TCI Fund Management Limited

Mr Huillard and Mr Labeyrie
Vinci SA
1 cours Ferdinand de Lesseps
F-92851 Rueil-Malmaison Cedex - France

30 November 2019

Dear Mr Huillard and Mr Labeyrie,

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 Vinci with a 2% stake.

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.

Vinci disclosure to CDP

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

This is a very good score that demonstrates Vinci's industry leadership on environmental actions and stewardship, thorough understanding of the risks and opportunities related to climate change and alignment with TCFD disclosure recommendations.

Our recent discussion with Isabelle Spiegel and team was very insightful. We are impressed by Vinci's further initiatives to de-carbonise your business and value chain:

- Creation of a board level Strategy & CSR committee in 2017 to manage strategic issues;
- Extensive CEO roadshow with local management teams, during which ESG matters were emphasised, and the importance of the publicly available "Vinci Manifesto";

- Plans to increase scope 1, 2 emissions reductions targets and significant actions on scope 3;
- Increase supply of renewable and lower carbon energy & electricity;
- Acceleration of green solutions for clients, for example, proposing to include CO2 emissions reduction in contracts and integrating environmental issues within the Leonard innovation & prospective platform;
- Actions to reduce environmental impact, such as reducing vehicle fleet emissions, optimized waste management, installation of EV charging stations and airport emissions management;
- Monitoring of solutions on carbon compensation and storage.

We are also encouraged to see ESG criteria being included in management's remuneration, in particular that 25% of Mr Huillard's short-term variable component is dependent on ESG indicators and 15% of his long-term component is dependent on the CDP carbon score.

Advocating for necessary regulatory changes to de-carbonise aviation

De-carbonising aviation is a massive challenge and Vinci has an important leadership role to play in advocating with regulators and politicians.

Your initiatives and targets under AirPact (all 46 airports managed by Vinci) are positive examples that should be replicated at all airports:

- Reduction in carbon footprint, e.g. divide by 2 for Vinci Airports by 2030;
- Target 100% carbon neutrality by 2050;
- Commitment to the Airport Carbon Accreditation programme;
- Installation of on-site solar power;
- Replacement of all lighting with LED;
- Progressive replacement of vehicles and ground support equipment with electric models.

Vinci has a strong voice in aviation de-carbonisation. Alongside current technological developments in aircraft engine efficiency and airframe design, the development and adoption of low-carbon fuels is particularly important. Vinci should be advocating for internationally coordinated regulation and/or carbon pricing through the introduction of:

- A carbon tax on aviation fuel which grows progressively and predictably;
- A "green fuel" mandate that specifies a gradually increasing percentage (to 100% by 2050) of aviation fuel that must be sourced from zero carbon sustainable sources;
- Strict standards and regulatory safeguards to ensure low carbon fuels are truly sustainable;
- Specific aviation sector incentives to ensure greater use of low carbon fuels, in preference to other sectors of the economy where de-carbonisation can be achieved by other means (e.g. autos moving directly to electric vehicles).

Currently, the penalties, taxes and mandates are insufficient to encourage airlines and fuel companies to seriously invest in the production of, and purchase of, alternative fuels. However, it is only a matter of time before tougher regulation is imposed to force the use of alternative fuels.

It will require all aviation stakeholders to work together and coordinate such initiatives. We recognise that this may create conflicts of interest, however, the alternative is for regulation to be imposed on the industry, including potential bans on old aircraft in certain regions. Currently, nine EU countries are lobbying the European Commission to introduce a carbon tax on air travel.

Vinci must also advocate for greater efficiency of air traffic management (ATM), which in turn will reduce emissions:

- Improving runway throughput via the ATM research programme SESAR;
- Reducing runway occupancy time (ROT) via the SESAR Enhanced Runway Throughput project;
- Reduce aircraft holding times and aircraft separation prior to landing using the Eurocontrol's LORD tool (a recent simulation at Zurich airport showed a 14% increase in runway throughput);
- Mandatory introduction of electric taxiing (being researched by Airbus and Safran).

ATM data and associated emissions should be disclosed.

Advocating for necessary regulatory changes to de-carbonise road transport

Vinci also has a leadership role to play in advocating with regulators and politicians to de-carbonise road transport through:

- **Increasing the efficiency of the transport system** by making the most of digital technologies, smart pricing and further encouraging the shift to lower emission transport modes;

- **Speeding up the deployment of low-emission alternative energy for transport**, such as advanced biofuels, electricity and EV charging infrastructure, hydrogen and renewable synthetic fuels and removing obstacles to the electrification of transport;

- **Moving towards zero-emission vehicles.** While further improvements to the internal combustion engine are expected, acceleration of the transition towards low- and zero-emission vehicles will be needed.

Specifically, the following technologies should be adopted for Vinci's road transport infrastructure:

- Electric charging stations at all service stations;
- Induction charging systems, once the technology delivers an efficient option;
- Digital traffic management systems.

We appreciate the time and effort the company has made and the positive example this sets for other companies. We look forward to learning more about your progress.

Yours sincerely,

Chris Hohn | Philip Green | Jonathan Amouyal