FORUM POUR L'INVESTISSEMENT RESPONSABLE

Paris, April 1st 2025

A DEMANDING CLIMATE PLAN TO ENSURE ECONOMIC RESILIENCE

40 shareholders, asset managers, financial industry stakeholders and the French Sustainable Investment Forum (FIR), collectively managing more than 2,400 billion euros, are joining forces to renew their call for improved shareholder dialogue and to join forces with companies in accelerating the environmental transition.

In line with the positions taken by FIR since 2021[1] and by several other players in sustainable finance[2], some of whom calling for a revision of the Shareholder Rights Directive (SRD) to include a vote on the climate transition plans of European companies[3]**, the signatories of this Statement reiterate their convictions and expectations regarding the climate transition plans of companies**.

As the European Commission's sustainable finance platform[4] recently pointed out in recommending that the European Commission develop a European reference framework for the transition plans of non-financial actors, it is essential for companies to have rigorous climate transition plans. These plans must be transparent in order to demonstrate their contribution to achieving the objectives of the Paris Agreement on the one hand, and to ensure the economic viability of companies on the other. Financial actors, for their part, must respect their own commitments and limit the risks weighing on their portfolios: to do this, they need the companies in which they invest or which they finance to publish climate plans that are **ambitious, complete, coherent and which do not have significant negative effects on other environmental and stakeholder criteria**.

Recent climatic events have reminded us of the extent to which climate change is an increasingly measurable physical reality, with considerable financial implications. For example, according to the weather forecasting company Accuweather, the costs associated with the Los Angeles fires could amount to between 250 and 275 billion dollars, which would represent almost 7% of the annual GDP of the State of California[5]. This also raises the question of the insurability of certain sectors such as real estate[6]. As several reports[7] have shown in recent years, the

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[1] See Say on Climate - Forum pour l'Investissement Responsable (note in « Terra Nova » in April 2021, letter to the SBF120 in September 2021, Statement in March 2022, position paper "for a *Say on Climate* framework and facilitation of shareholder resolutions' filing" in December 2022 and new statement in March 2023).

[2] See, for example, the position adopted by LAPFF and CCLA in the United Kingdom in September 2024 or the position of the AMF's Climate and Sustainable Finance Commission in March 2023.

[3]

[4] Building trust in transition: core elements for assessing corporate transition plans, EU platform on sustainable finance, January 2025: https://finance.ec.europa.eu/document/download/ec293327-af1d-432c-8523-cfe7eec8367e_en?filename=250123-building-trust-transition-report_en.pdf

[5] https://www.accuweather.com/en/weather-news/accuweather-estimates-more-than-250-billion-in-damages-and-economic-loss-from-la-wildfires/1733821

[6] See the report "Wildfire Insurance availability as a risk signal: evidence from home loan applications", Xuesong You, Carolyn Kousy and Ajita Atreya, 7 January 2025: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5017469

[7] See, for example, the 2006 Stern Review: http://mudancasclimaticas.cptec.inpe.br/~rmclima/pdfs/destaques/sternreview_report_complete.pdf or the ADEME report "Climate risks and their costs for France", December 2023: https://librairie.ademe.fr/ged/8379/Risques-climatiques-et-leurs-couts-pour-la-France-Une-evaluation-macroeconomique-12-2023.pdf

cost of inaction on climate change is often higher than the cost of action. What's more, the later the action, the higher the cost. Finally, as explained in a recent publication by BCG and the World Economic Forum (WEF)[8], in a rapidly changing world, inaction threatens not only the competitiveness of businesses but also their long-term survival.
This study puts the damage caused by climate-related disasters since 2000 at 3.6 trillion dollars, and estimates that, without urgent action, GDP could suffer a cumulative fall of between 16 and 22% by the end of the century. Certain sectors such as utilities, agriculture and communication technologies are particularly hard hit, with physical climate risks that could impact up to 25% of their EBITDA in a warming scenario more than 3°C (current trajectory).
The study also shows that companies have a strong incentive to invest in adaptation: for example, companies that comprehensively assess their risk exposure told the CDP that their current investments in adaptation and resilience could yield between $2 and $19 for every $1 invested. Furthermore, a reduction in emissions, particularly for the most carbon-intensive companies, can greatly reduce the transition risks associated with carbon and regulatory costs.

Faced with these particularly material risks for companies, it is crucial that the development and implementation of climate transition plans be the subject of a sustained, regular and constructive dialogue with their stakeholders, in particular responsible investors, for whom dialogue is a key lever for action. This dialogue is part of the means of action available to investors committed to transforming business models, but it also helps to significantly reduce their risks through greater transparency from companies.

Voting by shareholders at annual general meetings on companies' climate plans - also known as *Say on Climate* - seems to us to be essential for more effective dialogue, particularly with companies in sectors with a high environmental impact. This is because it involves both the company submitting its plan to its shareholders and the shareholders themselves, who must endeavour to vote in an informed manner, accompanying their vote with a dialogue that will enable the company to move forward.

In addition, as shown by a recent Novethic-Ademe report entitled "*Stewardship: a balancing act for investors*"[9], more and more shareholders are using their right to vote on other resolutions to express their disagreement with the company's climate strategy. It therefore seems necessary to build solid, credible and achievable transition plans in order to win the support of shareholders and other stakeholders and avoid the risk of unbalancing governance.

Finally, once again, we call on the public authorities to play their part in providing a framework and stability for the legal framework aimed at generalizing *Say on Climate* disclosures and, in the name of investors' right to information, to harmonize their content and facilitate shareholder initiatives to seek additional information. Confident in the ability of companies to play their full part in the ecological transition, we hope that the year 2025 will usher in a new era of shareholder dialogue and thus contribute to the need for the entire financial sector to finally rise to the challenge of the climate emergency.

[8] https://www.bcg.com/about/partner-ecosystem/world-economic-forum/ceo-guide-net-zero#the-cost-of-inaction
[9] https://www.novethic.fr/wp-content/uploads/2025/02/Novethic-ADEME-2025.pdf , p:10 &11

The information that must be included in a climate transition plan is :[10]
Past, present and future greenhouse gas emissions for scopes 1, 2 and 3
Short-, medium- and long-term absolute emissions reduction targets for scopes 1, 2 and 3, and actions to achieve these targets
The scientific reference scenarios (SBTi, ACT, IEA, etc.), which make it possible to set targets and position them in relation to alignment with a warming scenario limited to 1.5°C with little or no overshoot.
Providing details on the allocation of investment expenditure and financing for the implementation of the transition plan, making it possible, for example, to measure the efforts made in the energy sector to support the development of low-carbon solutions and the gradual reduction of fossil fuels in the energy mix.
The role of captured or negative emissions in the overall strategy by demonstrating the priority given to reducing induced emissions. While captured emissions must be presented separately from induced emissions in the decarbonization objectives, offsetting measures have no place there and must be considered as contributions to the effort to mitigate climate change.
Qualitative information on governance, the process for approving the transition plan, lobbying and advocacy activities on climate issues and consideration of potential impacts on stakeholders and other environmental issues.

[10] Information required by the Corporate Sustainability Reporting Directive (CSRD) at this date

List of first signatories :

- AMIRAL GESTION
- CANDRIAM
- CCLA (UK)
- CHAHINE CAPITAL
- CIC MARKET SOLUTIONS
- DEFIS IMPACT
- DORVAL AM
- ECOFI
- ETHOS FOUNDATION (CH)
- ETHOS ENGAGEMENT POOL INTERNATIONAL (CH)
- ETHOS ENGAGEMENT SERVICES CLIENTS (CH) :
    - AARGAUISCHE KANTONALBANK
    - ALTERNATIVE BANK SWITZERLAND
    - BANQUE CANTONALE VAUDOISE
    - RAIFFEISEN SWITZERLAND
- EURIZON CAPITAL (IT)
- FORUM POUR L'INVESTISSEMENT RESPONSABLE
- GROUPE LA FRANÇAISE
- IRCANTEC
- LA BANQUE POSTALE AM
- LA FINANCIÈRE DE L'ÉCHIQUIER
- LA FINANCIÈRE RESPONSABLE
- LES ACTEURS DE LA FINANCE RESPONSABLE (AFR)
- LOCAL AUTHORITY PENSION FUND FORUM (UK)
- MAIF
- MANDARINE GESTION
- MANSARTIS
- MIROVA
- MESSIEURS HOTTINGUER & CIE GESTION PRIVÉE
- OFI INVEST AM
- OSTRUM AM
- PREFON
- PROXINVEST
- RUFFER LLP (UK)
- SAMPENSION (DK)
- SUSTAINABLE FINANCE OBSERVATORY

- SYCOMORE AM
- THEMATICS AM
- TRUSTEAM
- VALUECO
- VELLIV (DK)