adjusted divisional pre-tax income and free cash flow) and 30% individual performance. Long term incentives are awarded in performance-based stock units (PSU) and stock options. PSUs are based on cumulative adjusted earnings per share and total shareholder return relative to the S&P 500. In connection with the Merger, on October 24, 2016, each Executive (other than Mr. Bewkes) was awarded transaction restricted stock units (RSUs) with a target value equal to two times the Executive's target annual long-term incentive compensation. The Company has no plan to grant employees who received Transaction RSUs long-term incentive awards in 2017 or 2018.

Balance: D- Executive compensation is not aligned with companies of a similar market capitalisation nor with peer group averages, which raises concern. Further, annual bonus and long-term equity opportunities are considered excessive as they are not limited to 200% of base salary. Mr Averill received a one-off bonus of $4,728,500 as part of actions taken by the Compensation Committee to mitigate the potential adverse tax consequences to the Company and Mr. Averill of Section 280G of the Code in connection with the Merger. Such discretionary payouts are not considered best practice. PSUs have a three-year performance period which is welcomed.

Contract: C- Potential cash severance payouts are considered excessive. 'Good reason' and 'cause' are not appropriately defined.

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