UN-convened Net-Zero Asset Owner Alliance open letter to companies in our portfolio holdings

Dear Ms./Mr.

In September 2019, 12 Asset Owners (AOs) with USD 2.4 billion in assets under management formed the UN-convened Net-Zero Asset Owner Alliance (‘Alliance’). We write this letter as a call to action to all asset managers, governments, and companies that we work with or invest in. Climate change poses real and substantial risks to the Alliance members’ core businesses, which must be addressed with urgency. The Alliance members have therefore committed to the following:

*The members of the Alliance commit to transitioning their investment portfolios to net-zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5°C degrees above pre-industrial temperatures, taking into account the best available scientific knowledge including the findings of the IPCC, and regularly reporting on progress, including establishing intermediate targets every five years in line with Paris Agreement Article 4.9.*

*This Commitment must be embedded in a holistic ESG approach, incorporating but not limited to, climate change, and must emphasize GHG emissions reduction outcomes in the real economy.*

*Members will seek to reach this Commitment, especially through advocating for, and engaging on, corporate and industry action, as well as public policies, for a low-carbon transition of economic sectors in line with science and under consideration of associated social impacts.*

*This Commitment is made in the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met.*

Our Alliance is prepared to deliver what is required of us to achieve Article 2.1c of the Paris Agreement, whereby countries have committed to ‘making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development’. Achieving this commitment depends on countries to fulfil their climate promises. We are asking that companies in our portfolios (including both debt and equity portfolios) take substantial steps to reduce greenhouse gas emissions in their organisations’ operations, supply chains and products. In doing so, companies we invest in must commit to deliver GHG emission reductions in line with what the latest authoritative scientific findings (e.g. the 2018 IPCC Special Report on Global Warming of 1.5°C) deem necessary.
Aligning business models to be climate neutral by 2050 in line with a maximum 1.5°C pathway is not an easy task. However, the members of the Alliance are convinced that now is the time for action. The Alliance is supportive of the companies that have already committed to achieving carbon neutrality, and by aligning our portfolios with a 1.5°C maximum temperature rise, we will begin distributing our assets to those supporting the transition. The Alliance members have the following expectations of all companies in our portfolios:

1) To be supportive of the transition to a low greenhouse gas emission world
2) To develop plans for their businesses to remain viable in a climate neutral economy
3) To support – or at least not disrupt – the introduction of governmental policies facilitating the climate transition
4) To prepare for and not disrupt price mechanisms on greenhouse gas emissions
5) To disclose on action, progress, strategy, governance and targets for lower GHG emission intensity of their operations and products as well as implementing the TCFD – Task Force on Climate-related Financial Disclosures
6) To enter direct engagement dialogue with Alliance members and/or other investor initiatives to discuss efforts to decarbonise their business

The Alliance will regularly and directly engage with companies that do not show sufficient action to decarbonise their businesses in line with science. This will be done in support of those investor initiatives that are already furthering these objectives, including Investor Agenda, its partner organizations, and Climate Action 100+.

The Alliance remains optimistic that the companies in our portfolios, through ingenuity, determination and action, will achieve what is necessary to become climate neutral. At the same time we are relying on governments that have committed to meet the Paris agreement to not only stay steadfast in this commitment, but also to raise their ambitions and implement the necessary policy to make the transformation to a net zero world possible.

Yours sincerely,

UN Asset Owner Alliance Member