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# Point of No Returns

## Part III - Climate Change

An assessment of asset managers' approaches to climate change



**ShareAction»**

ASSET OWNERS'  
DISCLOSURE PROJECT

# Acknowledgements

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## About AODP & ShareAction

ShareAction is a non-profit working to build a global investment sector which is responsible for its impacts on people and planet. We mobilise investors to take action to improve labour standards, tackle the climate crisis, and address pressing global health issues, such as childhood obesity. Over the last 15 years, ShareAction has used its powerful toolkit of research, corporate campaigns, policy advocacy and public mobilisation to drive responsibility into the heart of mainstream investment. We want a future where all finance powers social progress.

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Any notifications of changes, information or clarification not drawn to ShareAction's attention prior to the deadlines are not included in the report. Asset managers who did not respond were informed of the answer options selected for them by email and were given the opportunity to comment or make additional disclosures.

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# Executive Summary

## Overview

As the beginning of 2020 marks the end of the world's hottest decade in recorded history<sup>1</sup>, the harsh reality of the climate crisis can no longer be denied. The current global average temperature rise of 1.1°C above pre-industrial levels<sup>2</sup> translates into increasingly profound and severe changes to some of the Earth's most biodiverse ecosystems and more frequent extreme weather events, which undermine food and water security and result in tragic loss of human life<sup>3</sup>. In its 2018 landmark report, the Intergovernmental Panel on Climate Change (IPCC) warned that the world is far off course to meet the goal of limiting global warming to 1.5°C<sup>4</sup>. Despite the renewed calls to action in the wake of the IPCC report, country delegations gathered at the UN COP25 in 2019 failed to collectively show ambition and adopt meaningful measures to tackle the climate crisis<sup>5</sup>. Even if national climate commitments made under the Paris Agreement are met, the world is still forecast to continue on its path to a 3.2°C rise in global temperatures by 2100<sup>6</sup>.

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*While the climate emergency presents a complex challenge, which requires a collaborative multi-stakeholder effort, financial institutions have a pivotal role to play in this mobilisation. The climate crisis radically changes the landscape in which the financial sector operates, threatening global financial stability and posing significant risks to financial institutions, which cannot be avoided through strategic asset allocation and portfolio construction.*

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Research suggests that capital market assets are already losing in value as a result of climate change<sup>7</sup>, as markets continue to misprice climate-related risks which will manifest within timescales relevant to all investors<sup>8</sup>. Meanwhile, the 2020 Edelman Trust Barometer finds that almost three-quarters of over 34,000 respondents in 28 markets want CEOs to speak out on climate issues and lead the way in delivering change rather than wait for governments to impose it<sup>9</sup>. The power that asset managers wield through the capital provided to companies globally is key to setting that change in motion.

It is in this context that ShareAction releases this assessment of the asset management industry's response to climate change, based on comprehensive data collected from 75 of the world's largest asset managers that collectively hold over US\$56 trillion in assets under management. It follows the publication of the ranking of the surveyed companies, released as part of the first [Point of No Returns](#) report discussing asset managers' approach to responsible investment governance.

The picture that emerges from our analysis, while indicating a rising awareness of climate change as a financial risk, is largely one of insufficient progress from the industry's most influential players. It finds that just over half of the assessed asset managers include climate change in their policies and only a small percentage make specific commitments relating to portfolio decarbonisation. The focus of asset managers' engagement with companies remains firmly on the disclosure of climate-related data, with fewer investors concentrating their stewardship efforts around corporate strategy alignment with the goals of the Paris Agreement and the setting of climate-related targets. The assessment of portfolio climate alignment is also rarely used to inform investment and engagement strategies.

Still more alarmingly, direct and indirect political lobbying against climate policies by investee companies is far from being a priority concern for the majority of respondents and is seen as fully legitimate by some of the most influential asset managers in this analysis.

On the positive side, a small number of leading investors are showing that bold action on climate change in the process of capital allocation, stewardship and target setting is both possible and invaluable to the process of building a more resilient strategy.

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*Ultimately, however, if we are to stand a chance of limiting global warming to relatively safe levels, the asset management industry as a whole must now show the sense of urgency and level of ambition that climate science is calling for. The recent surge in investor rhetoric on climate change must be matched by effective action and increased accountability for the impacts of all investments, in order to ensure long-term returns and a world in which they are made meaningful.*

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## Summary findings

### **FINDING 1 - Just over half of asset managers make formal climate-related policy commitments and only a small percentage adopt concrete measures for portfolio decarbonisation.**

- 1.1 61 per cent of the assessed asset managers reference climate change in their publicly available investment policies.
- 1.2 The most common climate-relevant policy commitments across all portfolios under management relate to company engagement on climate-related risks and opportunities.
- 1.3 Only 16 per cent of asset managers have a coal exclusion policy for all portfolios under management and only seven per cent exclude companies engaging in tar sands extraction.
- 1.4 Only five per cent of the assessed asset managers integrate the just transition agenda into their policies on responsible investment.
- 1.5 Paris alignment across all portfolios is a long way off for the asset management industry.

### **FINDING 2 - The use of scenario analysis to assess strategy resilience remains limited.**

- 2.1 35 per cent of the assessed asset managers have carried out scenario analysis for at least some of their assets.
- 2.2 Only four asset managers have conducted scenario analysis across all assets.
- 2.3 The majority of asset managers that have conducted scenario analysis, have done so against a range of scenarios, including a 2°C scenario. However, the disclosure of strategy resilience under different scenarios remains limited.
- 2.4 Most asset managers have yet to incorporate scenario analysis into wider financial strategy and investment decisions.

### **FINDING 3 - While most asset managers identify the risks that climate change poses to their portfolios, thinking about the impact of investments on people and the planet is still in its early stages**

- 3.1 Legal and policy risks are the most common climate-related risks identified by the assessed asset managers.
- 3.2 Renewable energy is the most commonly identified climate-related investment opportunity.
- 3.3 Thinking about climate-related impacts of asset managers' wider investment portfolios remains undeveloped.

### **FINDING 4 - Investor engagement on climate change focuses on the disclosure of climate-related risks over strategic objectives, while corporate lobbying remains largely overlooked.**

- 4.1 Asset managers' engagement with investee companies focuses on the disclosure of climate-related data.

**4.2** Political lobbying and company membership in trade associations misaligned with the low-carbon transition are not receiving sufficient investor attention.

**FINDING 5 - The use of climate-related metrics is relatively widespread among asset managers. However, few apply them systematically across all assets.**

**5.1** Carbon footprinting is the most widespread climate-related metric used by asset managers.

**5.2** Climate-related metrics are most systematically applied to listed equity.

## Methodology

- Asset managers were selected based on the size of their assets under management (AUM) with adjustment for regional coverage (40 managers from Europe, 25 from the Americas, 9 from Asia Pacific, 1 from Africa).
- A questionnaire was sent to 75 asset managers, of which 92 per cent decided to participate.
- Asset managers that declined (8 per cent) had their response populated based on publicly available information and were subsequently provided with the opportunity to review their response.
- The analysis in this report series is based on answers selected and commentary provided in survey responses. The questionnaire, which can be viewed in full in the appendix of [part one](#) of the series, and the thematic reports follow the structure of the TCFD recommendations.
- Information was collected between July and October 2019<sup>i</sup>.

The full methodology can be viewed [here](#).

## The *Point of No Returns* report series

This report is the second in a series of four reports assessing the global asset management industry's approach to responsible investment. In this report series, we examine the performance of 75 of the world's largest asset managers in four key areas: responsible investment governance, climate change, biodiversity and human rights.

[Part I](#) includes a ranking of the assessed asset managers based on their overall performance across all four topics and discusses performance across regions, asset managers' stewardship practices, and their approaches to governance.

[Part II](#) discusses asset managers' approaches to human and labour rights.

This report constitutes Part III of the series and focuses on asset managers' performance on climate change.

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<sup>i</sup> All information relating to asset managers' policies on climate change has been updated to reflect the content and commitments made as of March 2020.

# Strategy

**FINDING 1 – Just over half of asset managers make formal climate-related policy commitments and only a small percentage adopt concrete measures for portfolio decarbonisation.**

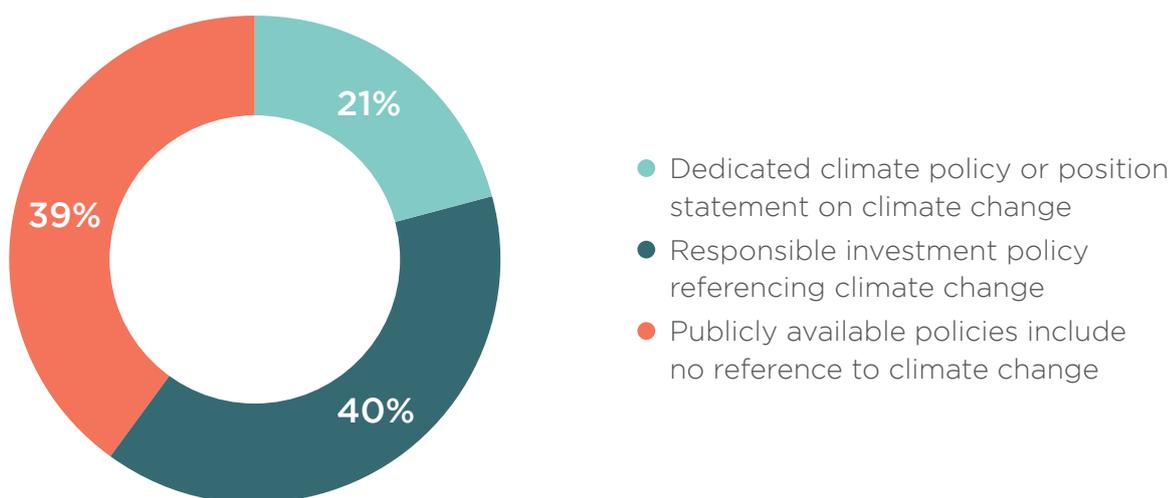
**1.1 – 61 per cent of the assessed asset managers reference climate change in their publicly available investment policies.**

While 65 per cent of asset managers indicate that climate change is broadly covered in their general responsible investment policies, in many cases the public policy documents of those managers make no explicit mention of the issue.

On the whole, only 40 per cent of asset managers explicitly reference climate change in their publicly available responsible investment policies and 39 per cent of asset managers make no reference to climate change. While some of the latter have policies that refer generally to the management of ESG risks, this typically correlates with relatively poor performance across all four thematic sections of the survey, including on responsible investment governance.

Only 21 per cent of the assessed asset managers have a dedicated climate policy that covers all portfolios under management or have published a position statement on that issue.

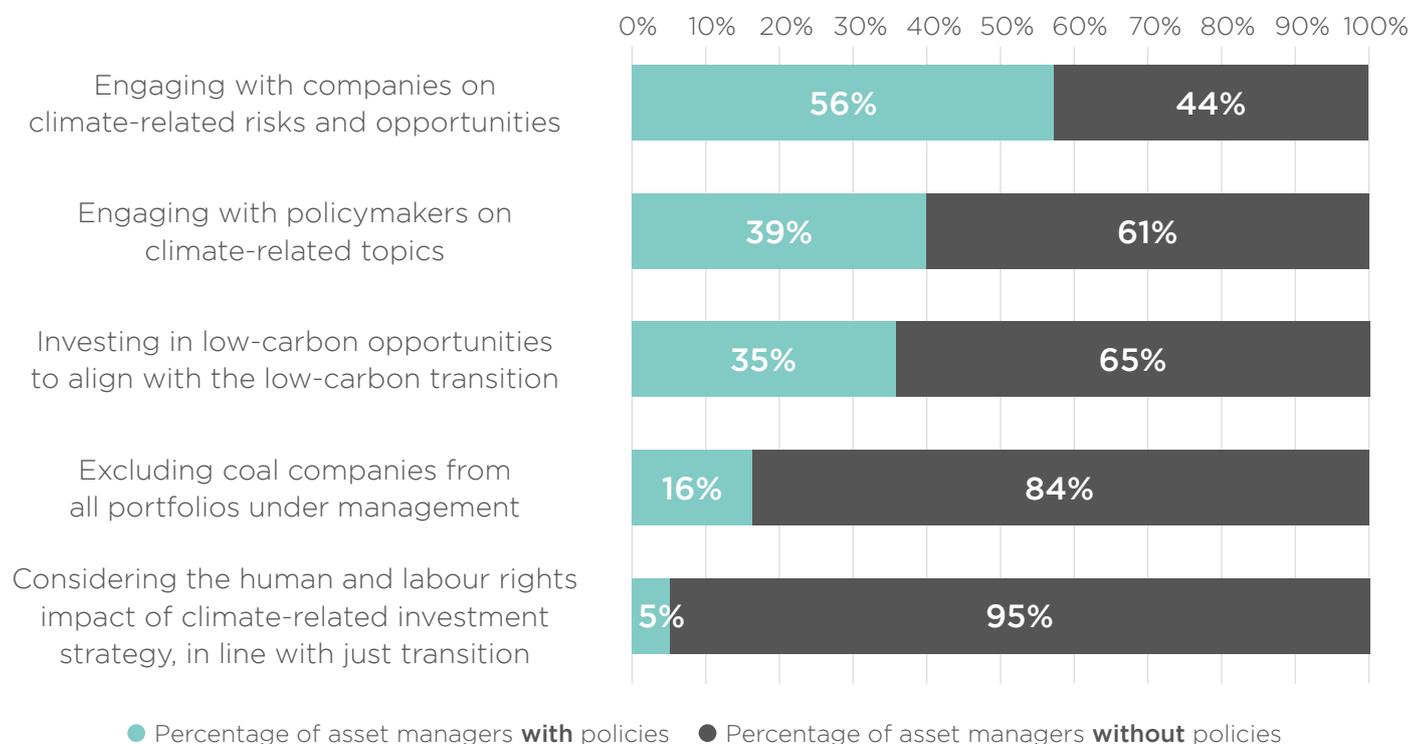
**Figure 1: Inclusion of climate change in asset managers' investment policies**



**1.2 – The most common climate-relevant policy commitments across all portfolios under management relate to company engagement on climate-related risks and opportunities.**

56 per cent of the assessed asset managers' policies include a commitment to engage with companies on climate-related risks and opportunities. The next most widespread formal commitments relate to engaging with policymakers on climate-related topics and investing in low-carbon opportunities, featuring in respectively 39 per cent and 35 per cent of policies.

Figure 2: Climate-related policy commitments made by the assessed asset managers



### 1.3 – Only 16 per cent of asset managers have a coal exclusion policy for all portfolios under management and only seven per cent exclude companies engaging in tar sands extraction.

The mining and burning of coal take a particularly severe toll on human health and the natural environment. Coal emits significantly more carbon dioxide per unit of heat energy than any other type of fossil fuel<sup>10</sup> and is the single largest contributor to emissions today<sup>11</sup>. A recent [Carbon Brief analysis](#) has shown that if we are to succeed in staying on the 1.5°C warming pathway, emissions from coal must fall by around four-fifths this decade, that is twice as fast as emissions from oil and gas<sup>12</sup>.

It is, therefore, concerning that only four of the assessed asset managers have so far introduced policies that commit them to exclude companies which depend, for a significant share of their revenue, on the extraction of all types of coal (above 25-30 per cent revenue threshold) from all portfolios under management. A further seven asset managers commit to excluding companies involved in thermal coal extraction (ranging between 10-30 per cent revenue threshold). Of these 11 asset managers that exclude coal mining companies, eight have additional commitments with regard to coal-powered electricity generation, mostly excluding companies with over 30 per cent of electricity generation capacities powered by coal.



To ensure that exclusions capture the majority of companies for whom coal constitutes an essential part of their overall business model, a small number of asset managers show **leading practice** in their policies by integrating both relative and absolute criteria, as well as elements of forward-looking analysis. In the context of relative criteria, a few leaders in this area also outline the objectives for lowering the revenue thresholds in the coming years.

However, only one of the assessed asset managers has a coal policy fully aligned with the authoritative [Global Coal Exit List \(GCEL\)](#) methodology. The GCEL criteria include:

- coal share of revenue or power generation exceeding 30 per cent,
- annual thermal coal production over 20MT or coal-fired capacity over 10GW,
- planned expansion of infrastructure, mining activities and increase of coal-fired generation capacity by more than 300MW<sup>ii</sup>.

Asset managers are strongly encouraged to use the GCEL criteria for all coal miners and coal-based utilities, as well as for so called 'service' companies along the thermal coal value chain, which are rarely covered by exclusion policies.

### The end of thermal coal

Investments in coal powered electricity generation are not only exceptionally harmful from an environmental point of view, but also make little financial sense. A [recent analysis](#) by the Carbon Tracker Initiative found that building new renewables will likely be cheaper than continuing to run 95 per cent of today's existing and planned coal plants by 2030. At present, already over half of the existing global coal fleet is more expensive to run than building new renewables and, in all major markets, it is now cheaper to build new renewables than it is to build new coal plants<sup>13</sup>.

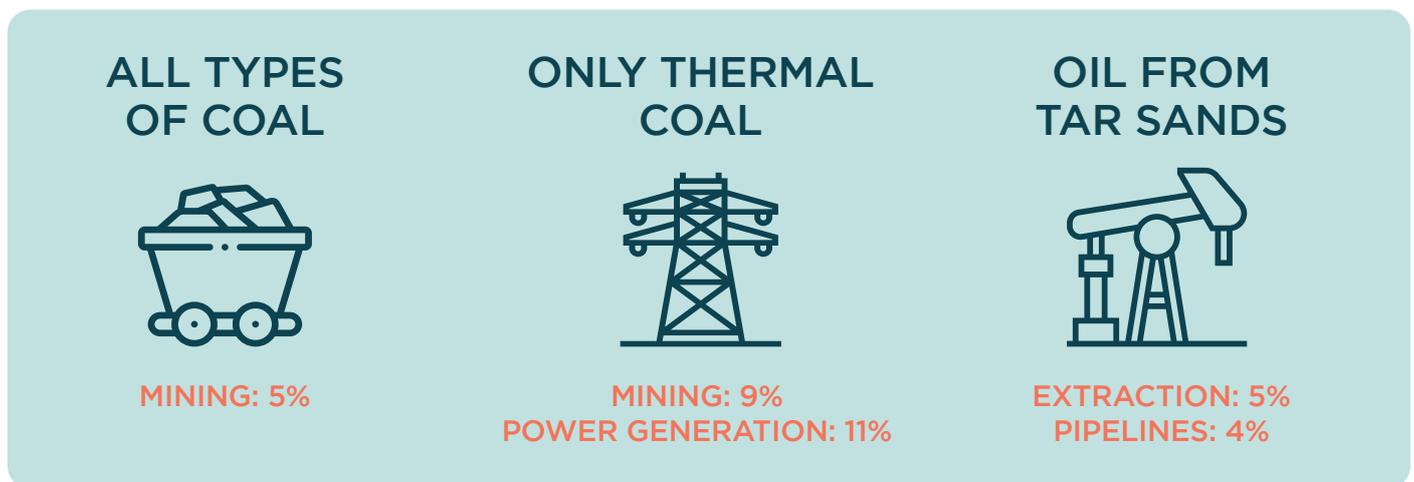
While in some markets coal power is still incentivised by regulators, rendering investments in coal profitable in the short term, asset managers investing in coal in regulated markets should be aware of the undisputable advantages of alternative power generation technologies and act in the long-term interest of their clients. Considering the particularly long capital recovery period for new investments in coal capacity, both investors and governments must withdraw funding from all under-construction and planned coal projects to minimise stranded cost risks. This must entail a move towards renewable sources of energy, rather than the expansion of biomass power infrastructure<sup>14</sup>, and be done while ensuring adequate consideration of social impacts of the low-carbon transition.

While thermal coal is quickly becoming economically obsolete around the globe, coking coal continues to remain a key input in the steel production process, which poses several challenges with respect to steel industry decarbonisation. However, rather than serve as a justification for the unrestricted financing of metallurgical coal, this should propel asset managers to bolster their engagement with both regulators and steel companies and contribute to the development of strategies and policies for the sector which are aligned with the low-carbon transition.

ii The GCEL criteria are due to be updated in 2020 to include the following thresholds: coal share of revenue >20 per cent, coal share of power production >20 per cent, annual thermal coal production >10MT, coal-fired capacity >5GW.

While, according to official estimates, the greenhouse gas life-cycle emissions intensity for tar sands is not as high as in the case of coal<sup>iii</sup>, it is much higher than for conventional crude oil<sup>15</sup>. Furthermore, the development and transport of tar sands creates significant human rights concerns and causes severe environmental pollution locally. Yet only four of the assessed asset managers commit to excluding companies with business models dependent on tar sands and only three of those apply investment restrictions to oil sands pipeline operators. None of the four Canadian asset managers included in this analysis have publicly available policies which apply exclusions to oil sands, despite Canada being the global epicentre of commercial tar sands development.

Figure 3: Percentage of asset managers with coal and tar sands exclusion policies



### Exclusion policies – transparency

As more and more financial institutions announce an overhaul of their exclusion policies, notably with respect to Arctic drilling, tar sands and thermal coal, it is important that clients remain informed about the scope and exact nature of these exclusions.

Considering that a large number of asset managers apply some exclusion criteria to selected portfolios, asset classes or financial products, it is critical that they communicate clearly which portfolios are covered by the exclusion policy, and what percentage of total assets under management these portfolios constitute. For example, if an asset manager commits to the exclusion of coal producers from its actively managed portfolios and these constitute only a fraction of its total assets under management, this must be communicated with clarity to ensure transparency and full stakeholder accountability.

A similar level of transparency is recommended with regard to executing of exclusion policies. While ten asset managers indicated in response to our survey that they commit to publishing the names of excluded companies in their climate policies, only four have been found to have published lists featuring fossil fuel companies, rather than exclusively tobacco and controversial weapons manufacturers.

iii Industry estimates of tar sands GHG emissions do not, however, include the production and eventual burning of petroleum coke, which is a by-product of tar sands refining. A ton of petcoke yields on average 53.6 percent more CO<sub>2</sub> than a ton of coal. (<http://priceofoil.org/content/uploads/2013/01/OCl.Petcoke.FINALSCREEN.pdf>)

## 1.4 – Only five per cent of the assessed asset managers integrate the just transition agenda into their policies on responsible investment.

The notion of a ‘just transition’ was incorporated in the Paris Agreement to signal the importance of addressing the questions of equity, fairness and inclusivity on the path to the decarbonisation of the world’s economy.

*Although global in its reach, the climate crisis is in itself a deeply unjust phenomenon, affecting first and foremost those who have contributed least to its emergence. Therefore, the solutions to address it must redress the balance and ensure fair outcomes for all workers and communities. While investors cannot realise this ambition alone, they have an important role to play in supporting the multi-stakeholder efforts and engagement on this issue.*

Our analysis found that only four of the assessed asset managers explicitly address the social dimension of climate change and incorporate the just transition into policies on responsible investment. All four are domiciled in Europe, where companies are generally better prepared for the transition to a low-carbon economy and social systems provide safety nets for affected workers in the fossil fuel industry<sup>16</sup>. In North America and Asia-Pacific, where restructuring in the fossil fuel sector may prove more challenging<sup>17</sup>, investors appear to be, on the whole, less engaged with the topic.

### What’s in it for asset managers? – the case for investor action on the just transition

While the just transition is perhaps most often discussed in the context of the transformations in the energy sector, a [UNFCCC study](#) suggests that around 50 per cent of global workforce is employed in sectors critical to climate stability and is likely to be affected by the move to a low-carbon economy<sup>18</sup>. In light of this, the just transition provides a lens through which asset managers can better comprehend and navigate the intersecting environmental and social risks, which pose a threat to the long-term stability of the global financial system.

In collaboration with the PRI, the Grantham Research Institute and the Initiative for Responsible Investment have issued an [investor guide](#), which outlines five strategic motivations for investor action and provides detailed guidance on incorporating the just transition into investment strategy, corporate engagement, capital allocation and policy advocacy, thus offering a practical roadmap for asset managers who are developing an approach to managing risks associated with the just transition.



We explore asset managers’ approaches to human and labour rights in more depth in the [second report](#) in this series.

## 1.5 – Paris alignment across all portfolios is a long way off for the asset management industry.

While several investors included in this analysis have publicly acknowledged their role in contributing to the achievement of Paris goals (e.g. by supporting the Paris Pledge for Action<sup>19</sup>, which has been signed by 18 per cent of the assessed asset managers), very few make a clear policy commitment to aligning at least some of their investment portfolios with the goals of the Paris Agreement. This is despite multiple studies showing that aligning with a below 2°C path at portfolio level ensures both the lowest risk and the highest potential for maximising returns<sup>20,21</sup>.

### Portfolio alignment with the goals of the Paris Agreement

Aligning with the Paris Agreement has become a widely recognised part of the narrative about finance and climate change, and although there might not yet be a universally accepted definition of what it might mean across multiple sectors or asset classes<sup>iv</sup>, this should not be seen as a ground for delaying action. As the likelihood of averting catastrophic climate change continues to drop rapidly<sup>22</sup>, there is an urgent need for the financial industry to go beyond declarations of support and to significantly raise the level of ambition, in line with scientific evidence<sup>23</sup>. Institutional investors have an interest and a key responsibility to ensure the long-term stability of the financial system. A change of perspective is urgently required so that asset managers move beyond framing their role as auxiliary to the achievement of global climate goals and shift strategic direction in line with their long-term obligations to their clients, as well as to the wider stakeholder community.

As the global investment industry faces up to the challenge of full alignment with the Paris Agreement, asset owners also have a key driving role to play. With their case strengthened by their own direct accountability to beneficiaries, long-term investment horizons and vulnerability to macroeconomic risks, asset owners must act as catalysts and provide the right incentives to their managers. Encouragingly, a number of leading asset owners have already committed to deliver on these responsibilities as part of the [Net-Zero Asset Owner Alliance](#), established with the aim of transitioning members' investment portfolios to net-zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial levels.

iv [The Paris Aligned Investment Initiative](#), a currently ongoing project led and coordinated by IIGCC, was launched in May 2019 with the aim of developing definitions for key concepts relating to alignment of portfolios with the goals of the Paris Agreement and building consensus around these among investors. Upon completion, the project is expected to provide investors with a range of transparent and robust approaches and methodologies that could be used to assess alignment of different asset classes.

## FINDING 2 - The use of scenario analysis to assess strategy resilience remains limited.

### The implementation of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations by asset managers

The *first report in this series*, which provides an overview of the assessed managers' disclosure practices against the TCFD reporting framework, finds that 73 per cent of the asset managers have publicly supported the Task Force recommendations and around one-fifth have published a TCFD report. It also notes that the quality of TCFD-aligned reporting varies widely between the assessed asset managers and that few provide comprehensive disclosure on all of the TCFD recommendations.

In this report, we explore in more detail how asset managers are using scenario analysis, which is widely seen as one of the most challenging elements of the TCFD reporting framework<sup>24</sup>.

### 2.1 - 35 per cent of the assessed asset managers have carried out scenario analysis for at least some of their assets.

One of the key TCFD recommendations is that corporates and financial institutions “describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios”<sup>25</sup>. As a forward-looking tool, scenario analysis allows investors to explore how physical and transition risks associated with climate change might impact their portfolios over time and helps inform strategic thinking and the assessment of various strategic outcomes. It can prove invaluable in promoting internal awareness and supporting communications with clients and other stakeholders.

In response to our survey, 35 per cent of asset managers stated that they have conducted scenario analysis, and a further 32 per cent indicated that they were considering doing an assessment over the next 12 months. Some respondents, who did not indicate either of the above, stated that they use relevant tools and scenarios on an issuer-by-issuer basis. Our results for a sample of 75 of the world’s largest asset managers are largely consistent with the PRI Climate Snapshot Report<sup>26</sup>, which places the percentage of PRI signatories who reported to have conducted scenario analysis in 2019 at 40 per cent (for asset managers with AUM of more than US\$50 bn) and 35 per cent (for managers with AUM in excess of US\$250 bn)<sup>v</sup>.

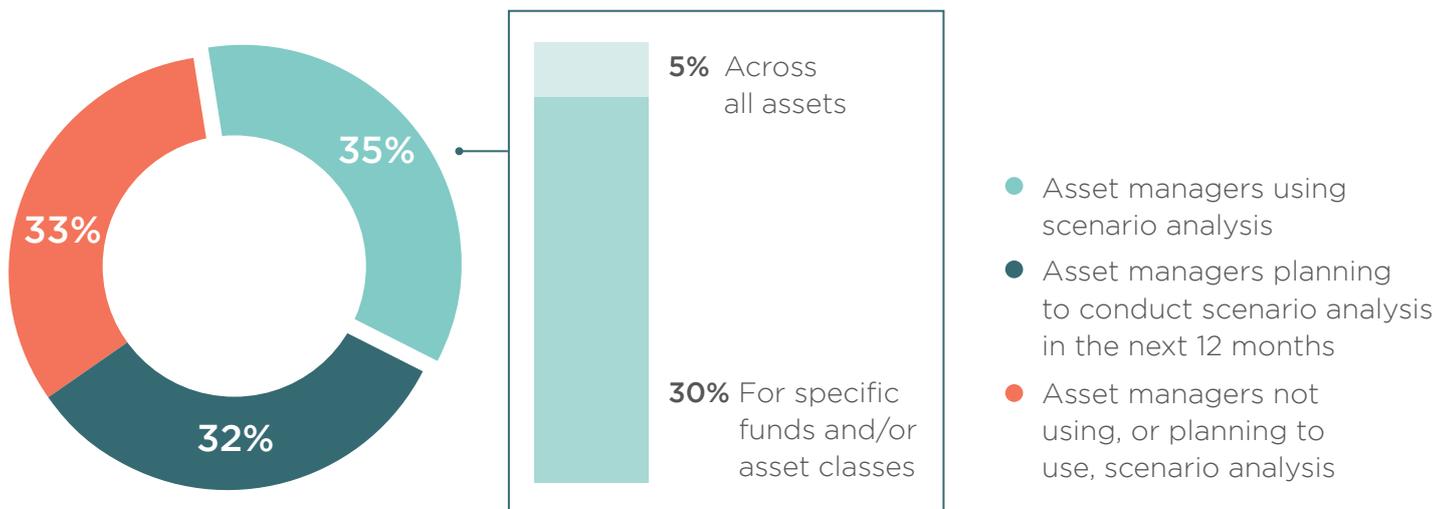
It is worth noting that although 33 per cent of the assessed asset managers included in this analysis did not indicate that they have conducted scenario analysis or were planning to do so, as PRI signatories, they will have to disclose information relating to certain TCFD-aligned indicators – including scenario analysis-related data – in the 2020 mandatory reporting cycle.

v This comparison is warranted by the fact that all asset managers included in this analysis are PRI signatories. The smallest of the assessed asset managers by AUM has app. US\$140 bn in assets, which places them in the middle of the referenced US\$50-250 range. The resolution of data made available in the *Climate Snapshot Report* does not allow for a more accurate comparison.

## 2.2 – Only four asset managers have conducted scenario analysis across all assets.

Of the 26 asset managers who stated that they have carried out scenario analysis, only four have done so across all assets. Of those four asset managers, three have received an A rating in our assessment, which indicates that carrying out scenario analysis at scale is an important part of an advanced approach to managing environmental risks. Other asset managers who have conducted scenario analysis have done so only for specific funds and mandates (69 per cent) and/or particular asset classes (58 per cent).

Figure 4: Use of scenario analysis



## 2.3 – The majority of asset managers that have conducted scenario analysis, have done so against a range of scenarios, including a 2°C scenario. However, the disclosure of strategy resilience under different scenarios remains limited.

Asset managers who chose to provide more detail on the range of scenarios used, generally focused on transition risks. Around 85 per cent of respondents using scenario analysis mentioned transition scenarios, while only 35 per cent referenced using scenario analysis for physical risk assessment. The greater uptake of scenario analysis for transition, rather than physical, risk assessment is consistent with the TCFD [2019 Status Report](#) results for both financial and non-financial companies<sup>27</sup>.

Scenarios most commonly referenced by asset managers in the context of transition risk included the IEA Sustainable Development Scenario (6 respondents), the Beyond 2 Degrees Scenario and the New Policy Scenario (4 respondents each). For the assessment of physical risk, the most commonly mentioned scenario was the IPCC high-emissions scenario – RCP 8.5 (6 respondents), followed by the RCP 2.6 scenario, consistent with a reduction in emissions in line with a 2°C limit (4 respondents). The two IPCC intermediate emissions scenarios, RCP 6 and RCP 4.5 were each referenced by three managers. Encouragingly, 69 per cent of asset managers that have carried out scenario analysis, have done so against a 2°C or lower scenario, in line with TCFD recommendations<sup>28</sup>.

On the whole, this seems to indicate that asset managers generally follow TCFD guidance on the selection of challenging scenarios<sup>29</sup>, showing a tendency to choose scenarios assuming ambitious GHG emissions reduction for transition risk assessment and unabated climate change for physical risk assessment.

### Limitations of the International Energy Agency climate scenarios

Our analysis shows that the IEA climate scenarios are among the most commonly used in the asset management industry. However, the otherwise wide-ranging array of scenarios offered by the IEA does not include a projection which models the pathway to achieving the more ambitious goal of limiting the global temperature rise to 1.5°C. The IEA also does not sufficiently highlight the extent to which its scenarios rely on a variety of negative emissions technologies which may not be socially desirable, feasible or ultimately effective<sup>30</sup>. Considering the IEA's significant role in shaping expectations about the pace of the low-carbon transition, its failure to shift emphasis to more sustainable pathways creates the risk of its conservative predictions becoming a self-fulfilling prophecy. There is already ample evidence of IEA scenarios being routinely used to justify continued investments in oil and gas by companies and policymakers alike<sup>31</sup>.

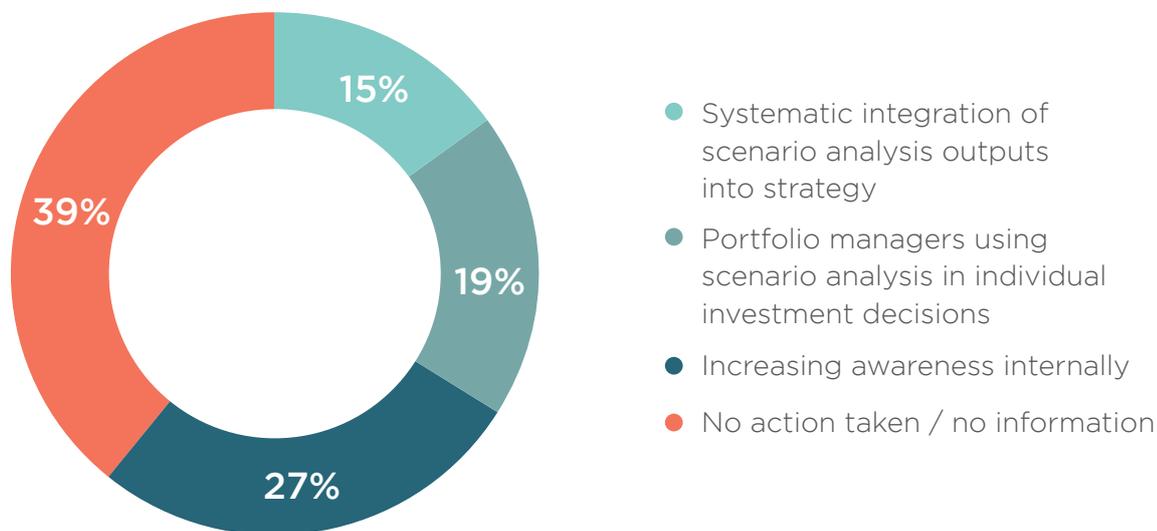
In November 2019, 65 representatives of pension funds, insurers and large companies signed a letter urging the IEA to bring the Sustainable Development Scenario in line with 1.5°C of warming and adopt a precautionary approach to negative emissions technologies<sup>32</sup>. Asset managers must support these efforts to ensure that the IEA changes course and uses its influence to guide the decisions of businesses, investors and policymakers towards safe climate outcomes.

Although the TCFD stresses that companies should describe to stakeholders how well their strategies might perform over a range of plausible future climate scenarios<sup>33</sup>, comprehensive disclosure of the outputs of the analysis and strategy resilience is still far from commonplace. Our analysis found that 50 per cent of asset managers using scenario analysis have not made the results of their assessment public, often citing confidentiality reasons. For the remaining 50 per cent, the scope and quality of the publicly available information in this area varies widely, with most asset managers only reporting high-level modelling results or case studies.

### 2.4 – Most asset managers have yet to incorporate scenario analysis into wider financial strategy and investment decisions.

Our analysis shows that asset managers are still early in the process of integrating scenario analysis more systematically into their strategic thinking and strategy formulation processes. While most of the 26 asset managers who have conducted scenario analysis cited several benefits of the process, only five gave evidence of the outputs of the analysis informing company-wide strategy. A further four asset managers indicated that some portfolio managers have been integrating the findings of scenario analysis into individual investment decisions and evaluation, while another seven pointed to the usefulness of scenario analysis in raising awareness and changing attitudes to climate risk internally.

Figure 5: Integration of scenario analysis into investment processes\*



While the examples of asset managers using scenario analysis for strategy formulation are few and far between, the existing evidence of scenarios being used to inform target-setting is encouraging. One **leading asset manager** is examining how current and expected carbon intensities of investee companies within the seven most carbon-intensive sectors<sup>vi</sup> compare to the IEA Sustainable Development Scenario. These assessments are to allow the benchmarking of companies' emissions trajectories against the 'below 2°C' warming target and inform engagement. This asset manager is aiming to align its investments in those seven sectors to the global target, starting with the electric utilities sector, by 2025.

\* The chart illustrates how scenario analysis is integrated by the 26 asset managers who have conducted some form of scenario analysis, not all asset managers surveyed.

vi Oil and gas, electric utilities, automobile manufacturers, chemicals, paper, cement and steel makers.

# Risk and impact management

**FINDING 3 - While most asset managers identify the risks that climate change poses to their portfolios, thinking about the impact of investments on people and the planet is still in its early stages.**

## 3.1 - Legal and policy risks are the most common climate-related risks identified by the assessed asset managers.

A qualitative analysis of survey responses shows that asset managers tend to focus more on transition than physical risks when describing material climate-related risks in relation to their investment portfolios. When asked to identify the top three material climate risks to their investments, 76 per cent of asset managers refer to risks generally associated with the transition to a low-carbon economy, while 60 per cent mention physical risks. Legal and policy risks are the most commonly identified category of transition risk (identified by 67 per cent of survey respondents), while reputational risk features in relatively few survey responses (16 per cent).

Figure 6: Most commonly identified material climate-related risks

Risks	Percentage of survey respondents
Legal and policy	63%
Physical	60%
Market and technology	47%
Reputational	16%

On a more granular level, 27 per cent of respondents explicitly mentioned stranded asset risk. Interestingly, asset managers consider the risk of stranded assets as frequently in connection with potential regulatory changes as they do in the context of market and technology shifts.

With respect to physical risk, asset managers tend to pay more attention to acute impacts of climate change (e.g. physical damage as a result of extreme weather events) and less to chronic impacts (e.g. sea level rise, long term precipitation changes or desertification).

To a certain extent, this can likely be attributed to the different time horizons over which these risks manifest themselves, with acute impacts already affecting business operations in a discernible and significant way.

### 3.2 – Renewable energy is the most commonly identified climate-related investment opportunity.

Investments in renewable energy were the most widespread category of climate-related opportunities identified by survey respondents. On the whole, when describing climate-related opportunities, the majority of survey respondents focused on low carbon infrastructure and technology, including energy efficiency solutions, electric vehicles, electrification and digitalisation. Meanwhile, only three respondents explicitly mentioned sustainable agriculture (including organic produce and plant-based food alternatives) and forestry in this context, which is perhaps surprising in light of the continued rise in demand for food production and the fact that agriculture remains one of the largest emitters of greenhouse gases and a sector particularly vulnerable to climate change<sup>34</sup>. This creates a need and opportunity for more green investment in the development of a sustainable and resilient global agricultural system.

Figure 7: Most commonly identified climate-related opportunities

Opportunities	Percentage of survey respondents
Renewable energy	44%
Resource / energy efficiency	24%
Low-carbon infrastructure	19%
Green finance instruments	15%
Adaptation / resilient infrastructure	13%
Electric vehicles	12%

### 3.3 – Thinking about climate-related impacts of asset managers’ wider investment portfolios remains undeveloped.

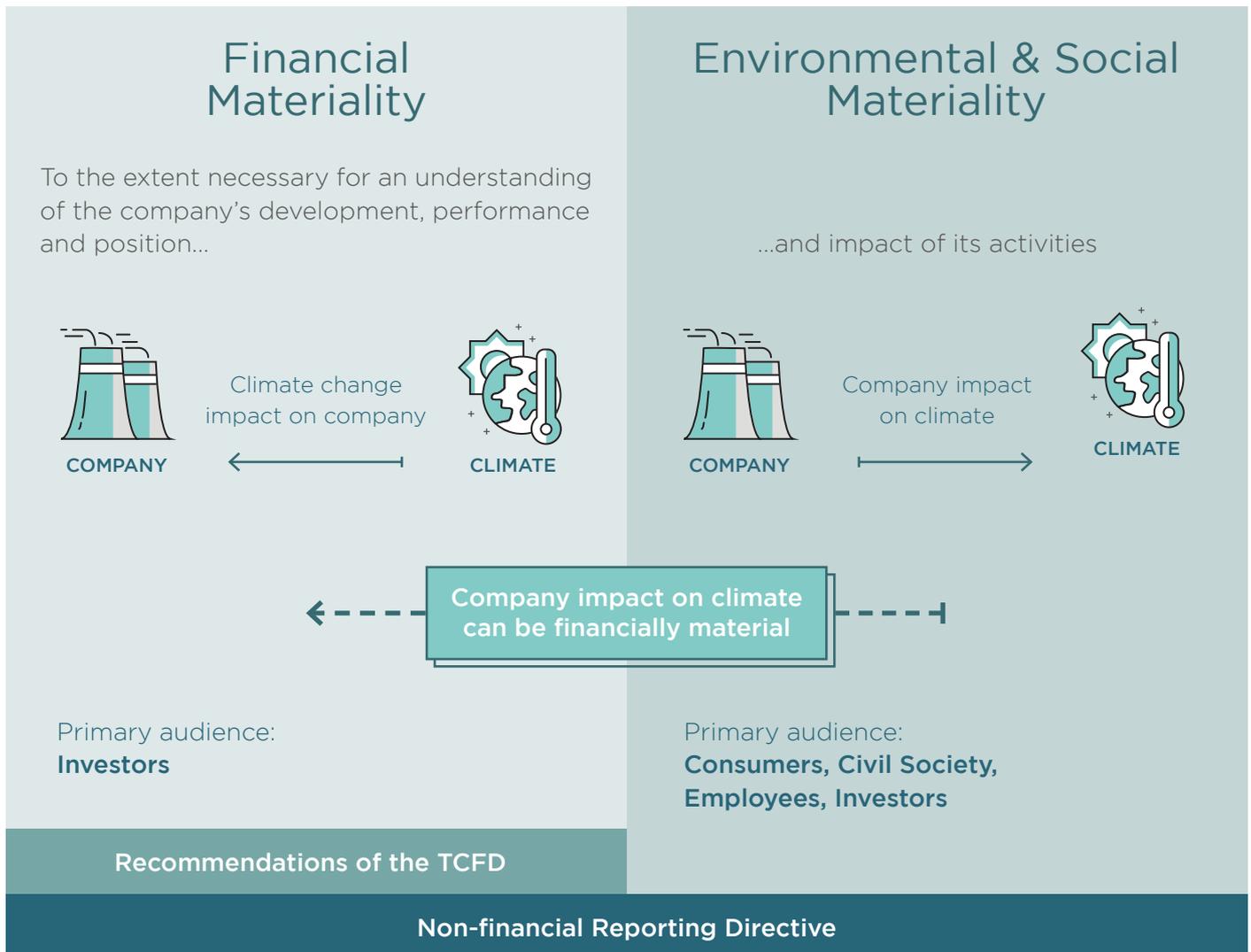
Survey respondents generally describe the risks to their portfolios much more comprehensively than the impacts of their investments, with only 57 per cent of survey respondents identifying at least some of the latter. As the consideration of climate-related impacts appears to be largely limited to funds labelled sustainable, ESG or similar, 53 per cent of respondents who describe impacts of their investments, focus solely on positive impacts. Overall, only 27 per cent of the assessed asset managers give a balanced account of both negative and positive impacts of their investments.

**Double materiality: accounting for impact**

*The financial materiality perspective that lies at the heart of the TCFD framework prioritises climate change as posing a financial risk to portfolios. However, such perspective is not fully adequate in light of the urgent action needed to meet the challenges of the climate crisis.*

In line with the double-materiality perspective assumed in the EU Non-Financial Reporting Directive,<sup>35</sup> asset managers have a better chance of fulfilling their fiduciary duty if the impacts of their investments on the environment are well understood and accounted for. Our analysis shows that although some leading investors are starting to give more consideration to the impacts of their portfolios, the majority are largely failing to account for the ways in which the impacts of investee companies on climate may be financially material.

Figure 8: EU Non-Financial Report Directive diagram on double materiality in the context of reporting climate-related information

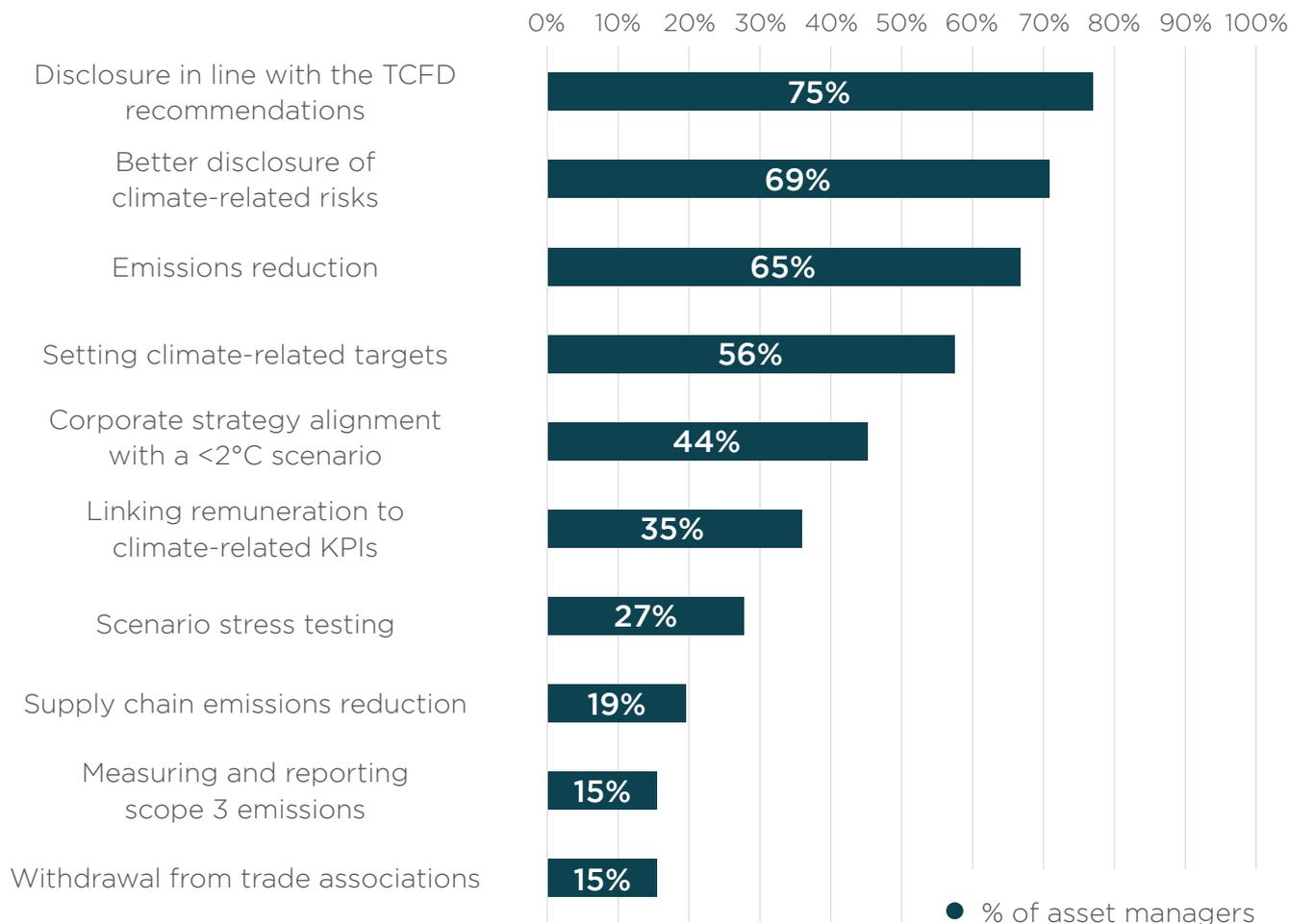


**FINDING 4 – Investor engagement on climate change focuses on the disclosure of climate-related risks over strategic objectives, while corporate lobbying remains largely overlooked.**

**4.1 – Asset managers’ engagement with investee companies focuses on the disclosure of climate-related data.**

Disclosure in line with the TCFD recommendations is the most widely selected engagement priority among the assessed asset managers, with 75 per cent of respondents declaring it one of their top five engagement priorities. The next most commonly selected priority is better disclosure of climate-related risks with the more general aim of improving the data availability (69 per cent of asset managers). On the whole asset managers are less likely to prioritise engagement focusing on concrete action such as emissions reduction, the setting of climate-related targets and corporate strategy alignment with a <2°C scenario.

Figure 9: Main climate-related engagement priorities<sup>vii</sup>



vii Survey respondents were instructed to select up to five key climate-related engagement priorities from a list of ten answer options; however, a small number of asset managers who disclosed to our survey selected more than five. While any points in excess of the equivalent of selecting five options were not taken into account in the scoring process, we considered all the selected answer options for the purpose of this analysis.

This evidence for the preference for disclosure- over action-focused engagement is consistent with the findings relating to asset managers' voting policies, presented in the [first report](#) in this series. Our analysis of voting policies found that asset managers were far more likely to formally commit to supporting shareholder resolutions linked to GHG emissions disclosure than those relating to corporate decarbonisation or the alignment of business strategy with climate goals.

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*In this context, it is important to note that some the world's most polluting companies stand out in terms of their compliance with disclosure best practice (e.g. 100 per cent of FTSE 100 electricity, gas, and oil companies are fully aligned with the TCFD recommendations<sup>36</sup>), which proves the insufficiency of stewardship focused solely on disclosure and the risk of sidestepping more significant challenges that it creates.*

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It is perhaps also worth noting that, although reporting in line with the TCFD recommendations by investee companies is a clear priority for investors, the levels of TCFD disclosure within the asset management industry itself remain low. Of the asset managers that selected company disclosure in line with TCFD as one of their main engagement priorities, only 21 per cent have published a TCFD report so far and only 41 per cent indicated that they were planning to do so in the next reporting year. On the path towards more effective stewardship, it is important that asset managers themselves display strong integrity and set an example for investee companies by improving their own practices.

Finally, the measuring and reporting of value chain (scope 3) emissions may not be relevant for all companies in an asset manager's portfolio, which may to some degree account for the low number of respondents who chose to select one of the two scope 3-related options as part of their top five engagement priorities. However, considering the large gaps in scope 3 data availability and in light of the fact that indirect emissions make up the majority of companies GHG emissions in most sectors<sup>37</sup>, it is key that the reporting and reduction of emissions occurring in company value chains remain firmly within investors' engagement focus. Despite the challenges associated with addressing GHG emissions that fall outside of a company's direct ownership, the reduction in scope 3 emissions is key to preventing the worst impacts of climate change and preserving the rapidly shrinking global carbon budget.

## CASE STUDY: Shareholder proposal on the setting of emission targets at Equinor's 2019 annual general meeting

In order to obtain a better picture of how asset managers' stewardship commitments are realised in practice, we analysed the voting data for five shareholder resolutions filed in the 2019 AGM season, covering the main thematic sections of the survey<sup>viii</sup>.

One of the resolutions for which we have collected voting data, was shareholder proposal no. 9 filed at Equinor's 2019 annual general meeting, regarding the setting of GHG emission targets. The main ask of the proposal was for the company to set and publish medium and long-term quantitative targets that would include scope 1, 2 and 3 GHG emissions and be aligned with the goal of the Paris Agreement to limit global warming to well below 2°C<sup>38</sup>.

55 of the surveyed asset managers held shares in Equinor and only nine of these supported the resolution. Of the 22 who voted against or abstained for at least part of their assets<sup>ix</sup>, many had separately stated that their company engagement priorities were: emissions reduction (86 per cent), setting climate-related targets (71 per cent) and corporate strategy alignment with <2°C (52 per cent).

It is worth noting that several investors indicated that their decision to vote against the proposal was based on the fact that the company was a sector leader, had responded to shareholders' concerns and was already taking sufficient steps to address them. However, Equinor's new strategy, unveiled in February 2020, which sets out the ambition to reduce net carbon intensity of energy produced by at least 50% by 2050<sup>39</sup>, does not meet the asks of the proposal and is not in line with a well-below-2°C pathway. Touted by some as a leader within a sector that has consistently failed to demonstrate true commitment to meaningful action on the goals of the Paris Agreement<sup>40</sup>, in its new strategy Equinor has simply matched commitments made by Royal Dutch Shell in 2017 and stopped short of matching BP's ambition for net zero by 2050<sup>41</sup>. We hope that shareholders will take action in response to a no doubt disappointing strategy for them.



For an in-depth analysis of asset managers' voting record on climate change, see ShareAction's [Voting Matters](#) report, in which we examine how 57 of the world's largest asset managers voted on 65 shareholder resolutions linked to climate change between 2017-2019.

viii The resolutions selected for this series of reports were filed at the following companies: 1. Equinor - vote on GHG reduction targets (Item 9). 2. Exxon Mobil - vote on independent chairman (Item 4). 3. Tyson Foods - vote on human rights due diligence (Item 14) 4. Mondelez International - vote on reporting on impact of deforestation in cocoa supply chain (Item 16). 5. Ford Motor - vote on lobbying report (Item 18).

ix Of these 22 asset managers, 19 voted against, two abstained and one split its vote. Notably, 20 of the assessed asset managers that held shares in Equinor did not vote, largely due to share blocking. We were unable to obtain voting data for four of the assessed asset managers.

## 4.2 – Political lobbying and company membership in trade associations misaligned with the low-carbon transition are not receiving sufficient investor attention.

### Why climate lobbying matters?

Research released by the think tank InfluenceMap suggests that very few of the world's largest and most influential corporations are positively engaging on climate policy, with most being neutral and negative influencers, outweighing supportive companies by around three to one<sup>42</sup>. Likewise, the majority of trade associations, industry bodies and think tanks active in climate policy engagement are opposed to positive regulatory climate action - of the 50 most powerful trade groups, those opposing climate policy have been found to outnumber those supporting it by seven to one<sup>43</sup>.

Meanwhile, the 2020 State of Transition Report from the Transition Pathway Initiative (TPI), which assesses 332 companies on the quality of risks and opportunities related to the low-carbon transition, has revealed that corporate climate lobbying is one of the most overlooked aspects of company performance. In the latest assessment cycle, the TPI has included two new indicators regarding the disclosure of trade association membership and consistency between the position on climate taken by a company and the organisations it is involved with. It found that while 54 per cent of companies disclose their membership and involvement in trade associations engaged in climate issues, only six per cent ensure consistency between their own climate change policies and the positions taken by trade associations of which they are members<sup>44</sup>.

In light of the above, it is extremely concerning that few investors seem to focus on potential corporate involvement with lobbying organisations, with only 15 per cent of the assessed asset managers listing corporate withdrawal from trade associations misaligned with the low-carbon transition among their top five engagement priorities.

Interestingly, our analysis of voting policies and survey responses reveals that asset managers based in the US are much less likely to endorse corporate transparency on lobbying activities and political donations than those from other regions, particularly Europe.

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*Four of the assessed asset managers,<sup>x</sup> all of them US-based, state in their policies that they will generally vote against proposals asking for the disclosure of lobbying expenditures, with one of these stating that barring political contributions could risk putting companies at a competitive disadvantage.*

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x These asset managers are BlackRock, Goldman Sachs Asset Management, J.P. Morgan Asset Management and Nuveen - based on public voting policies as of 1 June 2020.

Furthermore, three of these US-based asset managers have commitments in their investment policies to engage with public policymakers on climate. This combination suggests a certain level of cognitive dissonance from asset managers who claim to be supporting climate-friendly policy on the one hand, while supporting companies that proactively lobby against climate-friendly policies at the same time.

### **CASE STUDY: Shareholder proposal on disclosure of lobbying activity at Ford Motor Company 2019 annual general meeting**

Despite having repeatedly denied its involvement in lobbying to delay or dilute climate legislation<sup>45</sup>, Ford Motor Company has been identified as one of the most influential opponents of climate regulation in the automotive industry<sup>46</sup>. In a direct consultation with policymakers in 2016, it opposed the EPA's 2016 technical assessment and final determination of US GHG vehicle emission standards, and in 2017, Ford's former CEO, Mark Fields, lobbied president Donald Trump directly, claiming that the current levels of stringency would cost the US "one million jobs" if they were not relaxed<sup>47</sup>. A 2019 peer-reviewed study shows that, with a lobbying spend of more than US\$9bn, Ford also helped block the passing of the Waxman-Markey bill in 2009, which proposed a 17 per cent cut in US emissions by 2020 – and then 80 per cent by 2050 – and remains the closest the US has ever come to implementing wide-ranging climate legislation<sup>48</sup>.

For the purpose of this analysis we collected voting data for shareholder proposal no. 6 filed at Ford Motor Company's 2019 annual general meeting, regarding the disclosure of lobbying activity and expenditures. We found that 37 out of the 75 assessed asset managers voted in favour of the proposal, while 11 voted against. All 11 asset managers who opposed the resolution were US-based, which reinforces our survey findings with regard to regional differences in asset managers' approach to corporate lobbying and political donations. It is also a worrying sign that some US institutional investors, despite having formal climate-related policy commitments, may fail to demonstrate a consistent and robust stewardship approach, even if the company in question has been involved in multiple public controversies and is a clear opponent of climate action.

# Metrics, assessment and integration

**FINDING 5 - The use of climate-related metrics is relatively widespread among asset managers. However, few apply them systematically across all assets.**

## 5.1 - Carbon footprinting is the most widespread climate-related metric used by asset managers.

83 per cent of the assessed asset managers measure portfolio carbon emissions scope 1 and 2 for at least a fraction of their portfolio, with the portfolio carbon intensity approach being slightly more prevalent than measuring carbon emissions in absolute terms (73 and 69 per cent of asset managers respectively). 32 per cent of asset managers also measure portfolio scope 3 emissions for at least some of their assets.

Figure 10: Use of climate-related metrics by the assessed asset managers

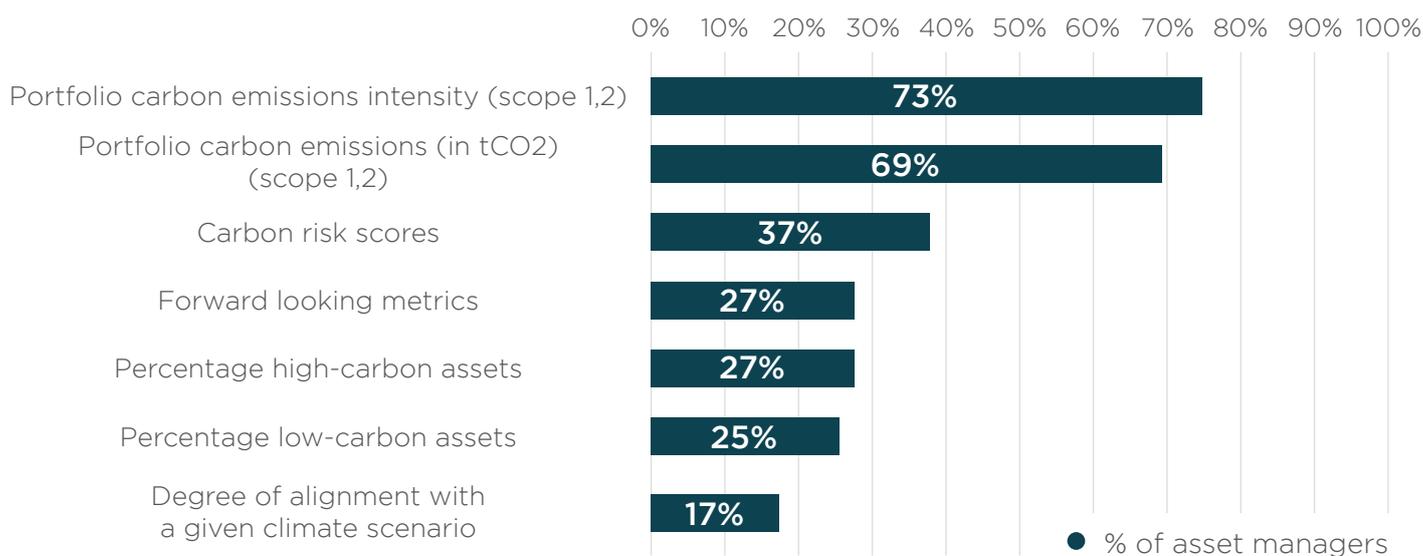
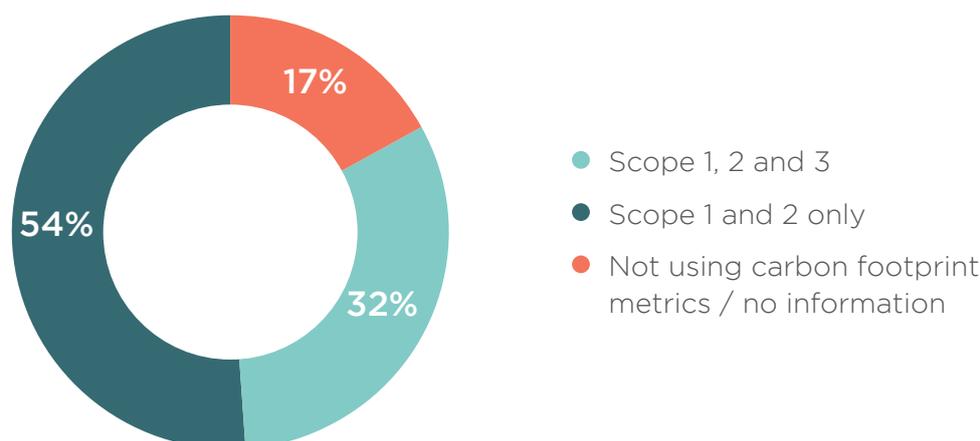


Figure 11: Use of carbon footprint metrics by the assessed asset managers



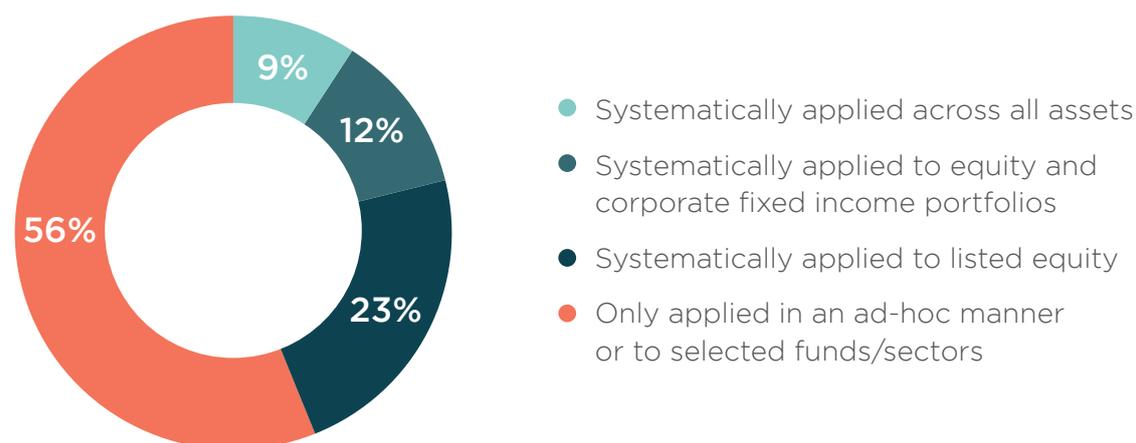
The second most popular metric category are carbon risk scores, used by 37 per cent of the assessed managers, while the practice of measuring the degree of alignment with a given climate scenario in risk assessment is the least widespread, with only 17 per cent of asset managers selecting this option.

It is worth emphasising that while carbon footprint metrics are an appropriate starting point for connecting the dots between portfolios and climate change, a more in-depth analysis is needed to inform investment decision-making. Fully educated investment decisions cannot be made without a better understanding of other characteristics, such as e.g. fossil fuel reserves or carbon risk mitigation<sup>49</sup>.

## 5.2 – Climate-related metrics are most systematically applied to listed equity.

The majority of the assessed asset managers incorporate climate metrics only for specific sustainable funds or selected sectors, or leave the use of climate metrics to the discretion of individual portfolio managers. A qualitative analysis of survey responses shows that around 44 per cent of asset managers use at least one of the selected metrics in a systematic manner across at least one major asset class. Unsurprisingly, for most managers in this category, public equity portfolios remain the focus of risk assessment carried out with the aid of climate-related metrics. Although applying climate metrics to other asset classes is typically seen as more challenging, 12 per cent of asset managers indicate that they use the selected metrics across all assets and a further nine per cent state that selected metrics are systematically applied to both equity and corporate bond portfolios.

Figure 12: Use of climate-related metrics by the assessed asset managers



# Recommendations

The recommendations in this section broadly cover the topics included in this report. As part of this report series, we have also released thematic reports on [human and labour rights](#) and biodiversity, which contain specific recommendations for asset managers and policymakers on these topics. General recommendations covering asset managers' responsible investment approach more broadly are made in [part one](#) of this series.



## For asset managers

The picture that emerges from our analysis, while indicating a rising awareness of climate change as a financial risk, is largely one of insufficient progress from the industry's most influential players. Our findings show that the asset management industry as a whole is a long way off from fully accounting for the climate-related risks and the impacts of investments on people and the planet. Asset managers must show the sense of urgency and level of ambition needed to align practices with the goals of the Paris Agreement and build resilience to face the systemic challenges of the climate crisis.

In the context of this report, we recommend that asset managers:

### Strategy

- Develop and strengthen climate-related policies covering all assets under management, by including specific commitments to:
  - Engage with companies on climate-related risks and opportunities.
  - Exclude companies reliant on coal from all portfolios, using, at a minimum, the Global Coal Exit List exclusion criteria.
  - Consider the human and labour implications of a low-carbon transition in line with the 'just transition' concept.
  - Align all portfolios with the goals of the Paris Agreement.
- Improve transparency around the scope of climate-related policy commitments and exclusions and ensure they cover both active and passive investment strategies.
- Strengthen assessment of strategy resilience by carrying out climate-related scenario analysis across all portfolios and against a wide range of scenarios, including <2°C scenarios.
- Disclose the underlying assumptions and outputs of climate-related scenario analysis and how the findings are used to strengthen resilience.

### Risk & impact management

- Improve the quality of climate-related engagement by increasing emphasis on concrete actions around business strategy alignment with international climate goals and corporate lobbying activities. Ensure that a clear engagement escalation strategy which includes time-bound objectives is implemented and publicly disclosed.
- Commit to assessing climate-related risks and opportunities at the portfolio level and accounting for climate-related impacts of all investments.
- Start considering dual materiality beyond impact strategies and across the broader portfolio.

## Metrics, risk assessment and integration

- Broaden the use of climate-related metrics to encompass all asset classes, while considering the inclusion of scope 3 GHG emissions and forward-looking metrics, including the degree of portfolio alignment with climate scenarios consistent with the goals of the Paris Agreement.
- Develop and disclose climate science-based targets and your performance against these targets.



## For asset owners

Asset owners have a key role to play in driving up standards across the asset management industry. With their case strengthened by their own direct accountability to beneficiaries, long-term investment horizons and vulnerability to macroeconomic risks, asset owners must act as catalysts and provide the right incentives to their managers.

In the context of this report, we recommend that asset owners:

- Strengthen due diligence of asset manager selection by reviewing performance in the areas of climate-related voting and engagement, climate-related policy commitments and accounting for impacts of investments.
- Be aware that signing up to supportive initiatives such as the PRI or Climate Action 100+ does not always correspond with having a fit for purpose responsible investment approach.
- Firmly embed clear and specific expectations on the integration and reporting on climate-related issues, as well as investment objectives regarding negative climate impacts, into Investment Management Agreements (IMAs).
- End relationship with asset managers who do not live up to set expectations on managing climate-related risks, opportunities and impacts.
- Asset owners who are also shareholders in asset management companies should use their shareholder influence via voting or engagement to address poor performance on climate-related issues.



## For policymakers

Regulation can become a powerful tool in driving best practice across the asset management industry. Asset managers that are based in markets considered to be at the forefront of the regulatory push for sustainability typically perform better than their global peers on the governance of responsible investment issues<sup>50</sup>. This can be attributed both to managers having to meet already existing compliance requirements and acting in anticipation of potential regulatory risks. Policymakers and regulators are in a unique position to ensure the alignment of industry practices with the goals set out in the Paris Agreement and the resilience and stability of the wider financial system.

In the context of this report, we recommend that policymakers:

- Introduce mandatory climate disclosure in line with the TCFD recommendations and work with the asset management, and wider investment industry, to develop guidance to help with implementation.
- Require disclosure of whether portfolios are aligned with the ambitions of the Paris Agreement and development of policies to achieve this within a set timeframe
- Work with providers of climate scenarios (such as the International Energy Agency) to ensure that their scenarios are in line with pathways to achieve the most ambitious climate goals in a feasible and effective way
- As investors will act based on how likely, or not, they think regulatory action is to happen, ensure strong policy signals for action on climate change are sustained and achieved
- Develop and enforce strong, mandatory stewardship codes covering asset owners, asset managers and service providers that cover climate-related risk management, engagement, disclosure, and voting.
- Empower regulators with clear mandates to supervise and, where necessary, penalise performance on responsible investment practices, such as responsible investment policies, TCFD disclosures, and stewardship.
- Move away from legislation which frames ESG factors as relevant only as material financial risk to portfolios towards considerations of the impact investment has on the environment
- Clarify and strengthen the definition of fiduciary duty so that it is not used as a reason to maximise profit at the expense of negative impacts of investments on society and the environment. Explicitly link it to the management of environmental risks, so that accounting for climate-related risks and impacts is understood as an integral part of financial agents' fiduciary duty.

# Appendix

Figure 13: Ranking of 75 of the world's largest asset managers based on their approach to responsible investment, with a heatmap illustrating performance with regard to climate change.

Heat-map key: section percentage scores\*

- 87.5 > 100    ● 37.5 > 50
- 75 > 87.5    ● 25 > 37.5
- 62.5 > 75    ● 12.5 > 25
- 50 > 62.5    ● 0 > 12.5

Rank	Asset manager	Rating	Responsible investment governance	Climate change
1	Robeco	A	62.5 > 75	50 > 62.5
2	BNP Paribas Asset Management	A	75 > 87.5	50 > 62.5
3	Legal & General Investment Management	A	37.5 > 50	50 > 62.5
4	APG Asset Management	A	62.5 > 75	25 > 37.5
5	Aviva Investors	A	62.5 > 75	25 > 37.5
6	Aegon Asset Management	BBB	62.5 > 75	25 > 37.5
7	Schroder Investment Management	BBB	37.5 > 50	25 > 37.5
8	NN Investment Partners	BBB	62.5 > 75	25 > 37.5
9	M&G Investments	BBB	37.5 > 50	25 > 37.5
10	PGGM	BBB	37.5 > 50	25 > 37.5
11	AXA Investment Managers	BBB	37.5 > 50	12.5 > 25
12	HSBC Global Asset Management	BBB	62.5 > 75	25 > 37.5
12	Nordea Investment Management	BBB	37.5 > 50	25 > 37.5
14	La Banque Postale Asset Management	BB	37.5 > 50	25 > 37.5
15	Amundi Asset Management	BB	37.5 > 50	25 > 37.5
16	Aberdeen Standard Investments	BB	37.5 > 50	25 > 37.5
17	Bank J. Safra Sarasin	BB	37.5 > 50	25 > 37.5
18	Allianz Global Investors	BB	62.5 > 75	12.5 > 25
19	DWS Group	B	62.5 > 75	12.5 > 25
20	BMO Global Asset Management	B	37.5 > 50	12.5 > 25
21	Nuveen	B	37.5 > 50	12.5 > 25
22	Pictet Asset Management	B	37.5 > 50	0 > 12.5
23	Union Investment	B	37.5 > 50	12.5 > 25
24	PIMCO	B	37.5 > 50	12.5 > 25

Rank	Asset manager	Rating	Responsible investment governance	Climate change
24	Alliance Bernstein	B		
26	Columbia Threadneedle Investments	CCC		
27	Asset Management One	CCC		
28	Ostrum Asset Management	CCC		
29	Swisscanto Invest by Zürcher Kantonalbank	CCC		
29	Caisse de dépôt et placement du Québec (CDPQ)	CCC		
31	Investec Asset Management	CC		
32	Nomura Asset Management	CC		
33	Generali Investments	CC		
33	UBS Asset Management	CC		
35	Wellington Management	CC		
36	Nikko Asset Management	CC		
37	Manulife Investment Management	C		
38	Eurizon Capital	D		
39	State Street Global Advisors	D		
40	Insight	D		
41	Royal London Asset Management	D		
42	Baillie Gifford	D		
43	Fidelity International	D		
44	RBC Global Asset Management	D		
45	GAM Investments	D		
46	Invesco	D		
47	BlackRock	D		
48	Sumitomo Mitsui Trust Asset Management	D		
48	Northern Trust Asset Management	D		
50	Mitsubishi UFJ Trust and Banking Corporation	D		
51	MFS Investment Management	D		
52	China Asset Management Company	D		
53	Goldman Sachs Asset Management	D		

Rank	Asset manager	Rating	Responsible investment governance	Climate change
54	Lyxor Asset Management	D		
55	Macquarie Asset Management	D		
56	Franklin Templeton Investments	D		
57	Swiss Life Asset Managers	D		
58	Capital Group	D		
59	Deka Investment	D		
60	SEB	D		
61	Janus Henderson Investors	D		
62	PGIM Fixed Income	E		
63	T. Rowe Price	E		
64	Santander Asset Management	E		
65	Eastspring Investments	E		
66	Bradesco Asset Management (BRAM)	E		
67	MEAG	E		
68	Mellon Investments Corporation	E		
69	Vanguard	E		
70	Dimensional Fund Advisors	E		
71	J.P. Morgan Asset Management	E		
72	Credit Suisse Asset Management	E		
73	Fidelity Investments (FMR)	E		
74	MetLife Investment Management	E		
75	E Fund Management	E		

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