

12 May 2020

For the attention of Executive Vice-President Timmermans and Commissioner Simson,

We write to you as members of the Institutional Investors Group on Climate Change (IIGCC), a body of over 230 European institutional investors overseeing more than €30 trillion in assets globally. Collectively we direct trillions of euros with a view to ensuring sound financial returns for our beneficiaries. We recognise the significant financial risks posed by climate change as well as the enormous economic opportunities provided by low-carbon and climate-resilient technologies, markets and business models.

We strongly welcomed the European Council's endorsement of a 2050 climate neutrality objective for the EU, as well as the ambition set out in the European Commission's Green Deal Communication and subsequent proposal for a Climate Law. It is well understood that the urgent need to take action on climate change is at a critical moment, and in advance of COP26 it is vital that the EU demonstrates global leadership across all relevant policy areas.

One such policy area is methane emissions. As you are aware, methane's global warming potential is over 80 times more powerful than CO₂, making it a significant contributor to the climate crisis.

It is estimated that around a third of man-made methane emissions come from the oil and gas sector. Investors have been engaging intensively with companies in this sector for a number of years to work with them in order to set climate targets and align their operations accordingly. Without this action, such companies will no longer offer viable and sustainable business models from an investment perspective. However, while we have seen positive progress by some leading companies as a result of investor action, it is clear that without robust policy action the transition will not be rapid enough.

We understand the challenges that exist around developing sound climate policies on methane – notably the need for better measurement and reporting of methane emissions. It is a common challenge faced across a number of sectors and companies, where data gaps and a lack of disclosure present significant obstacles for investors when seeking to assess the carbon footprint and exposure of a particular economic activity. For this reason, we are also engaging intensively with EU finance colleagues as part of the ongoing work to implement and develop the EU's Sustainable Finance Strategy.

With specific regards to methane and as part of your ongoing work on the EU's emerging methane strategy, investors are therefore asking for a legislative proposal in 2020 which could ideally be negotiated and agreed by the end of 2021 as part of the European Green Deal and Gas Market Reform Package. The core components of such an instrument should be:

- The adoption of a methane standard requiring a minimum of 0.25% intensity of upstream supply covering all gas sold in the EU by 2025, striving to achieve 0.2% where possible, as an interim objective on the pathway to net zero emissions. This would be consistent with the level

of stringency already committed to by the Oil and Gas Climate Initiative (OGCI) and leading European companies.

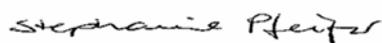
- The pursuit of a high level of accuracy in emissions measurements, with robust and trustworthy third-party verification for all gas sold in the EU.
- The incorporation of robust corporate disclosure measures to support investor confidence and decision-making.

We urge the Commission and the co-legislators to consider this issue as a matter of urgency, particularly in light of wider discussions on scaling up the ambition of the EU's 2030 greenhouse gas target. Such signals are crucial if investors are to have confidence that Europe is serious about achieving a climate neutral economy by 2050, and channelling the private capital required to implement it.

We look forward to your response, and we would be happy to meet with you to outline these ideas and their rationale in more detail.

Yours sincerely,

On behalf of IIGCC,



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Signed by,

1. Aberdeen Standard Investments
2. Atlas Infrastructure
3. Aviva Investors
4. Brunel Pension Partnership
5. BNP Paribas Asset Management
6. Church Commissioners for England
7. East Capital
8. Federated Hermes – International

Federated Hermes EOS on behalf of clients

9. Glennmont Partners
10. Insight Investment
11. Joseph Rowntree Charitable Trust
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