Asia Investor Group on Climate Change

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Institutional Investors Group on Climate Change

PRI Principles for Responsible Investment

Investor Briefing Note

27 September 2017

Investor Group on Climate Change

Investors driving business transition

- Climate Action 100+ is a new five-year investor initiative to engage more than 100 of the world’s largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change.

- Builds on the commitments laid out in the 2014/2015 Global Investor Statement on Climate Change, supported by 409 investors representing more than US $24 trillion, which stated:
  - *“As institutional investors and consistent with our fiduciary duty to our beneficiaries, we will: […] work with the companies in which we invest to ensure that they are minimising and disclosing the risks and maximising the opportunities presented by climate change and climate policy.”*

Climate Action 100+
Global Investors Driving Business Transition

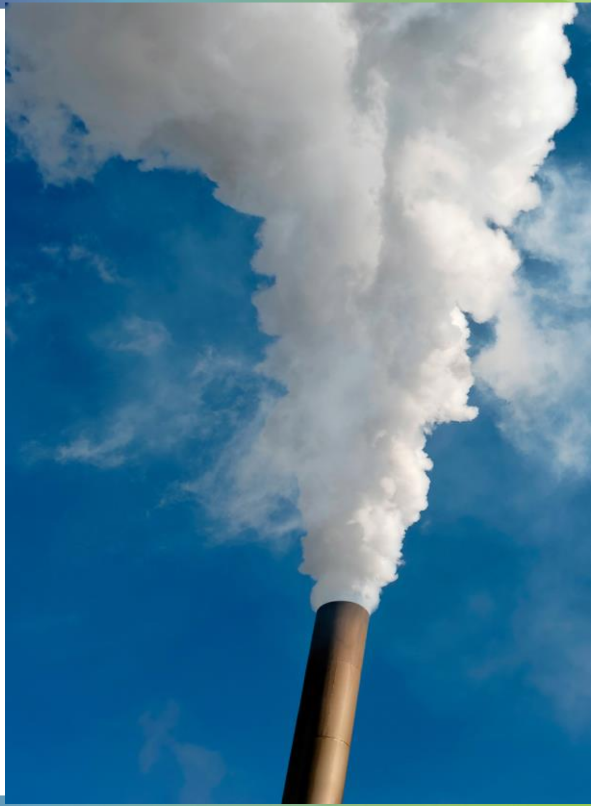
Which companies will we be focusing on?

Systemically Important Emitters

The initiative will focus on more than 100 companies that may pose risk to the financial markets because of their GHG emissions or exposure to other climate-related risks, so called 'systemically important emitters'. We consider these companies to present risk to investors in two ways:

1. Failure to adapt their operations and activities to policy, physical or technological changes related to climate change

2. Systemic economy-wide impacts that may harm the financial markets (e.g. rapid repricing)



What are we looking to achieve?

The initiative aims to secure commitments from the **boards and senior management** of systemically important emitters to:

1. **Implement a strong governance framework** which clearly articulates the board's accountability and oversight of climate change

2. **Take action to reduce greenhouse gas emissions,** consistent with the Paris Agreement's goal of limiting global average temperature increase to well below 2 degrees above pre-industrial levels.

3. **Provide enhanced corporate disclosure** in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and sector-specific GIC Investor Expectations on Climate Change (when applicable) to enable investors to test the robustness of companies' business plans against a range of climate scenarios, including well below 2 degrees and improve investment decision-making.

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TCFD Draft Disclosure Recommendations

The TCFD organised its recommendations for all sectors, including Asset Owners and Asset Managers, into four categories: Governance, Strategy, Risk Management, and Metrics and Targets. The following chart summarises the TCFD's recommended disclosures in each of these categories:

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation's governance around climate-related risks and opportunities	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Disclose how the organisation identifies, assesses and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities