

7 January 2021

Dear Chairperson,

Climate change action: Call for immediate response on transitioning to net zero emissions

During 2020 our clients, and by extension your ultimate shareholders, have demanded a far greater focus on the sustainability of business. Asset flows into sustainable funds have materially outstripped other areas. We all see the need to re-orientate the economy towards net zero carbon emissions by 2050.

We are therefore asking all FTSE 350 companies to produce and publish detailed, costed, transition plans in 2021 – a process which we will also undertake ourselves. We are very keen to support the execution of these plans and we will monitor progress.

As an active asset manager we believe that we have a fundamental role to play in encouraging large companies to take account of the urgent need to plan, and execute, a transition to net zero.

We believe that good plans, carefully considered, will benefit both company valuations and contribute towards reducing climate change. These plans and progress against them are incorporated into the research tools we use to assess corporate sustainability, which help inform our investment decisions.

We have also committed to the Net Zero Asset Manager initiative, through which we will align our investments to an emission pathway consistent with decarbonisation goals.

As both a UK PLC and an investor, we support the roadmap that the UK government laid out in November regarding mandatory climate-related disclosures and welcome the accelerated timeframe and proposal to extend these disclosures beyond premium listed companies.

We contacted large UK companies in April to ask that your company put stakeholders first as we collectively struggled through the unprecedented challenges resulting from the Covid-19 pandemic, and appreciate the efforts many companies have made. We consider climate change an equally pressing challenge with more severe consequences if urgent action is not taken.

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You will be aware that the challenge ahead is immense. The ambitious commitments many governments have made to decarbonise their economies, as well as the UK government's intensifying focus on the issue, and its roadmap for climate-related disclosures, are quickly raising the strategic importance of far sighted climate plans across the corporate world.

Should you wish to discuss anything further, please get in touch. Both Andrew Howard, our Head of Sustainable Investment, and I would be happy to talk.

Yours sincerely,

Peter Harrison, Group Chief Executive