Dear [xx Chair of the Board, Company Secretary and Audit Committee Chair],

As investors¹, we write to you seeking clarification of your company’s plans to align with the goals of the Paris Agreement by transitioning your business in a manner consistent with achieving net zero emissions. As long-term investors¹ and members of the Institutional Investor Group on Climate Change (IIGCC)², each of us believes in the value of engagement with companies, consistent with fiduciary duty, on their preparedness for the transition to net zero and how they are increasing resilience to energy disruption, particularly in light of current geopolitical events.

Recognising the financial risk presented by climate change and future regulatory risks posed by the failure of companies to prepare for economic transition, many investors have committed to work towards aligning portfolios with net zero emissions through initiatives such as Paris Aligned Asset Owners³ and Net Zero Asset Managers Initiative⁴. To date, more than 350 investors across these two initiatives, with over $60 trillion in assets under management, have committed to working towards achieving net zero emissions across their portfolios.

To deliver on these commitments, we each encourage companies to publish Net Zero Transition Plans which set out how they intend to navigate the transition to being a net zero company and seek to engage where these appear lacking or not sufficiently robust.

Transition plans provide a key tool for understanding the alignment of investment portfolios and are central to the most commonly used investor net zero alignment framework, the Net Zero Investment Framework. Plans should set out both a company’s emissions targets and a strategy for how it intends to deliver them. Recognising that most companies will not be able achieve net zero by themselves, they should also set out how they intend to support the transition more broadly.

To deliver upon each of our commitments, we are now engaging with a broad pool of companies as part of the Net Zero Engagement Initiative⁵. Therefore, we are writing to you seeking confirmation that you have developed, or intend to develop, a Net Zero Transition Plan consistent with the Net Zero Investment Framework (NZIF)⁶ alignment criteria including the following key elements:

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¹ Certain signatories are investor representatives and so the term ‘investor’ should be read to include investor representatives.
² The Institutional Investor Group on Climate Change (IIGCC) has 400+ members, across 25 countries, with over €60 trillion of assets under management: www.iigcc.org/about-us/.
³ Paris Aligned Asset Owners are a global group of 56 asset owners, with over $3.3 trillion in assets.
⁴ As of 31 December 2022, there are 301 signatory managers with $59 trillion assets under management (or 50% of global AUM) who have joined the Net Zero Asset Managers initiative to commit to net zero aligned portfolios.
⁵ The Net Zero Engagement Initiative (NZEI) is an investor led engagement initiative to support dialogue between investors and companies on transition planning. Its goal is to support investors to gain understanding on whether the companies in portfolios are aligning with net zero. Over one hundred companies are initially being engaged through the initiative, which will expand in scope over time.
⁶ For more information on NZIF please refer to the Implementation Guide.

All written materials, communications and initiatives undertaken by IIGCC are designed solely to support investors in understanding risks and opportunities associated with climate change and take action to address them. IIGCC’s work is conducted in accordance with all relevant laws, including data protection, competition laws and acting in concert rules. IIGCC’s services to members do not include financial, legal or investment advice.
1. **Comprehensive net zero commitment** – Make a comprehensive commitment to reducing emissions to net zero by 2050 or sooner, covering all relevant business areas and all material greenhouse gas (GHG) emissions scopes (1, 2 and 3) (consistent with NZIF Criteria 1);

2. **Aligned GHG targets** – Set short, medium and long-term GHG targets aligned with the relevant emission pathway and consistent with limiting the global temperature increase to 1.5 degrees Celsius (consistent with NZIF Criteria 2);

3. **Emissions performance disclosure** – Disclose GHG emissions specifying scopes 1, 2 and 3 (breaking out material scope 3 categories), which enables investors to track underlying decarbonisation progress against GHG targets (consistent with NZIF Criteria 3 and 4); and

4. **Credible decarbonisation strategy** – Disclose and quantify the principal actions that you will take to deliver the GHG emissions targets (see point 2) including setting out capital expenditure plans and investment in climate solutions where relevant (consistent with NZIF Criteria 5 and 6).

Additional elements of importance include the governance of the transition strategy, political lobbying to ensure a policy environment conducive to a smooth transition, policies regarding a just transition and the integration of climate risk into the audited financial accounts. Further guidance on the information investors are seeking to assess transition plans, the rationale for these requests and how companies can meet them is set out here.

In order to understand your intentions, we also seek clarification on whether you will submit your transition plan to a shareholder vote as a means of establishing a transparent mechanism for investors to express their support for your plans, whether in this coming year or at a future AGM.

We understand that developing transition plans aligned to net zero requires considerable work. However, challenges presented by both energy insecurity and the financial risks related to the onset of climate change are pressing. The fulfilment of requests such as these is therefore important to long-term shareholder value. Signatories to the Net Zero Asset Managers initiative have committed to “implement a stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with the ambition for all assets under management to achieve net zero emissions by 2050 or sooner.” In initiating this dialogue, we want to support all companies in making and meeting their net zero commitments.

**Next steps**

In order to make a well informed assessment of your position with regard to the net zero transition, each of the signatories to this letter would welcome confirmation by 28th April 2023 of:

(a) whether you have or intend to prepare a Net Zero Transition Plan including the elements noted above and (b) clarification whether you have plans to submit your transition plan to a shareholder vote and, if so, in which year that is likely to occur.

Finally, the IIGCC and its members are committed to complying with all laws and regulations that apply to them, including antitrust and other regulatory laws and regulations and the restrictions on information exchange and other collaborative engagement that said laws and regulations impose. On this basis, while the requests listed in this letter would assist members with their assessment, the IIGCC recognises that companies cannot disclose information that is not publicly available and is considered to be competitively sensitive information by such company.

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Please send your responses and any queries to: engagement@iigcc.org. Responses and queries will be passed on to signatories to the letter as appropriate. Once reviewed investor members will carry out follow up engagement during 2023.

Yours faithfully,

[xx name]  
[xx IIGCC member]

[xx name]  
[xx IIGCC member]

[xx name]  
[+ list of the 50+ IIGCC signed up members that wish to have their name attached to each letter]