



Ruth Porat  
Chief Financial Officer  
Alphabet Inc.  
1600 Amphitheatre Parkway  
Mountain View, CA 94043  
USA

30 November 2019

Dear Ruth,

## **Carbon Emissions Disclosure**

TCI Fund Management Limited manages over \$30 billion across a range of asset classes. Since inception of the business over 15 years ago, cumulative investment returns have substantially outperformed equity index benchmarks.

TCI is a shareholder in Alphabet with a 0.6% holding.

### **Investment approach and engagement**

As part of our investment process we assess a range of ESG factors, particularly climate change risk.

TCI believes that climate change-related risks, in particular a company's greenhouse gas (GHG) emissions, will have a material effect on a company's long-term profitability, sustainability and investor returns. These risks include regulation, taxation, competitive disadvantage, brand impairment, financing, physical asset impairment and litigation.

We actively engage on ESG to help us understand, quantify and influence a company's exposure to climate change-related risks and the way it is managing those risks.

### **Emissions disclosure**

We require companies in which we invest to make appropriate and timely public disclosure of carbon and other GHG emissions. Such disclosure should include targets for emissions intensity reduction and absolute level reduction.

TCI fully supports compulsory disclosure on a standardised basis and the use of the Task Force on Climate-related Financial Disclosure (TCFD) reporting framework ([www.tcfhub.org](http://www.tcfhub.org)).

**7 Clifford Street, London, W1S 2FT      Telephone: +44 (0) 20 7440 2330**

**TCI Fund Management Limited is a private limited company incorporated and existing under the laws of England and Wales  
with registered number 08898250**

**Authorised and regulated by the Financial Conduct Authority**

In our view, reporting to CDP ([www.CDP.net](http://www.CDP.net)) is the best way to implement TCFD. **We expect all our portfolio companies to make full annual public disclosure to CDP.**

### **Low-Carbon Transition Plans**

We expect companies in which we invest to have a credible, publicly-disclosed plan to reduce GHG emissions. This plan should include measurable science-based targets that align with the Paris Agreement, which requires full de-carbonisation of economies (net zero emissions) by 2050.

Actions that should be included in a low-carbon transition plan are to:

1. Change business processes to reduce the company's carbon footprint;
2. Introduce efficient energy management into buildings and factories;
3. Source low carbon energy through direct generation or power purchase agreements;
4. De-carbonise transport fleets, e.g. through electric vehicles;
5. Offset emissions from corporate travel, e.g. through afforestation;
6. De-carbonise supply chains and helping customers lower their carbon intensity;
7. Advocate for regulations which drive the de-carbonisation of their industry to ensure its sustainability.

### **Voting**

1. **We will typically vote against all directors of companies which do not publicly disclose their emissions and do not have a credible plan for their reduction.**
2. **We will also vote against auditors where the Annual Report and Accounts fail to report material climate risks.**

### **Divestment**

We will also evaluate divestment where a portfolio company refuses to disclose its emissions and does not have a credible plan for their reduction.

### **Alphabet disclosure to CDP**

We are pleased to see that Alphabet has provided disclosure to CDP for 2018 and 2019 and we have carefully analysed these submissions. For 2018, CDP awarded Alphabet an **overall A grade**.

**Congratulations, this is the highest overall score achievable and demonstrates Alphabet's strong industry leadership on environmental actions and stewardship, thorough understanding of the risks and opportunities related to climate change and alignment with TCFD disclosure recommendations.**

We are particularly impressed with Alphabet's achievements in sustainability, such as:

- Your Principles of Climate Resilience which provide an excellent example of how to frame decision-making on climate resilience;
- The depth of employee involvement on initiatives to improve sustainability, energy efficiency and emissions reduction;

- Carbon neutrality for over ten consecutive years and the sourcing of 100% of its operational energy needs from renewable power;
- Becoming the World's largest corporate purchaser of renewable energy, with 34 agreements totalling nearly 4 gigawatts of renewable energy;
- The many innovative products and solutions (e.g. Environmental Insights Explorer, Google Earth Engine, Global Surface Water Explorer, Your Plan Your Planet) that help users improve sustainability and avoid GHG emissions.

We very much appreciate the time and effort Alphabet has made and the positive example this sets for other companies. We look forward to continuing our dialogue.

Yours sincerely,



Chris Hohn



Philip Green



Sourav Choudhary

