

1 October 2021

Dear [company chair]

Climate Action Transition Plans

With COP 26 approaching and its goal to secure global net zero and keep 1.5 degrees within reach, investors and stakeholders expect boards to set out their strategy to manage the transition to a net zero emissions business. The Local Authority Pension Fund Forum (LAPFF) Sarasin & Partners and TCI, as well as numerous large investors in UK companies, support this approach.

In this, there is the expectation for emission disclosure consistent with the Task Force on Climate-related Financial Disclosure, a five-year plan to get onto a 2050 net zero emissions pathway and annual provision for shareholders to vote on such plans.

The need for boards of companies to formulate these strategies has been made more imperative with recent United Nations' reports. These set out that the global carbon budget for an 83% chance of remaining within 1.5 degrees of warming will be used up by 2027 at the current emissions rate. If we fail to curb our emissions, the societal suffering is expected to be far-reaching. To ensure capital deployment lines up with companies' net zero strategies, we also consider it vital that companies provide accounting disclosures aligned with a 2050 net zero emissions pathway and long-term executive compensation clearly and substantially aligned with meeting these critical climate goals.

We urge you to take this opportunity to provide shareholders with the opportunity to support your disclosure of greenhouse gas emissions and reduction plan by putting an appropriate resolution on your 2022 AGM agenda. We look forward to hearing from you to discuss such a resolution.

Yours sincerely,

Cllr Doug McMurdo, Chair, LAPFF

Chris Hohn, Managing Director, TCI

Natasha Landell-Mills, Partner, Sarasin & Partners LLP

For further information and guidance please see: [Big investors demand annual vote on companies' net zero plans | Financial Times \(ft.com\)](https://www.ft.com/content/2021/09/29/big-investors-demand-annual-vote-on-companies-net-zero-plans); <https://sayonclimate.org/climate-action-plans/>; [Sixth Assessment Report \(ipcc.ch\)](https://www.ipcc.ch/report/sixth-assessment-report/); <https://www.iigcc.org/resource/investor-expectations-for-paris-aligned-accounts/>; www.sayonclimate.org.