

We are writing this open statement as 18 institutional investors and investor representatives with over \$865 billion of assets under management to highlight our concerns regarding corporate air pollution and its contribution to a silent yet deadly global, public health crisis and related financial risk in our portfolios. We believe there is a genuine opportunity for companies to demonstrate leadership on this critical sustainability topic – and a need for standard setting bodies and governments to help create a more level playing field.

Air pollution kills around [8.1 million people](#) annually with around half of these deaths attributed to outdoor (ambient) air pollution. Air pollution has now [overtaken tobacco](#) as the world's second leading risk factor for premature death, including for children under 5 years. Almost the entire global population still breathes in air that exceeds [WHO's air quality limits](#) with low- and middle-income countries disproportionately affected. Commercial sources including energy production, industrial processes and transportation contribute to around [40-50% of global fine particulate matter \(PM2.5\)](#) which is one of the worst pollutants for human health with [54%](#) of outdoor air pollution linked to the world's largest 3000 companies.

As detailed in ShareAction's briefing [Clearing the Air](#), while these may be externalities for companies, it is governments, taxpayers and diversified investors that will increasingly bear the brunt of air pollution harms over the long term. Health damages related to air pollution costs the global economy around [5% GDP annually](#) with this figure expected to increase. Each year, around [1.8 billion working days](#) are lost due to workforce absences and almost 5 billion 'restricted activity days' are caused by air pollution.

[Reduced consumer spending](#) has also been identified on high pollution days. Conversely, a [decrease of PM2.5 levels by 20%](#) could lead to a significant increase in employment and productivity.

Poor management of air pollution will likely have an increasing financial impact on businesses. Regulation is likely to increase, including: more stringent ambient air quality standards, a general strengthening of vehicle and industrial emissions standards, more fines and taxes at the city level, and stricter disclosures for corporate sustainability impacts, risks and opportunities including the EU's CSRD and SASB. Controversies that threaten corporate reputations also expose companies and their shareholders to [reputational risk](#) and defending lawsuits and litigation associated with poor performance on air pollution, such as seen in Dieselgate, can also be costly and further exposes companies to [legal risks](#).

Too few companies in high emitting sectors clearly recognise air pollution as a material issue to their business or transparently disclose their air pollution emissions (or its associated business

risks and opportunities) to their shareholders. Even fewer companies are taking proactive steps to manage and reduce their emissions to mitigate poor health outcomes for their employees and the communities in which they operate and manage [financial risk](#) for themselves and their shareholders.

We believe there is a genuine opportunity for companies to demonstrate leadership on this critical sustainability topic. Some leading companies - such as those in the [World Economic Forum's Alliance for Clean Air](#) - are already getting ahead of the curve by driving ambitious action on air pollution and recognising the efficiencies and co-benefits on health of tackling corporate air pollution alongside climate strategies.

We, the undersigned, recognise air pollution related financial risks in our portfolios and support initiatives to help reduce health harming air pollutants from investee companies, leading to improved worker and community health. In alignment with ShareAction's Clean Air Initiative, join us in calling on companies in high emitting sectors to:

- 1) Recognise air pollution as a material issue to their business***
- 2) Capitalise on the efficiencies and co-benefits of tackling corporate air pollution on health alongside climate strategies***
- 3) Disclose transparently on air pollution emissions, alongside related health impacts and financial risks in owned operations and across the value chain***
- 4) Measure, set targets and work to reduce key health harming pollutants***
- 5) Engage in collaborative industry initiatives and learning; and policy making processes that enhance corporate action on air pollution across sectors***

We also recognise that strengthened corporate disclosure frameworks are required to level the playing field and to stimulate action among companies that lag behind. We therefore call on standard setting bodies and governments around the world to strengthen mandatory corporate disclosure on this critical sustainability topic and thus encourage improved corporate practice, reduced emissions, and ultimately a healthier economy and population.

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