



RECOMMENDATIONS FOR ASSET MANAGERS | SAY ON CLIMATE

February 2023

This document is part of a set of recommendations for asset managers to develop their climate policies. To be found [HERE](#).

The general framework of recommendations for the engagement and voting policy can be found in the document "[General recommendations](#)".

General context and objectives

Say on Climate resolutions are a corporate governance tool that enable investors to access meaningful information that is required to meet their own climate obligations and to express their opinion about the climate transition plan of their portfolio companies. They are a tool for planning, transparency, and accountability in climate matters. Like Say on Pay resolutions, they are simply good practice - indeed, a basic expectation - for corporate governance in the 21st century.

Regardless of the specific situation of each company, all companies and their investors shall therefore seek to integrate this mechanism into their governance.

However, Say on Climate resolutions are not an appropriate and effective tool to enable investors to obtain concrete and rapid results regarding the effective alignment of a company's strategy and business model. It is only a consultative vote to facilitate access to information and to increase pressure on the company. The effectiveness of an engagement policy depends above all on the restrictive measures that make it up and the credibility of the associated escalation strategy.

What to expect from companies

Asset managers shall expect companies and utilities, through the Say on Climate, to:

- ✓ Publish a comprehensive climate transition plan, which enables the shareholders to evaluate its alignment with a 1.5°C scenario.

- ✓ Commit to submit both the plan and the assessment of its implementation over the past year to an annual vote at the AGM.
- ✓ Integrate the Say on Climate mechanism into the company's articles of association, by amending them through a resolution voted at an Extraordinary General Meeting.

The above-mentioned climate transition plan shall include, at least, the following indicators:

- ✓ Short- and medium-term GHG emissions reduction targets on Scopes 1, 2, 3, expressed in both absolute and intensity terms, encompassing all its activities.
- ✓ Possible contribution of captured GHG volumes to achieving emissions reduction targets.
- ✓ Carbon offsetting approaches that may be implemented to complement the reduction targets.
- ✓ Targeted energy mix evolution for short- and medium-term
- ✓ Short- and medium-term capex plans disaggregated by activity and by allocation between maintenance and development of the Company's assets.
- ✓ Short- and medium-term opex disaggregated by activity and by cost item.
- ✓ Explanation of baseline scenario used to set climate targets and how this considers the best available science.

Recommendations regarding policy measures to implement

Asset managers shall determine a course of action to:

- Assess the quality and admissibility of any Say on Climate shareholder resolution.
- Decide under which conditions the filing of an alternative resolution is necessary.

When assessing and voting on a climate transition plan subject to a vote during the AGM, asset managers shall commit to:

- ✓ Oppose Say on Climate resolutions when the climate transition plan subject to a vote is not comprehensive (see above) and does not enable shareholders to evaluate its alignment with a 1.5°C scenario.
- ✓ Oppose Say on Climate resolutions when their level of ambition and credibility are deemed unsatisfactory (See *What to expect from companies* on each sectoral policy).
- ✓ From 2024, abstain on Say on Climate resolutions asking shareholders to approve a climate transition plan on an ad hoc basis, without any guarantee as to the annual renewal of this exercise and the stability of its format over time.

If the climate transition plan submitted by the management is not complete, or if the filing of Say on Climate resolutions is not integrated into the company's articles of association so that it becomes a permanent and continuous practice of good governance (via a resolution adopted at an Extraordinary General Meeting), Asset managers shall commit to filing an alternative climate resolution requiring the companies to:

- ✓ Publish a comprehensive climate transition plan, which enables the shareholders to evaluate its alignment with a 1.5°C scenario.
- ✓ Commit to submit both the plan and the assessment of its implementation over the past year to an annual vote at the AGM.
- ✓ Systematize and consolidate the content of the Say on Climate resolution by amending the company's articles of association via the adoption of a resolution at an Extraordinary General Meeting.