Climate Action 100+
Global Investors Driving Business Transition

Progress Update 2022

Five years of Climate Action 100+

Asia Investor Group on Climate Change · Ceres · Investor Group on Climate Change · PRI Principles for Responsible Investment · IIGCC The Institutional Investors Group on Climate Change

About

Climate Action 100+ is coordinated by its five founding investor networks: AIGCC, Ceres, IGCC, IIGCC and PRI. It is led by the global Climate Action 100+ Steering Committee, which comprises five investor representatives and the heads of the investor networks. The strategy is delivered by investor network staff who work closely with investors and support making their engagements with focus companies as effective as possible.

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Contents

Climate Action 100+ at a glance

700+
investor signatories (up from 615 December 2021)

$68
trillion AUM (up from $65 trillion December 2021)

166
focus companies

75%
of focus companies have net zero commitments (up from 50% March 2021)

92%
of focus companies have some level of board oversight (up from 87% March 2021)

91%
of focus companies have aligned with TCFD recommendations (up from 72% March 2021)

Foreword

Andrew Gray, Director, ESG and Stewardship at AustralianSuper and current chair of the global Steering Committee for Climate Action 100+

The past five years have seen unimaginable shifts in the global natural, economic and political landscape. Fractures in economic blocs and energy infrastructure, pandemics and war, all underpinned by the ever-increasing threat of climate change on our food systems, our energy security and our natural resources.

Throughout these existential changes, Climate Action 100+ has continued to change the global conversation, putting the spotlight on the world's largest corporate greenhouse gas emitters and the important role of investors in corporate engagement: **a major and unrivalled achievement, and one that continues to gain momentum.**

The number of investor participants now surpasses 700, representing $68 trillion in assets under management (AUM). Of 166 focus companies, 75% have now committed to net zero, 92% have some level of board oversight of material climate-related issues, and 91% have now taken steps to align with the Taskforce on Climate related Financial Disclosure (TCFD) recommendations, either by supporting the TCFD principles or by employing climate-scenario planning.

The Climate Action 100+ Net Zero Company Benchmark, first launched in 2021, has continued to evolve and improve, with each new iteration building upon the successes, and opportunities for improvement, of the last. **Yet the work is far from over.**

Climate Action 100+ has played a significant role in accelerating the net zero journey of focus companies – but recognises that they all need to go further and faster to support efforts to limit global temperature rise to 1.5°C. As our Benchmark has illuminated, the lack of credible short- and medium-term decarbonisation strategies across the majority of focus companies needs to be tackled. So, too, does the clear lack of capital allocation commitments towards climate-change mitigation.

The above presents the initiative with a clear challenge and opportunity for Phase 2, which will run until the end of this crucial decade. We will continue to centre engagement as our core currency. We intend to maintain focus on largely the same companies and sectors. We will refresh the initiative's goals to reflect the move beyond disclosure and towards real-economy decarbonisation.

Crucially, in recognition that Climate Action 100+ is an investor-led initiative, we will continue to work in consultation with them to evolve and diversify the ways in which they can contribute. This includes helping them to address some of the sectoral barriers to decarbonisation that currently make it hard for companies to align their business models with a net zero pathway. **We are excited about the next phase of the initiative and look forward to working with all signatories and partners towards our stated goals.**

5 years of Climate Action 100+

Phase 1: Key Highlights

Milestones

December 2017	Climate Action 100+ is officially launched at the One Planet Summit in Paris, with an initial list of 100 focus companies and 225 signatories.
January 2019	The Asia Advisory Group is formed to support engagements in the region.
March 2019	First proxy season engagements in North America and Europe
March 2020	Initiative reaches 450 signatories responsible for $41 trillion in AUM, representing a 65% growth in investor participation since launch.
March 2021	First Net Zero Company Benchmark released
March 2022	Over 700 signatories, responsible for $68 trillion AUM. 2nd iteration of Company Benchmark
October 2022	Interim Benchmark results
Mid 2023	Proposed launch of Phase 2

Progress against the three asks

Tracking the progress of Climate Action 100+ against its goals, headway has been harder to achieve in some areas than others.

Concerning the first ask, to **improve board-level oversight of material climate-related issues**, 92% of focus companies now have some level of executive oversight, and 75% of companies have now committed to net zero by 2050. To put this in perspective, when Climate Action 100+ launched at the end of 2017, only five focus companies had set net zero commitments. Although the issue of decarbonisation and net zero have become increasingly important in the public realm, investor engagement has played a significant part in communicating the legitimacy, urgency and practicality of these commitments, emphasising the importance of board-level involvement in cementing them within company strategy.

Progress against the second ask to **make absolute emission reductions in the real economy**, however, needs to improve rapidly. Disclosures and commitments without action are not enough. In order to halve emissions by 2030 and keep 1.5°C within reach, companies need to work now to develop and implement credible transition plans aligned with the Paris Agreement.

Finally, **corporate climate-related disclosures**, pertaining to the third ask, have substantially improved. 91% of focus companies have now aligned with TCFD recommendations, either by supporting the TCFD principles or by employing climate scenario planning. Although this is merely the beginning of many companies' net zero journey, greater transparency on climate-related risks and opportunities faced by companies will help investors make more informed decisions and lay the foundation for re-orienting capital towards material climate-related issues.

Net Zero Company Benchmark

The creation of the Benchmark arose from the need for Climate Action 100+ investor signatories to better understand how focus companies are performing against the three asks. Launched in 2021 and now moving into its third iteration, the tool has proven crucial in enabling greater transparency and comparability between companies, allowing investors to engage companies more effectively. There has been promising progress against the corporate disclosure indicators measured by the Benchmark. However, the Benchmark has also highlighted the areas that require further improvement.

See pages 10-14 for more details.

Proxy Season

Climate Action 100+ highlights resolutions of interest to members, alerting them to key proposals for investors to take into consideration during proxy season on our website*.

In 2022, Climate Action 100+ flagged 37 resolutions aligned with the goals of the initiative, comprised of 11 shareholder proposals and 26 management proposals.

See page 17 for further details.

*Climate Action 100+ does not provide voting recommendations. Signatories are independent fiduciaries responsible for their own investment and voting decisions. Please refer to our disclaimer for further information (page 2).

Global Sector Strategies

Companies can only deliver on their long-term net zero targets if policy and real economy conditions (including financing, technology, and value chains) enable their transition. As such, Climate Action 100+ recognises there are limits to what can be achieved through investor company engagement.

Climate Action 100+ established the Global Sector Strategies workstream in 2021 to identify and deliver the sector-wide actions needed to turn company net zero commitments into reality.

Under Phase 1 of the initiative, Climate Action 100+ has produced four Global Sector Strategy reports that mapped out the key transition levers and supporting investor actions for the aviation, food and beverage, electric utilities, and steel sectors. These have contributed to the establishment of investor-led working groups focused on implementing key actions required for these sectors to transition to net zero.

Going into Phase 2, the Global Sector Strategies will focus on helping to identify investor actions relevant to policy and real economy conditions across sectors, creating new investor opportunities for sector-specific stakeholder engagement.

Thematic Working Groups

During Phase 1, Climate Action 100+ investors also engaged focus companies on key thematic areas critical for the net zero transition, such as ensuring corporate financial statements reflect climate risks accurately and companies align their climate policy engagement activities with the Paris Agreement. These thematic efforts complement lead investor engagements, bringing in greater technical expertise on key climate-related issues.

Going forward, Climate Action 100+ will consider launching additional thematic projects focused on topics such as fixed income engagement on climate change, the use of offsetting, and engagement strategies for state-owned companies in certain markets.

Net Zero Company Benchmark

Net Zero Company Benchmark

The Benchmark builds on the three asks. Using its disclosure framework and alignment assessment, it analyses company climate performance and alignment with the Paris Agreement and net zero.

The Climate Action 100+ Net Zero Company Benchmark was launched in March 2021 to establish a high level of ambition for companies across all sectors and regions.

The evolution of the Benchmark

March 2021

Aiming to drive corporate disclosures in areas where levels of transparency had previously been low, Climate Action 100+ published the first Net Zero Company Benchmark assessments ahead of the 2021 US and Europe proxy season. As anticipated, whilst there was growing global momentum around focus companies making ambitious climate commitments (52% had announced a net zero emissions ambition by 2050 or sooner at that stage), focus companies still had a long way to go in delivering on these promises.

March 2022

To reflect the pace of change required to limit global warming to 1.5°C and to ensure it is aligned with the most up-to-date science-based pathways available, Climate Action 100+ updated the Benchmark methodology in 2022, assessing companies against the IEA's more ambitious Net Zero Emissions by 2050 scenario for available sectors.

A set of alignment assessments were added to the Disclosure Framework. New indicators and assessments focused on just transition and climate accounting and audit were also piloted to drive greater company ambition and reflect evolving investor priorities.

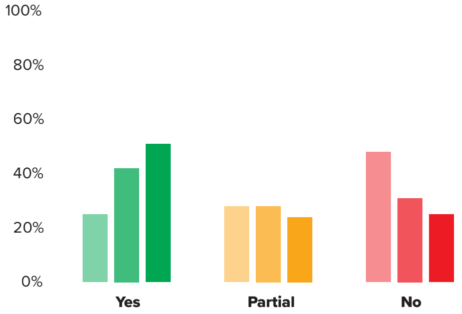
October 2022

Climate Action 100+ published a third set of Net Zero Company Benchmark assessments. As this was the second set of Benchmark assessments released in 2022 and the last set before the initial five-year time horizon of the initiative, these were considered interim assessments. The timing of their release was in response to investor feedback that publishing Benchmark data in September/October worked better for corporate reporting and engagement purposes.

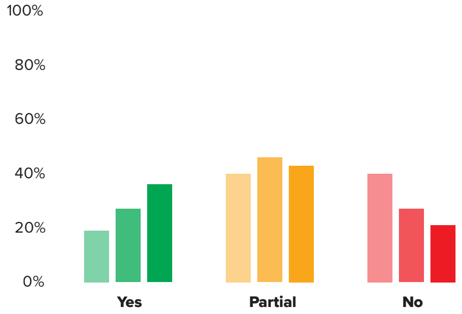
To provide critical benchmarking data ahead of their AGMs, the initiative published updated Benchmark assessments for Australian focus companies in early September 2022.

Disclosure Framework results at a glance

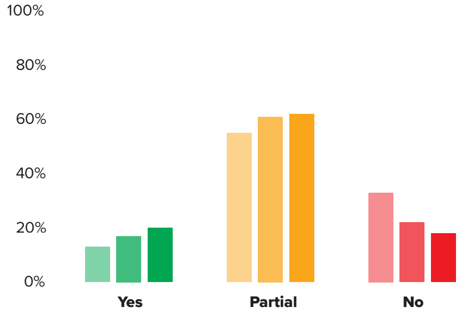
1) Net zero by 2050 ambition



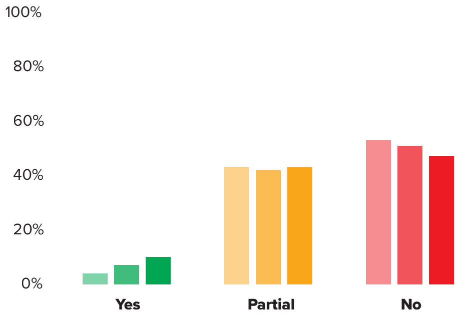
2) Long-term targets (2036-2050)



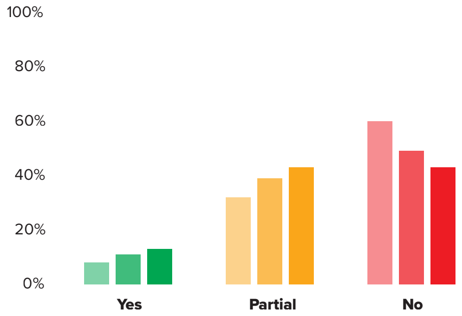
3) Medium-term targets (2025-2036)



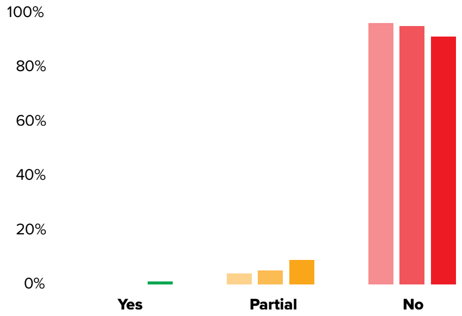
4) Short-term targets (up to 2025)



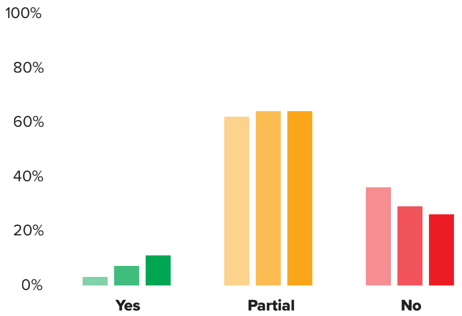
5) Decarbonisation strategy



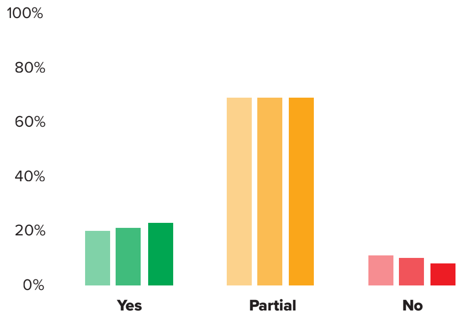
6) Capital alignment



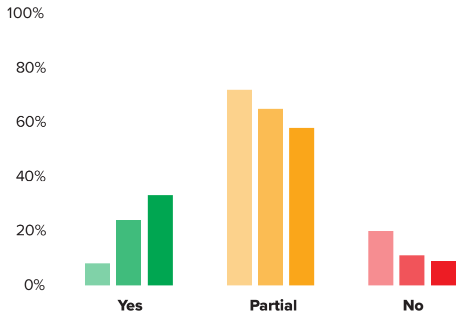
7) Climate policy engagement



8) Climate governance



10) TCFD Disclosure



March 2021 March 2022 October 2022

* These figures exclude the Just Transition indicator, as it was still in beta form at the time of publication.

Alignment Assessments

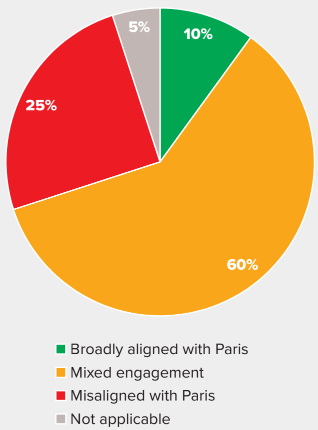
The Alignment Assessments, introduced in 2022, complement the Benchmark's Disclosure Framework by measuring implementation of Paris-aligned corporate actions. Adopting a dual approach to assessing company climate performance, the framework uniquely provides investors with a range of data points so that they can better understand not only company disclosures, but also the real-world actions companies are taking on climate.

The most recent results of the alignment assessments suggest that, despite continued progress on some disclosure indicators, real world activities do not yet demonstrate any meaningful shifts in business models to align with the Paris Agreement.

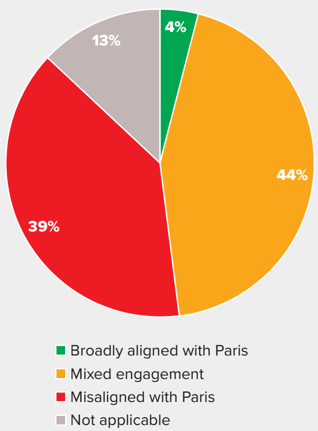
The accompanying graphs on this page summarise the latest results of the Alignment Assessments.

CLIMATE POLICY ENGAGEMENT ALIGNMENT (InfluenceMap)

All focus companies – direct engagement

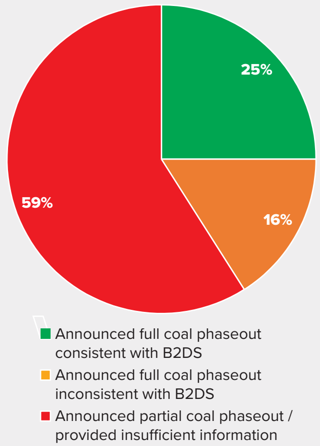


All focus companies – indirect engagement

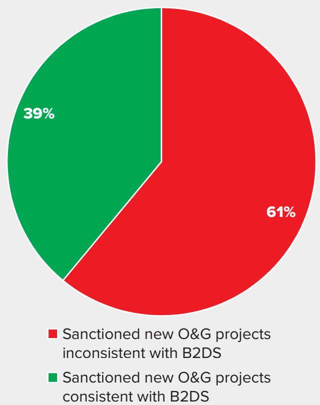


CAPITAL ALLOCATION ALIGNMENT FOR UTILITIES AND OIL & GAS (Carbon Tracker Initiative)

Utility focus companies

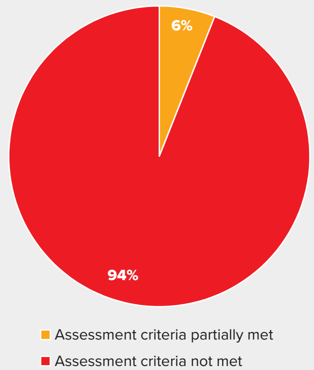


Oil and gas focus companies



CLIMATE ACCOUNTING & AUDIT (Carbon Tracker Initiative)

All focus companies



CAPITAL ALLOCATION ALIGNMENT FOR UTILITIES, AUTOS, STEEL, CEMENT & AVIATION (Rocky Mountain Institute)

Electric utilities	**Significant distance** to being aligned with 1.5°C
Autos	**Significant distance** to being aligned with 1.5°C
Steel	**Moderate distance** to being aligned with 1.5°C
Cement	**Significant distance** to being aligned with 1.5°C
Aviation	**Significant distance** to being aligned with B2DS (1.75°C outcome)

Looking to 2023

Following a public consultation in late 2022, the initiative is enhancing the Benchmark to ensure that it continues to effectively support investor engagements and drives both company ambition and action in the critical period up to 2030.

This will include revisions to the Disclosure Framework indicators on decarbonisation strategy (Indicator 5), CapEx alignment (Indicator 6), climate policy engagement (Indicator 7) and just transition (Indicator 9), as well as enhancements to Benchmark Climate Policy Engagement, Capital Allocation and Climate Accounting and Audit Alignment Assessments.

Details on proposed enhancements can be found here.

2022 A Year in Review

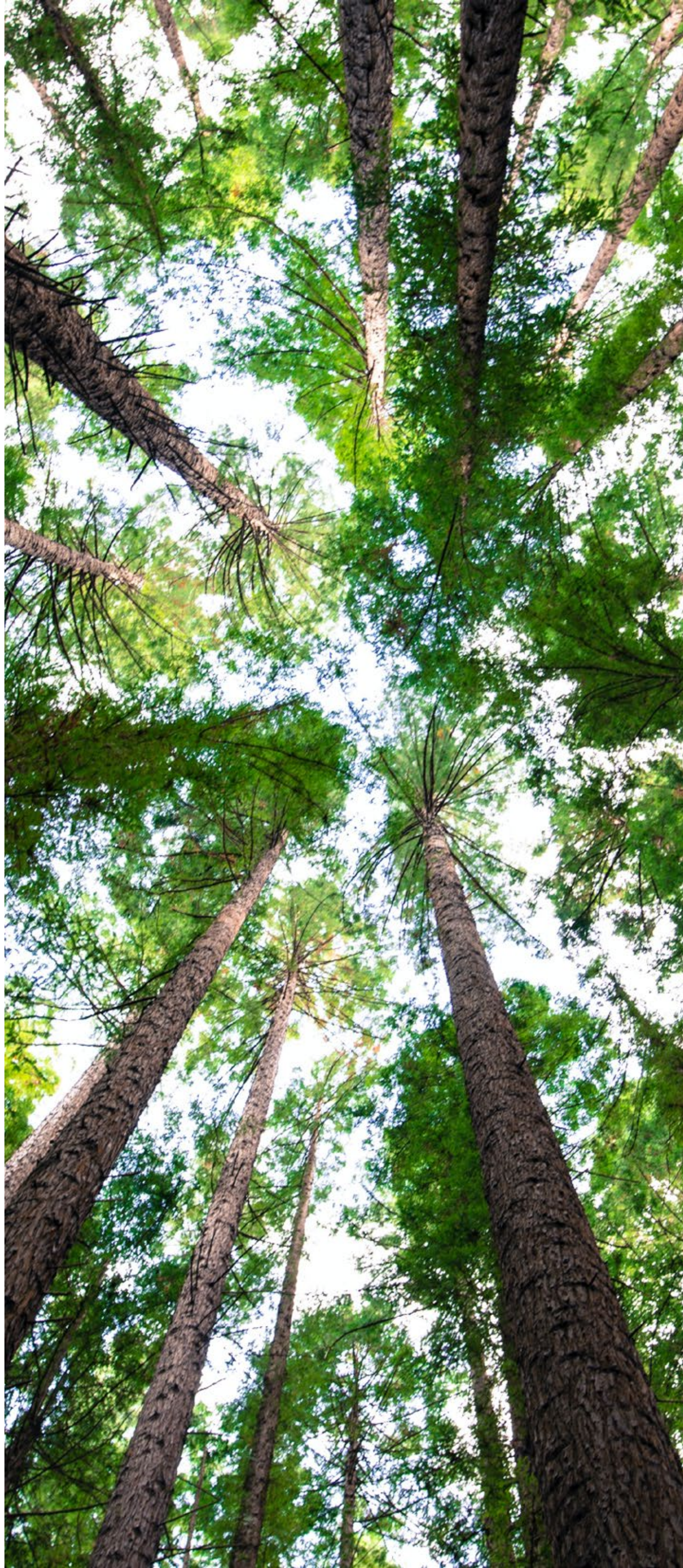
Accelerating Engagement

In the final year of the initiative's first phase, the global signatory base continued to expand and bolster company engagements. Over 85 new investors joined the initiative in the past year alone, with a waiting list emerging, demonstrating an accelerated year-on-year appetite from investors to engage with focus companies.

However, the increase in signatories is just the beginning. Over the past year, investors have seen promising improvements in responsiveness and constructive participation from focus companies in engagements, which in turn shows a gradual increase in progress against the three asks.

Investors cited an array of engagement outcomes in 2022, but some key themes emerged, including:

- New or enhanced corporate GHG reduction goals and targets, including more ambitious commitments from companies to include scope 3 emissions in their reduction targets, align targets with a 1.5°C scenario, or reach net zero in a more ambitious timeframe.
- Enhanced climate reporting, especially through the publication of climate transition plans, climate policy engagement disclosures, and TCFD reports.
- Tangible company actions, such as investment in decarbonisation projects and technology; progress in the retirement of coal plants; corporate leadership in industry partnership groups for sector decarbonisation; company support for climate-related shareholder proposals; and improved corporate governance through new board appointment to oversee climate change.



Proxy Season

2022 proved to be another impactful proxy season, with investors maintaining pressure on laggard focus companies, using tools including shareholder proposals, director votes, climate transition plan or implementation report resolutions.

To ensure that signatories have an opportunity to properly consider votes that are aligned with the goals of the initiative, the Climate Action 100+ initiative flags both shareholder and management proposals for investors to take into consideration during proxy season on its website.

In 2022, the initiative flagged 37 resolutions of interest in total, comprised of 11 shareholder and 26 management proposals. Notably, four flagged shareholder proposals received a majority of the votes cast in support. In addition, investors procured 22 withdrawals for agreement at North American focus companies, an unprecedented number of early proxy season wins.

In Europe, three shareholder proposals submitted for inclusion on ballots were not accepted by the companies. Follow up engagement and legal action is proceeding. Additionally, European climate transition plans flagged for lack of ambition received a higher level of opposition than the baseline of all such votes.

Investors will continue to engage companies on the topics raised during the 2022 proxy season. As the initiative enters its fifth year, signatories will continue utilizing this platform as a tool to highlight laggard companies who have not made requisite progress against the goals of the initiative.

Consultations

Climate Action 100+ held two consultations on the future of the initiative and its Benchmark respectively. The first, a consultation on the direction of Phase 2, had responses from 25% of the initiative's investor base (172 responses) and 78% of its lead investors. The second, a consultation on the future of the Net Zero Company Benchmark, with 125 responses, has provided a clear foundation for its direction of travel in 2023.

See pages 25-26 for further details.

Just Transition

As decarbonisation accelerates, investors are looking for companies to demonstrate that they are planning proactively to protect long-term value and mitigate severe disruption to the economy, while ensuring that workers and communities are given a fair opportunity to transition into new, sustainable livelihoods. Nascent corporate disclosures that focus on these social implications are beginning to define good practice, while investor expectations continue to evolve on this emerging topic.

Just Transition is one of ten disclosure indicators of the Climate Action 100+ Net Zero Company Benchmark. It was introduced in beta form in the March 2022 Benchmark. At its core, this indicator calls for companies to develop a just transition plan or policy in coordination with relevant stakeholders.

Focus companies were privately assessed against the beta indicator in March and October 2022. Results from both assessments show that a majority of the largest global emitters are not sufficiently prepared to deliver a just transition.

The beta indicator went through public consultation in 2022 and feedback is being used to inform the development of an updated indicator. All focus companies are expected to be publicly assessed against the indicator in Autumn 2023.

Steering the global conversation

Below is just a small selection of worldwide media coverage and social buzz around the initiative.

Financial Times


FINANCIAL TIMES

HOME WORLD US COMPANIES TECH MARKETS CLIMATE OPINION WORK & CAREERS LIFE & ARTS HTSI

Climate Capital Climate change + Add to myFT

Berkshire Hathaway remains lowly rated on climate action

Reuters


REUTERS

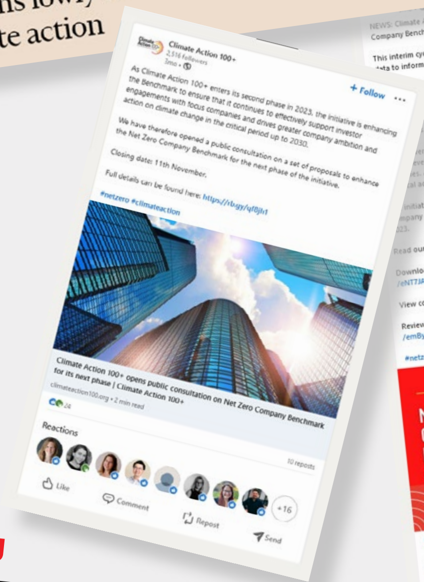
World Business Legal Markets Breakingviews Technology Investigations More

Environment

3 minute read · March 31, 2022 11:33 AM GMT+2 · Last Updated 9 months ago

Corporate emitters fall far short of climate goals, investors say

Social media



Bloomberg


Bloomberg

Live Now Markets Economics Industries Technology Politics Wealth Pursuits Opinion Businessweek Equality Green CityLab Crypto More

Business

World's Big Polluters Talk Up Net-Zero With Little to Show

Net zero targets "are often not supported by strategies to deliver them," according to Climate Action 100+.

Bloomberg


Bloomberg

Live Now Markets Economics Industries Technology Politics Wealth Pursuits Opinion Businessweek Equality Green CityLab Crypto More

Green Finance

Most Climate Action 100+ Companies Are Failing on Emissions

Investor group says only 17% of biggest corporate polluters have set appropriate medium-term targets.

Case studies

Sasol: A Deep Dive

Sasol, South Africa's largest integrated energy and chemicals company, is one of the highest corporate emitters on the African continent. The company is targeted by Climate Action 100+ because its combined Scope 1, 2 and 3 GHG emissions make it systemically important for the global transition to net zero.

Climate Action 100+ investors consistently engaged the company throughout the past two years to ensure that it develops a sufficiently credible and robust decarbonisation strategy.

Key milestones have included:

- **June 2020:** Sasol releases its first 2020 Climate Change Report. The report indicates that Sasol is in the process of defining a 2050 emissions reduction ambition and roadmap, which will be communicated in Q4 2021.
- **December 2020:** Climate Action 100+ investors meet with Sasol for the first time.
- **March 2021:** The first Climate Action 100+ Net-Zero Company Benchmark company assessments are published. Sasol issues a public response to the Climate Action 100+ Benchmark, outlining where it disagrees with its assessment.
- **May 2021:** The Climate Action 100+ investor coalition holds two meetings with Sasol to discuss the company's 2030 and 2050 emissions reduction strategy. The company commits to releasing information on this in Q4 2021.
- **September 2021:** Ahead of Sasol's Capital Markets Day, the Climate Action 100+ investor coalition sends a letter to the company's Board, outlining what it expects to see in their upcoming public climate change disclosures. Following significant engagement with investors, the company publishes its 2021 Climate Change Report.
- **November 2021:** Ahead of the company's AGM, Climate Action 100+ investors send a letter to Sasol's Board and meet with the company's CEO and Chairman to discuss the company's decarbonisation strategy and how the company is going to address the remaining gaps. The transition plan vote passes with majority support.
- **January 2022:** Climate Action 100+ investors send another letter to Sasol's Board, outlining what they expect in terms of the execution of the company's transition plans and additional disclosures. They request a meeting in early Q2 2022 to discuss this further.
- **H1 2022:** Climate Action 100+ investors engaged with Sasol again in the first half of 2022, following the release of the March 2022 Climate Action 100+ Net-Zero Company Benchmark company assessments, pushing for deeper commitment and alignment with 1.5°C.
- **August 2022:** Sasol releases its second Climate Change Report, further expanding its climate disclosures.
- **October 2022:** The latest Benchmark has seen Sasol improve its disclosures substantially across its long- and medium-term targets incorporating Scope 3 into its commitments, in line with their investor's asks of the company. Nevertheless, Sasol still has scope for further progress on Alignment Assessments.
- **December 2022:** Sasol puts its decarbonisation strategy up for a shareholder vote at its AGM.
- Climate Action 100+ investors are now focusing the engagement on absolute emissions reductions Sasol has to make by 2030 and on the execution of Sasol's decarbonisation plans. They plan to accelerate the engagement in the next phase of the initiative.

Enel

Italian energy company Enel has been a great example of progress made as a result of Climate Action 100+'s engagement.

One year ago, Enel had only managed to disclose across six indicators. This year saw the company score 100% across all Disclosure Indicators making it the first company globally to fulfil all the disclosure indicators on the Net Zero Company Benchmark.

While investors would still want to see the company improve on the alignment indicators, the Benchmark has proved to be an invaluable engagement tool, making visible both the progress, and areas that must improve.

For full details, see the press release here.

Formosa Petrochemical

Following continuous investor engagement, the Taiwanese oil and gas company announced its commitment to achieve carbon neutrality by 2050, with short-term and medium-term targets to reduce 22% and 28% GHG emissions by 2025 and 2030 respectively. The company also published its first standalone TCFD report in 2022 and plans to update the report annually.

Back in October 2021, Formosa Petrochemical's parent company, Formosa Plastics Group, announced the commitment to achieve carbon neutrality by 2050 covering Scope 1 and 2 emissions. Despite Formosa Plastic Group claiming that this commitment applies to all its affiliate companies, there was no formal announcement of carbon neutrality at the individual company level, such as Formosa Petrochemical.

After continuous private dialogues between the Climate Action 100+ investor group and the company, the chairman of Formosa Petrochemical announced the commitment at its company level, in addition to the group-level target, at the Annual General Meeting in May 2022.

Dominion Energy

Following years of sustained dialogue and in response to multiple shareholder proposals, Dominion Energy made important progress in 2022:

- Climate Lobbying Report: This report reviews Dominion's direct and indirect lobbying activities and expressly supports the goals of the Paris Agreement. In line with best practice, investors hope to see the company's reporting continue to evolve through annual disclosure.
- Scope 3 GHG Target: Dominion joins Duke and Xcel as early movers in setting comprehensive Scope 3 targets. Recognizing this important progress, this target should be matched with interim targets and a robust decarbonization strategy.
- Capital Expenditure Plan: Dominion has explicitly linked its capital investment plan and net zero goal. In addition, the company identified a $73 billion investment opportunity by 2035, focused on building zero-carbon generation, energy storage and upgrading the electric grid. Based on its key resource plans, the company estimates its zero-carbon generation will increase to 69% in 2035, alongside a near complete phaseout in coal generation volumes.

Ecopetrol

Ecopetrol, the national oil company of Columbia, has been engaged by Climate Action 100+ signatory investors since 2019. Across these four years, the company has made a great deal of improvement in its climate action, setting a positive example for how oil companies, and state-owned enterprises in emerging markets, might respond to the energy transition.

Improved transparency and reporting against TCFD was a key priority of the investor engagement. In August 2021, investors welcomed Ecopetrol's first TCFD-aligned climate report, identifying climate-related management processes through discussions on governance, strategy, risk, metrics and targets. Ecopetrol released its second TCFD aligned report in September 2022, which progressed these discussions further.

In February 2022, Ecopetrol's launched its 2040 strategy - "Energy that Transforms" - which set commitments to increase investment in decarbonisation and diversification. Overall, the company has been active and responsive to Climate Action 100+ engagement, openly disclosing its climate strategy, enabling productive discussion and informed investor decision-making.

Origin Energy

Despite ongoing contention about credible decarbonisation pathways for the oil and gas sector globally, Origin Energy made progress on its climate-related disclosures in 2022 following sustained engagement from investors. Notable improvements include:

- A decision to bring forward the closure of its coal-fired power stations by 2025, seven years earlier than previously planned
- Inclusion of Scope 3 emissions in Origin Energy's long-term net zero emissions ambition, medium-term emissions intensity target and decarbonization strategy
- Emissions reduction targets, which now includes a 40% reduction of emissions intensity across Scope 1, 2 and 3 emissions by 2040
- More comprehensive climate scenario analysis based on several IPCC and IEA 1.5-aligned scenarios which underpins Origin Energy's updated emission reduction targets

Together, these improvements led to one of the highest votes in support of an Australian 'Say on Climate' vote in 2022 (93.5% 'for').

ENEOS Holdings

The Japanese petroleum and metals company announced in May 2022 its plan to reduce its Scope 1 and 2 emissions by 46% by fiscal 2030 over the fiscal 2013 base year and expanded its net zero ambition to cover Scope 3 emissions (net zero by fiscal 2050).

The company had announced its ambition to achieve carbon neutrality for Scope 1 and 2 emissions by fiscal 2040, and the lead investors had encouraged them to set ambitious interim targets and include Scope 3 emissions in their carbon neutrality plan.

Phase 2
Climate Action 100+
2023 to 2030

A Crucial Decade

Building on the success of Phase 1 and the lessons learnt, the initiative is currently developing the strategy for its second phase. The focus will be on ensuring effective engagement, especially in the critical years remaining before 2030.

The initiative held a consultation in the summer of 2022 on the proposed phase 2 strategy, which would run from 2023-2030. In total, 172 (24%) signatories responded and 78% of lead investors, with a fairly even distribution across regions and AUM range.

CA100+ is currently reviewing the findings and the final phase 2 details will be announced in 2023 when the new strategy is launched.

See overleaf for further details.

Updating the three asks and scope

To reflect the evolution of climate science, changes in disclosure standards and the critical role of partnership between companies and investors, it is proposed to revise the three goals of the initiative.

Enhancing Benchmarking

It is proposed to enhance and refine the Benchmark to ensure it continues to effectively inform investor engagements with companies. A separate consultation on updating the Benchmark was completed in November.

Expanding the ways investors can contribute

To advance engagement on a range of complex areas, the initiative proposes adding a diverse set of sector- and theme-focused projects that investors can opt into.

Recalibrating signatory participation

The initiative proposes creating new ways for signatories to contribute to the initiative, helping them address some of the sectoral barriers to decarbonisation that currently make it hard for companies to align their business models with a net zero pathway.

Survey responses

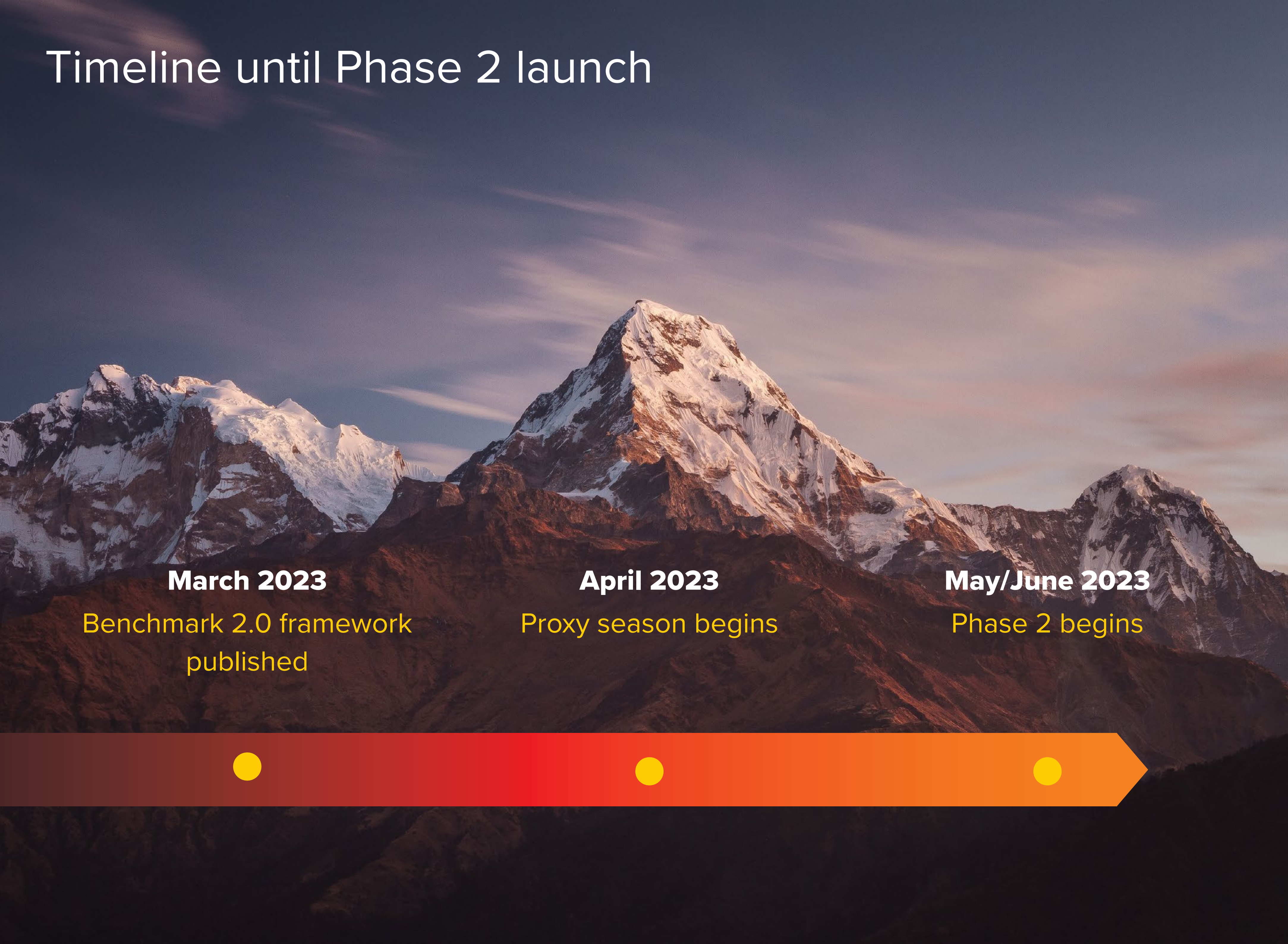
This table sets out the responses to quantitative questions in the survey. It demonstrates support for the overall proposed direction for Phase 2, although please note that many investors provided more nuanced qualitative comments which are not represented here. We expect Phase 2 to build on the proposal areas put to consultation in the summer, but there will be refinements and enhancements to operationalize the strategy, reflect the full range of feedback received and meet the renewed goals of the initiative.

Proposal area	Response (%)* Yes	Neutral	No
Vision statement and goals	81	11	8
Scope (focus companies)	77	12	11
Lead investor terms of reference	78	19	3
Public disclosure of leads' identities	50	29	21
Thematic engagement projects	73	21	6
Global sector strategies	83	13	4
Benchmark updates	94	5	1
Signatory participation updates	80	11	8

■ Yes ■ Neutral ■ No

*visual is an estimate, not to scale

Timeline until Phase 2 launch



March 2023
Benchmark 2.0 framework published

April 2023
Proxy season begins

May/June 2023
Phase 2 begins

Climate Action 100+

Global Investors Driving Business Transition

Asia Investor Group on Climate Change

Ceres

Investor Group on Climate Change

PRI Principles for Responsible Investment

IIGCC The Institutional Investors Group on Climate Change