

Dear Company CEO

As long-term institutional investors we recognise that climate change will have an impact on our portfolios. We are particularly concerned that gaps, weaknesses and delays in climate change and clean energy policies will increase these risks to our investments¹.

Whilst a growing number of companies are supportive of a global agreement on climate change, we are aware that some companies or their trade associations lobby against climate and energy policy at an EU level in a way that is inconsistent with our interests as long-term investors² A group of 53 investors representing more than \$US 3.3 trillion in AUM have recently released a statement addressed to companies asking for consistent policy engagement in support of a safe climate which protects long-term investment value.³

In the Institutional Investors Group on Climate Change (IIGCC), we have developed a number of consensus positions on global and EU policy that reflect the views of investors on what is required in order to achieve a smooth transition to a low carbon economy. These include:

- A long-term global emission reduction goal in the Paris agreement in line with limiting global average temperature increase to 2°C
- At EU level, greenhouse gas emission reduction targets in line with EU objectives
- A meaningful and stable price on carbon through a reformed EU Emissions Trading Scheme
- Limitations on carbon leakage provisions to those industries actually at risk
- Alignment of relevant EU legislation with the EU's 2030 climate and energy framework

Further details can be found in the Appendix.

Our expectation is that companies will engage with public policy makers and other stakeholders in support of such cost-effective policy measures or ensure that they do not lobby against these positions. We would therefore like you to disclose:

1. your position on climate and energy policies (such as those listed above) and how this relates to your strategy;
2. your lobbying activities on climate-related issues at national and international level;
3. your (oversight) processes to ensure consistency between your public positions on climate change and those of the trade associations of which you are a member **and** actions to ensure such consistency where there is a misalignment.

We would appreciate receiving by 31st October a direct response to these three questions as well as about your intent to disclose publically through your website, CDP or in your next annual report. We realise that these are complex issues and welcome the opportunity to discuss our requests in more detail. Please direct your response to Morgan LaManna, Project Manager at IIGCC (mlamanna@iigcc.org), who is coordinating this engagement on behalf of the participating investors, and will communicate your response to the undersigned.

¹ Global Investor Statement on Climate Change <http://www.iigcc.org/publications/publication/2014-global-investor-statement-on-climate-change>

² Policy Studies Institute

http://www.psi.org.uk/pdf/2015/PSI%20Report_Lobbying%20by%20Trade%20Associations%20on%20EU%20Climate%20Policy.pdf

³ Investor Expectations on Corporate Climate Lobbying <http://unpri.org/corporateclimatelobbying>

1 Sept. 2015

We look forward to working further with you to ensure a cost-effective and rapid transition to a low carbon economy.

Yours sincerely,

Pascal Blanqué
CIO
Amundi Asset Management

Celine Scemama
Head of Strategy
Groupe Caisse des Dépôts

Ulrika Danielson, Head of Communications &
Coordinator of Corporate Governance
AP2

Bill Seddon
Chief Executive
Central Finance Board of the Methodist Church

Arne Lööw
Head of Corporate Governance
AP4

Pierre Jameson
Chief Investment Officer
Church of England Pensions Board

Richard Grötttheim
CEO
AP7

Sara Nordbrand, Sustainable Investment - Head of
Corporate Engagement
Church of Sweden

Erik Jan Stork
Senior Sustainability Specialist
APG Asset Management N.V.

Faith Ward
Chief Responsible Investment and Risk Officer
Environment Agency Pension Fund

Dr Steve Waygood
Chief Responsible Investment Officer
Aviva Investors

Bill Seddon
Chief Executive
Epworth Investment Management Ltd

Matt Christensen
Global Head of Responsible Investment
AXA Investment Management

Philippe Desfossés
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David Shaw
Manager, Pensions Investments
BBC Pension Trust Ltd

Vincent Kaufmann
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Lauren Compere
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Helen Wildsmith
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Saker Nusseibeh
CEO
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Ian Simm
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Roderick Munsters
Chief Executive Officer
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Dr. Matthew Kiernan
Chief Executive
Inflection Point Capital Management

Marieke de Leede
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Kempen Capital Management

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Head of Responsible Investment
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Fund Manager
South Yorkshire Pensions Authority

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Kelly Clark
Director
Tellus Mater Foundation

Nick Perks
Trust Secretary
The Joseph Rowntree Charitable Trust

Ingo Speich, CFA, Head of Sustainability and
Engagement Senior Portfolio Manager
Union Investment

Richard Nunn, Chairman of United Reformed Church
Ministers' Pension Trust Limited
United Reformed Church

Elizabeth Fernando
Head of Equities
USS Investment Management

Timothy Smith, Senior Vice President and Director of
ESG Shareholder Engagement
Walden Asset Management

Appendix: IIGCC key EU policy positions

1. **Greenhouse gas emission reduction targets in line with EU objectives**

In order to manage the significant risks of climate change, we require a clear, long-term political framework that maps out the direction of travel for European decarbonisation efforts. IIGCC supports the 80-95% long-term emission reduction objective agreed by EU Heads of State and Government for 2050. Companies and investors require intermediate steps towards that long-term objective to understand the speed and scale of decarbonisation efforts. Therefore, we also fully support an emission reduction target of at least 40% by 2030, compared to 1990 levels.

2. **A meaningful and stable price on carbon as a crucial decarbonisation driver**

We welcome the emphasis Heads of State and Government have put on the EU-ETS as the major decarbonisation instrument of the EU. A meaningful and stable price on carbon requires an early introduction of the market stability reserve to tackle the surplus and further measures to make the ETS more stable and bring prices to a meaningful level. European climate leadership is working in bringing other countries, such as the US and China, on board and calls for a global price on carbon should not detract from the urgency of reforming the ETS.

3. **Carbon leakage provisions should be limited to those industries actually at risk**

Investment decisions in the power sector and in industry can last for decades. It is therefore important that we achieve a meaningful carbon price that is stable as soon as possible. The power sector is making progress in developing, commercialising and deploying the low-carbon technologies that are necessary for emission reductions. Industry needs better incentives for doing likewise, and we therefore support limiting carbon leakage provisions to companies actually at risk. The resulting increase in government revenues can be used for innovation support either in the industries affected or the wider economy.

4. **All relevant EU legislation should be aligned with the 2030 climate-energy framework**

The Investment Plan for Europe and the Energy Union are crucial initiatives that we welcome. However, they should be fully aligned with the need to implement Europe's 2030 climate-energy target.