TCI Fund Management Limited

Mr Jacques Gounon
Chief Executive Officer
Getlink S.E.
3 rue de la Boetie
75008 Paris, France

30 November 2019

Dear Jacques,

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 major shareholder in Getlink with a 12% 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.tcfdhub.org).

In our view, reporting to CDP (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.

Getlink disclosure to CDP

We are pleased to see that Getlink has provided disclosure to CDP for 2018 and 2019 (and since 2010) and we have carefully analysed these submissions.

However, for 2018, CDP awarded Getlink only an overall C grade. In our view, this is an unsatisfactory score. Getlink should be achieving an A grade rating, which represents best practice environmental stewardship and disclosure, in-line with peers such as Ferrovial and Vinci. (Please see the Appendix for CDP's guidance on how to achieve an A grade).

Getlink shortcomings and TCI requirements

There are several significant shortcomings in Getlink's climate-related disclosures and initiatives:

1. There is no identification of climate-related risks (apart from exceptional weather events) or opportunities. We would encourage the adoption of a broader range of perspectives in line with the CDP and TCFD frameworks;

2. Getlink should disclose a low-carbon transition plan in line with CDP criteria, given the risks and opportunities for the business;

3. Climate scenario analysis should be based on the approach advocated by CDP and the Science-based target Initiative (SBTI). This would provide a more rigorous framework for target setting across all business segments;

4. Actual market-based Scope 1,2 and 3 emissions should be disclosed and Scope 3 emissions should be evaluated. Scope 3 emissions should include purchased and capital goods, fuel and energy and use of products sold;

5. Getlink should implement best practices for the sourcing and management of energy across all buildings, processes, and transportation. Getlink should join the RE100 initiative which commits participating companies to procure 100% of their electricity consumption from renewable sources;

6. The 2019 submission suggests there is no engagement with your value chain on climate-related issues. Proper engagement with your supply chain via CDP's Supply Chain Initiative is necessary for Scope 3 emissions disclosure and for managing the emissions of your full supply chain.

Getlink needs to broaden and accelerate its de-carbonisation plans

Getlink's low-carbon transition plan must include science-based targets that align with the Paris Agreement de-carbonisation targets. This would necessitate that your current target of a 2.5% annual reduction in carbon emissions is increased.

Getlink should also broaden the scope of its carbon emission reduction projects to include:

- Sourcing a greater proportion of renewable electricity generation directly or via power purchase agreements;
- Working with suppliers and customers to de-carbonise its supply chain.

Getlink needs to increase the utilisation of its infrastructure

Carbon emissions generated by rail freight using Getlink's infrastructure are 99 times lower than those of air transport and 8 times lower than ferries. Modal shift to rail is therefore hugely advantageous in de-carbonising freight transport.

However, despite regulatory constraints, your infrastructure is underutilised and Getlink has a significant economic and environmental opportunity to increase utilisation, by advocating with regulators and politicians in the EU, France and UK for:

1. Tougher regulation of ferry operators to operate a clean fleet. The introduction of IMO 2020 is just one step in the right direction;
2. The introduction of carbon taxes on short haul flights;
3. More investment in France's secondary rail system to both protect and encourage greater use of rail freight;

4. The creation of new routes (particularly to Germany, Switzerland and Luxembourg) and negotiating with low-cost operators to operate these routes.

Our recent discussion with Claire Piccolin, Christiane Menicot and the IR team, highlighted the ETICA-Passenger aid programme which should help incentivise rail companies to establish incremental cross-Channel services to both existing and new destinations. Examples include, London to Amsterdam, Bordeaux, Cologne-Frankfurt and a low-cost London-Paris service.

We are also encouraged by Getlink's initiatives to reduce barriers to development through your Infrastructure Working Group and your participation in the major European Rail Traffic Management System project.

We appreciate the time and effort the company is making to de-carbonise the business, although there is still much work to be done. We found the discussion with your team very helpful and we look forward to continuing the dialogue.

Yours sincerely,

Chris Hohn

Philip Green

Jonathan Amouyal

Appendix - How to become an A grade company in the CDP Climate Change Program

An "A grade" is the highest overall CDP score achievable and demonstrates a company's:

- Strong industry leadership on environmental actions and stewardship;
- Thorough understanding of the risks and opportunities related to climate change;
- Full compliance with TCFD disclosure recommendations.

CDP uses its scoring methodologies to incentivise companies to measure and manage environmental impacts through participation in CDP's climate change, water, forests and supply chain programs. Scoring provides a roadmap for companies to achieve best practice.

Companies are assessed and scored across four <u>consecutive</u> levels, as the company moves towards strong environmental stewardship. Minimum scores must be achieved in order to move to the next level. Inclusion on CDP's A grade list requires a high leadership score.

The levels are:

1. Disclosure – every question is scored for quality and depth of disclosure, e.g. emissions, targets, environmental impact, strategy, governance, engagement;
2. Awareness – depth of analysis and understanding on how environmental issues affect the business;
3. Management – Evidence of actions taken to address environmental issues;
4. Leadership – Actions represent best practice as formulated by organizations working with CDP to advance environmental stewardship (e.g. Science Based Target initiative, CEO water mandate, CERES, WWF).

Help and guidance

CDP documents available to companies on the CDP website:

1. Scoring Introduction 2019
2. Climate Change 2019: General Scoring methodology Category Weightings

Specific guidance can be obtained from the **CDP Reporter Services Group**, for example, on how to improve the quality of disclosure and the actions required to demonstrate improvement.