INVEST BELOW 1.5°C

WWF RESOURCE GUIDE FOR ASSET OWNERS

SELECTING, APPOINTING AND MONITORING YOUR INVESTMENT MANAGER

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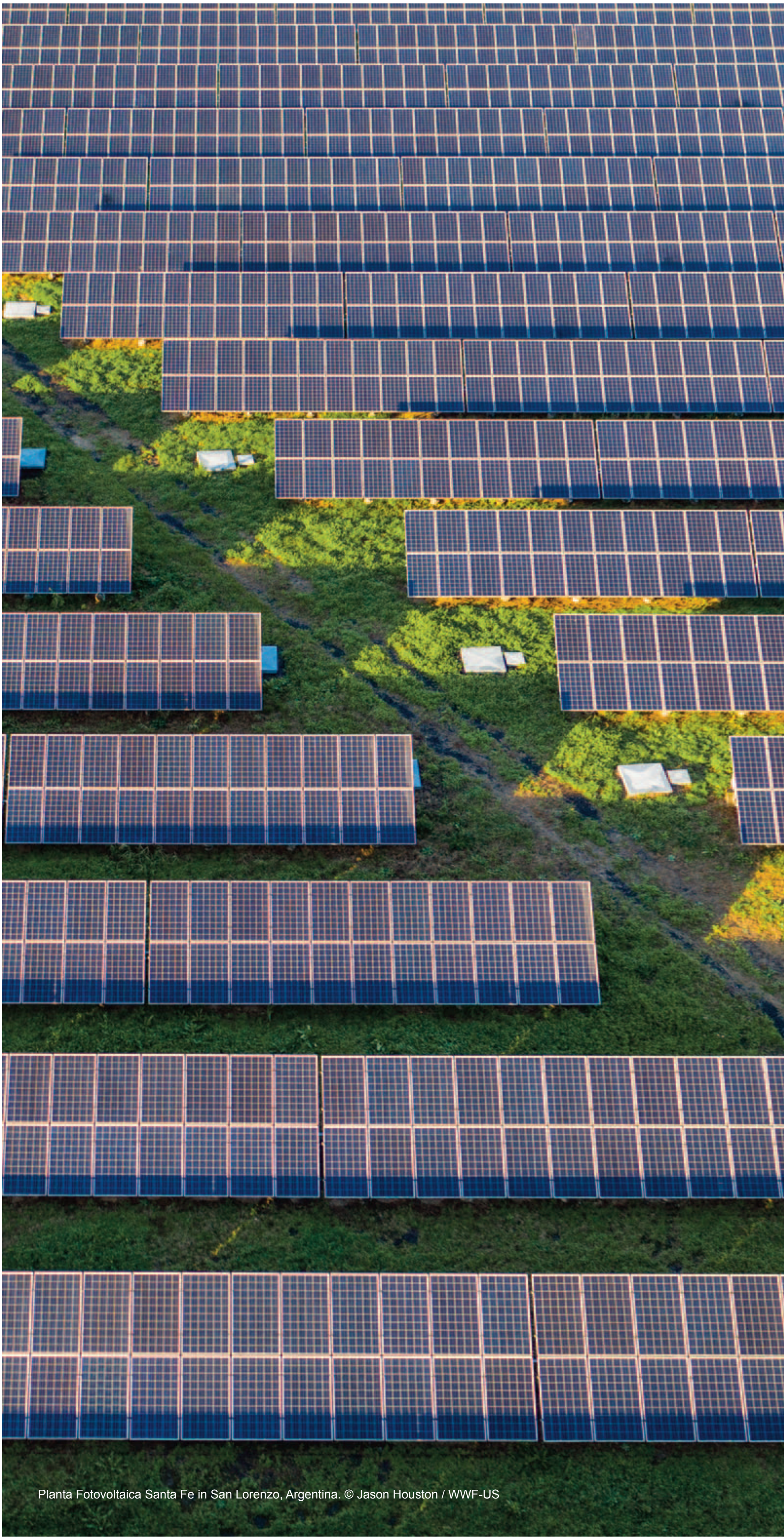
Planta Fotovoltaica Santa Fe in San Lorenzo, Argentina. © Jason Houston / WWF-US

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INTRODUCTION

The Paris Agreement, and the Intergovernmental Panel on Climate Change's special report on global warming of 1.5°C, have established a consensus on the need to quickly reduce greenhouse gas emissions in order to avoid the worst impacts of climate change. However, investment flows are currently not aligned with these ambitions.

Asset owners should be inclined to address climate change because of their long-term duty to safeguard the pensions of, or provide insurance to the assets of, current and future generations. WWF research (2018) has indicated that asset owners' public equity and corporate bond portfolios are not yet aligned with the Paris climate goals.

Climate misalignment exposes asset owners to climate-related financial risks. The financial industry (e.g. Mercer) and academic research (e.g. Cambridge University, London School of Economics) find that aligning investments with the Paris climate agreement's goal to keep global warming well below 2°C will ultimately lead to both higher investment returns and lower financial risks than no action would.

Climate misalignment even risks perpetuating an environment that puts asset owners' core business at risk. Allianz CEO Oliver Bate has called climate change and sustainability the organisation's overarching priority, stating that 'if we make the dividend payments but have no planet for our children - we will fail'. And Frank Elderson, chair of the Network on Greening the Financial System (NGFS), has said that 'A transition to a green and low-carbon economy is not a niche nor is it a "nice to have" for the happy few. It is crucial for our own survival. There is no alternative.'

As a consequence, a growing number of asset owners are convinced of the need to align their investments with the Paris climate goals and contribute to a just transition, and the feasibility of doing so. Asset owners hold a unique position in the financial system, and can create a demand for climate-related products and services from their service providers. Investment managers are particularly critical for asset owners, as they manage – whether internally or externally – their assets on the basis of the mandates awarded to them. The selection of experienced investment managers is therefore crucial if asset owners want all their assets to be managed in line with their own climate-related beliefs, policies and targets.

There is a growing body of resources that can support asset owners' assessment of investment managers' climate performance. This paper provides an overview of the existing resources (guidance, net zero investor initiatives, investment managers' climate performance research) and formulates recommendations on how asset owners can use these resources for investment manager engagement and selection.[1] Annex 1 collates key findings of various sources into one table.

NOTES

1 Additional relevant resources to assess investment manager climate action concern their engagement activities with portfolio companies. This can include membership to collective engagement initiatives (e.g. Climate Action 100), etc.) and the use by investment managers of resources that assess portfolio company performance (e.g. Climate Action 100+ benchmark, Transition Pathway Initiative, Science-Based Targets initiative etc.). WWF decided not to include these resources in this guide, however, because they do not directly assess investment managers (i.e. Climate Action 100+ benchmark, Transition Pathway Initiative, Science-Based Targets initiative etc.) and because Climate Action 100+ membership does not cover an investment managers' full climate strategy.

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RECOMMENDATIONS TO ASSET OWNERS ON HOW TO INTEGRATE RESOURCES INTO INVESTMENT MANAGER SELECTION, APPOINTMENT AND MONITORING

WWF recommends that asset owners integrate Paris climate alignment considerations into their investment manager selection, appointment and monitoring process. They can notably – in collaboration with their investment advisors, if relevant – use the resources mentioned in this publication, or other relevant resources, for the following actions:

Mandate requirements and request for proposals (RFPs):

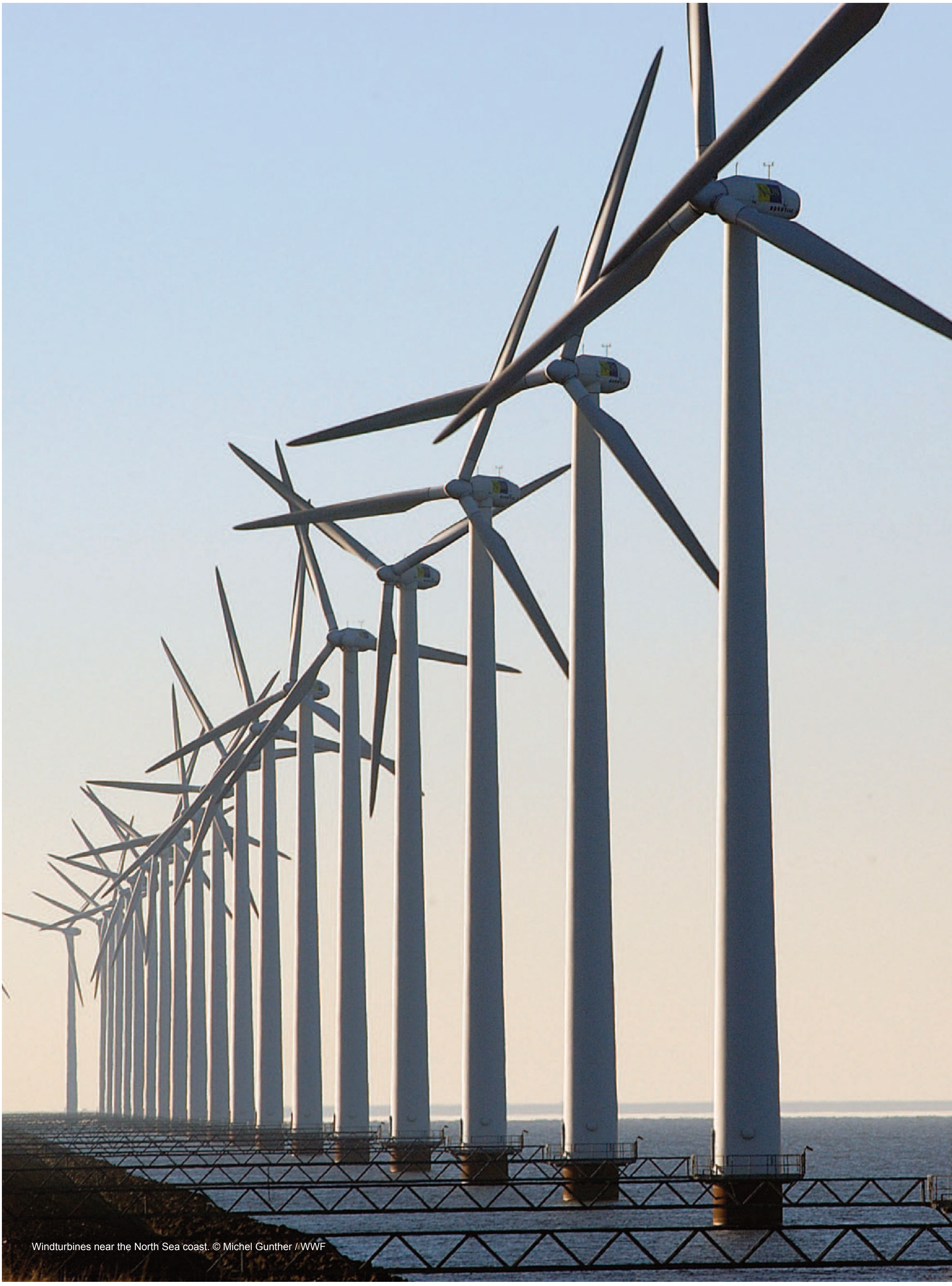
- Include the information and insights obtained from climate guidance documents, investor initiatives and frameworks and climate performance assessments in mandate requirements and RFPs;
- Encourage investment managers to include their climate commitments and actions as an integral part of their response to the RFPs, and notably how they intend to improve their performance against the climate performance assessments that are included in the RFPs.

Investment manager selection and appointment:

- Favour investment managers that score well on the selected climate performance assessments;
- Favour investment managers that are a member of the net-zero asset manager initiative (NZAMI) or that have committed to setting targets under the science-based target initiative (SBT);
- Favour investment managers that are taking immediate action towards achieving net-zero in line with WWF's criteria for credible net-zero commitments by financial institutions.

Investment manager monitoring:

- Track the climate performance of selected investment managers to assess progress, and integrate the findings into conversations with the investment managers;
- Encourage relevant actors (e.g. data and index providers) to develop resources that allow for a comprehensive and robust climate alignment assessment of the whole investment management industry.



Windturbines near the North Sea coast. © Michel Gunther / WWF

RESOURCES FOR ASSET OWNERS TO SUPPORT INVESTMENT MANAGER SELECTION, APPOINTMENT AND MONITORING

GUIDANCE

WWF asset owner climate guide

WWF has published a climate guide to asset owners on how they can align their investments with the Paris climate goals, including recommendations on how they can engage with investment managers.

The guide encourages asset owners to include climate alignment considerations in new requests to proposals and/or amend existing mandates, as well as to make climate change a core criterion in the selection procedure of investment managers: investment managers should demonstrate a robust track-record that shows capacity to assess and address the climate issue and indicate how climate inclusion may alter the existing portfolio strategy, the investable universe, tracking error, liquidity, financial risk and return expectations and time horizons.

More specific recommendations that are included in the guide, and that are ideally integrated into the above-mentioned requests to proposals, are for asset owners to:

- Require investment managers to engage with high carbon portfolio companies (see an illustrative escalation strategy in the figure below) and align proxy voting with the climate objectives of the asset owners. Investment managers are to support climate-related resolutions in AGMs of portfolio companies, interact with the proxy voting advisors on climate change, and disclose their voting records so that their consistency with the asset owners' climate objectives can be scrutinised.
- Require investment managers to deliver reporting aligned with the recommendations of the taskforce on climate-related financial disclosures (TCFD), and notably to report climate alignment of their mandated portfolio using forward-looking climate scenario analysis.

Finally, the guide encourages asset owners to publicly signal their requirements for investment managers to create market demand and increase impact.

FIGURE 1 ILLUSTRATIVE ENGAGEMENT ESCALATION STRATEGY

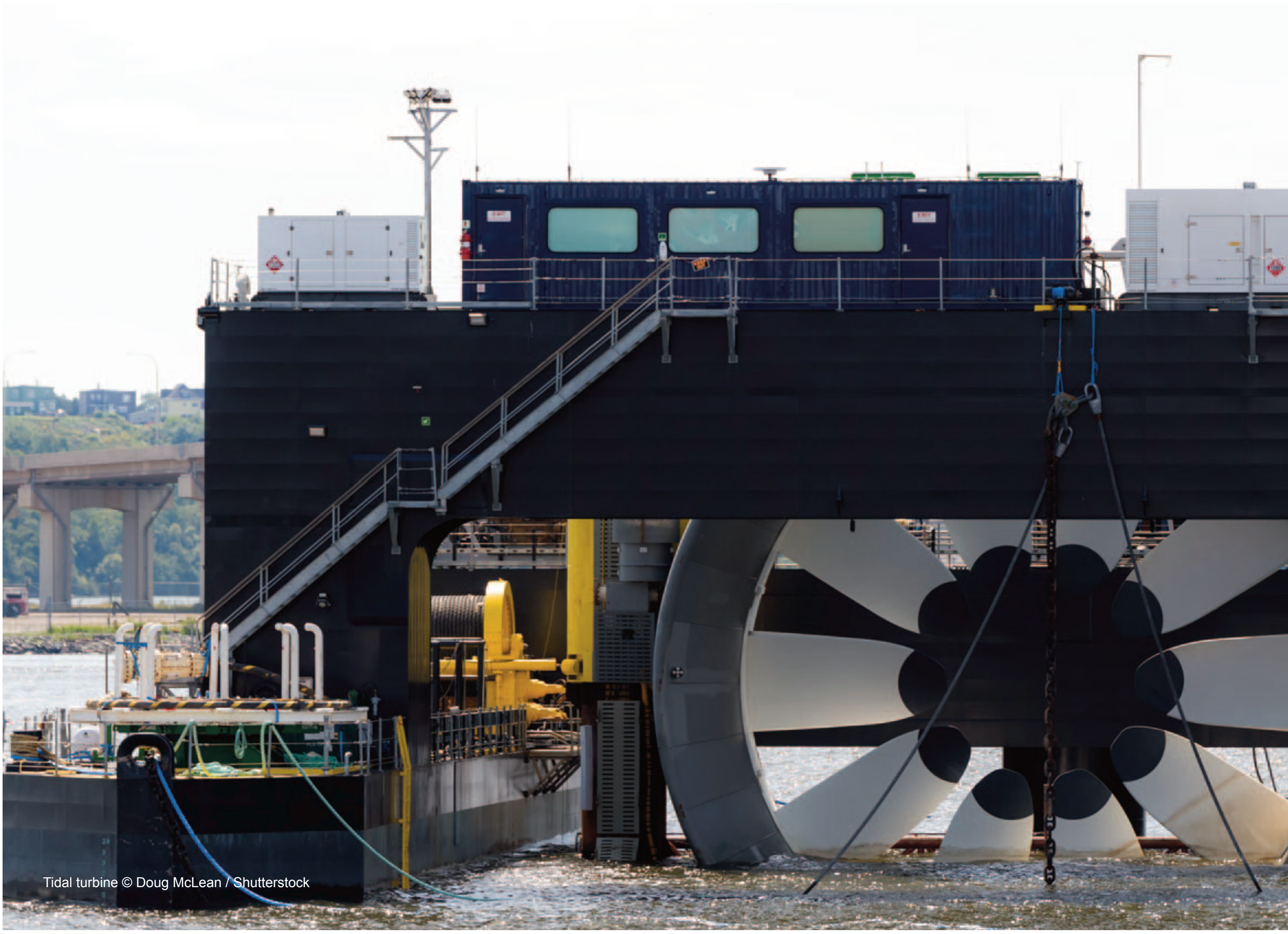
PUBLIC REQUESTS TO HIGH CARBON COMPANIES TO ADOPT A 1.5°C TRANSITION PLAN	6 MONTHS SINCE REQUEST	12 MONTHS SINCE REQUEST	24 MONTHS SINCE REQUEST	36 MONTHS SINCE REQUEST
Increase pressure through public communication (e.g. open letters in key media, press releases, questions at AGMs, filing of shareholder resolutions, etc.) if no adoption of a 1.5°C transition plan within 6 months.	Public announcement to end support to the company's future capital-raising efforts (i.e.public equity and corporate bond issuance) if no adoption of a 1.5°C transition planwithin 12 months.	Vote against management at annual general assembly if no adoption of a 1.5°C transition plan within 24 months.	Divestment with public signalling if no adoption of a 1.5°C transition plan within 36 months. Make re-investment conditional on adption of a 1.5°C transition plan.	

UN Principles for Responsible Investments (UN PRI) asset owner resources

UN PRI has produced guidance to help asset owners address responsible investment principles and ESG factors in their relationships with their investment managers. The guidance comprises five modules:

- Module 1 describes a process followed by an asset owner to develop a responsible investment policy and strategy. This also includes the development of a strategic approach to asset allocation that incorporates ESG considerations.
- Module 2 (forthcoming) will address the internal process of establishing mandate requirements, including key ESG considerations that will govern the investment manager, and drafting the RFP to reflect those requirements at a high level.
- Module 3 focuses on the selection process to identify the investment manager that has the responsible investment attributes in place to meet the ESG requirements specified by the asset owner in Module 2.
- Module 4 describes the manager appointment process to transfer the requirements specified in the mandate into legal documentation.
- Module 5 sets out a harmonised approach to investment manager monitoring, including tools and practical recommendations.

WWF believes that the UN PRI guidance provides relevant further details to the recommendations of the WWF asset owner climate guide, notably with regards to the practical steps and processes that an asset owner has to put in place to select competent investment managers. The PRI approach is focused on ESG more broadly, but the suggested processes can also be

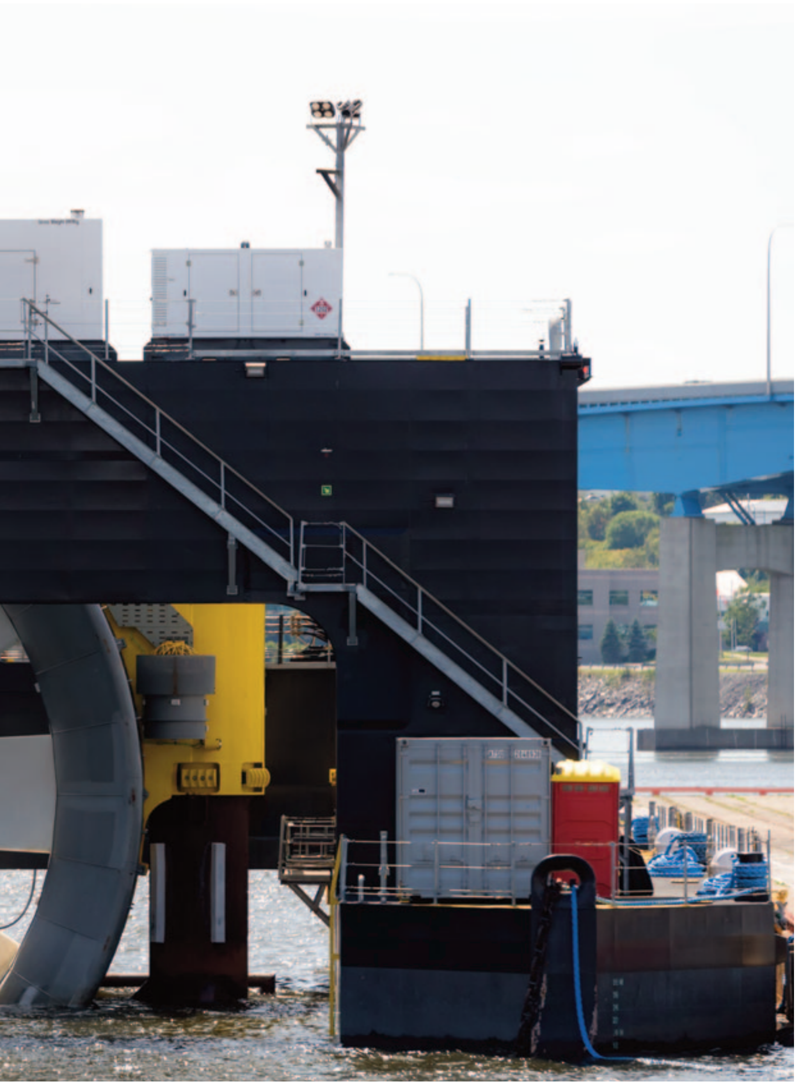


Tidal turbine © Doug McLean / Shutterstock applied to climate change more specifically. Alternatively, asset owners can pay particular attention to climate change within a broader ESG approach to investment manager selection.

NET-ZERO INVESTOR INITIATIVES AND SCIENCE-BASED TARGET SETTING FRAMEWORKS

Net Zero Asset Manager Initiative

The Net Zero Asset Managers Initiative (NZAMI) is a group of international investment managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner - in line with global efforts to limit warming to 1.5°C - and to supporting aligning investments with net zero emissions by 2050 or sooner. At the time of publication, the initiative had 87 members with, collectively, $37 trillion in assets under management.



The NZAMI initiative is managed globally by six Founding Partner investor networks, namely: Asia Investor Group on Climate Change (AIGCC), CDP, Ceres, Investor Group on Climate Change (IGCC), Institutional Investors Group on Climate Change (IIGCC) and Principles for Responsible Investment (PRI). The initiative is also endorsed by The Investor Agenda, of which the investor networks are all founding partners.

WWF believes that investment managers that sign on to the NZAMI show intent to bring their investments in line with the Paris climate goals. However, their commitment will need to be backed up with credible action and further scrutiny on the basis of additional resources is required.

UN-convened Net Zero Asset Owner Alliance

The UN-convened Net Zero Asset Owner Alliance (NZAOA) is a group of asset owners that has committed to 'transitioning their investment portfolios to net-zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures, taking into account the best available scientific knowledge including the findings of the IPCC, and regularly reporting on progress, including establishing intermediate targets every five years in line with Paris Agreement Article 4.9'. At the time of publication, the alliance had gathered 35 members with jointly $5.5 trillion in asset under management.

The NZAOA has a particular focus on achieving emission reduction outcomes in the real economy. This includes setting short-term targets aligned with their net zero ambition, and work on creating the conditions for growing the investable universe for 1.5°C aligned climate solutions. The NZAOA is also engaging with key stakeholders, including many of the world's largest investment managers. The rationale is that these are strategically positioned to steward and select portfolio companies in a way that supports the NZAOA members' net-zero ambitions.

The NZAOA has notably focused on investment managers' voting expectations. It has created foundational guidelines for asset owners to construct their own expectations of their asset managers' proxy voting approaches. The guidelines document outlines a set of topics and principles to assess an asset manager's overall approach to climate-related proxy voting. These guidelines are centered on four themes: governance, interest alignment, evaluation, and transparency.

WWF is a strategic and scientific partner to the NZAOA. We believe there is value for asset owners to join this initiative and participate in its dialogues with investment managers to better understand and improve their climate performance. In addition, asset owners will need to scrutinise investment managers' climate performance on the basis of additional resources.

Science-Based Target Initiative for Financial Institutions

The Science Based Targets Initiative (SBTi) mobilises companies to set science-based targets and boosts their competitive advantage in the transition to a low-carbon economy. It is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI), and WWF.

SBTi launched a framework for financial institutions (SBT-FI) in October 2020 which includes target setting methods, target validation criteria and recommendations, target setting tools, and guidance for financial institutions to align their lending and investment portfolios with the ambitions of the Paris Agreement.

At the time of publication, 26 investment managers had committed to setting science-based targets. These investment managers will have two years (from their commitment date or the launch of the framework if they committed before October 2020) to adopt their targets on the basis of the framework.

WWF believes that investment managers that have committed to set science-based targets show intent to bring their investments in line with the Paris climate goals. However, their commitment and forthcoming targets will need to be backed by credible action and appropriately monitored on the basis of additional resources.

Geothermal Power Plant © Global Warming Images / WWF

INVESTMENT MANAGERS' CLIMATE PERFORMANCE RESEARCH

FinanceMap

FinanceMap is an online, publicly available platform – developed by InfluenceMap – that looks at the investment management sector through a climate lens, examining portfolios, investor-engagement processes, and shareholder resolutions. The twin objectives are to give asset owners and other key stakeholders insights into how the asset management sector is performing on climate change and to drive improvement within the sector by providing benchmarking information.

FinanceMap provides asset owners with two metrics:

- Paris alignment score. FinanceMap applies the Paris Agreement Capital Transition Assessment (PACTA) methodology managed by 2 Degrees Investing Initiative to a universe of 70,000 listed funds – held by over 1,000 investment manager groups – to assess the alignment of portfolios with the Paris Agreement. PACTA considers the underlying assets controlled by the companies in the portfolio and their future evolution with climate scenarios of the International Energy Agency (IEA). It covers sectors with significant climate risk: automotive, electric power, oil & gas production, and coal mining. FinanceMap then implements a method to weight these technology-level results into Sector and Portfolio Paris Alignment (PA) scores.[2] The Portfolio PA scores range from - 100% (highly misaligned) to + 100% (exceeding Paris alignment), with a deviation of 0% being Paris aligned under the IEA scenario used. It also shows sectoral and technology-level deviation.
- Engagement score. FinanceMap provides metrics on investor engagement with companies on climate, using a methodology developed by the FinanceMap team in consultation with leading global investment managers. It also gathers metrics on the filing and voting behaviour of investment managers on climate-relevant shareholder resolutions. The engagement score is currently available for 30 leading investment managers.

FinanceMap has found that the 30 leading investment management groups all show substantial Paris misalignment of their overall holdings, largely due to the prevalence of passive, index-linked investment strategies. There is, however, based on available disclosures, a significant variation in performance on company engagement and support for shareholder resolutions on climate change.

ShareAction

ShareAction has examined 75 of the most influential investment managers worldwide on responsible investment governance, climate change, biodiversity and human rights in its 'Point of No Returns' research series – and has provided each investment manager with a score ranging from A to E. Their research shows an overall substandard approach to responsible investment: the combined assets under management (AUM) of those managers with a D or E rating is US$36 trillion, constituting 64% of the total AUM assessed.

The picture that emerges from ShareAction's climate change 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 investment managers include climate change in their policies and only a small percentage make specific commitments relating to portfolio decarbonisation. The focus of investment 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.

A follow-up leading practice guide offers a comprehensive range of case studies where asset managers have demonstrated a leading approach to responsible investment topics, including climate change. While some asset managers are making climate-related progress in the areas of voting policies and practices, net-zero commitments, robust engagement approaches, and climate-related reporting, the guide highlights that very few asset managers are showing such leadership across multiple areas. The guide also offers a 'checklist' of leading practice, which asset owners and consultants can use to frame discussions and set stronger expectations.

In a separate analysis, ShareAction has also examined the voting practices of 60 of the world's largest asset managers on 102 resolutions, of which 53 were either pure climate change or climate-related lobbying resolutions. The analysis, which also considered voting rationales, found that generally investors are still under-utilising their voting power and using private engagements as an excuse of not voting more assertively on climate-related resolutions.

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2 Each Sector PA Score is a weighted average of the technology-level deviations for every technology within a sector. The technology deviation results are weighted both by the portfolio's exposure to each technology as well as the technology's importance to global emissions as determined by the IEA. A detailed methodology can be consulted here.

RESPOND

RESPOND (Resilient and Sustainable Portfolios that Protect Nature and Drive Decarbonisation) is an interactive online tool developed by WWF-Singapore that reviews asset managers' public disclosures about their implementation of responsible investment (RI). The tool is based on a WWF framework[3] – that is aligned with the TCFD recommendations and the UN PRI – and consists of six pillars, 14 indicators and 95 sub-indicators.

In addition to including sub-indicators pertaining to overall ESG integration and internal sustainability governance, the framework includes issue-specific sub-indicators focusing on climate change, water risk, biodiversity loss, ocean sustainability as well as human and labour rights. The table below provides an overview of the framework's climate-related sub-indicators.

For its inaugural launch in January 2020, the RESPOND tool analysed the public disclosures[4] of 22 European asset managers who all met the following three criteria: a minimum AUM of US$200 billion, a presence in Asia, and disclosing an A+ UN PRI rating.[5] For its 2021 release, in addition to updating the analysis of these 22 European asset managers, the RESPOND tool focused on eight Asian asset managers meeting the following two criteria: a minimum AUM of US$200 billion, and being a PRI signatory. Key findings from the RESPOND 2021 analysis are available in this report and summarised in this press release.

NOTES

3 See the appendix section of the report to view the full framework.

4 Materials reviewed include the latest annual, sustainability and RI reports, public statements and policies, press releases and other information posted on asset managers' websites. Each asset manager included is given the opportunity to review and provide feedback on the analysis of their disclosures.

5 Asset managers that disclosed receiving a rating of A+ on either the Strategy & Governance or the Listed Equity modules of the PRI Reporting Framework in 2018 or 2019.

TABLE 1 OVERVIEW OF THE WWF RESPOND CLIMATE-RELATED SUB-INDICATORS.

PILLAR	INDICATOR	CLIMATE-RELATED SUB-INDICATOR
Purpose	#1 Relevance of sustainability in organisation's strategy and investment beliefs	#3 Does the asset manager publicly recognize that climate change poses long-term risks to business and society?
	#2 Industry collaboration and participation	#9-11 Does the asset manager support or are they involved in Investor Agenda, Climate Action 100+, IIGCC, AIGCC, UNEP FI, CDP and TCFD?
Policies	#3 Responsible investment policies	N/A
	#4 Issue specific policies	#20 a. Does the asset manager have a policy or statement explaining that climate change is incorporated into investment decision-making? b. Does the asset manager expect all portfolio companies to align to the TCFD recommendations? c. Does the asset manager expect all portfolio companies to set Science Based Targets? d. Does the asset manager's voting policy have a statement on how climate-related issues will be voted?
Processes	#5 Research, stock selection, and monitoring	N/A
	#6 Active ownership	N/A
People	#7 Governance	#47 Is there board-level responsibility for climate risk, e.g. is climate risk management included in the board mandate?
	#8 Skills	N/A
	#9 Incentives	N/A
Products	#10 Product availability	N/A
	#11Promotion of products to clients	N/A
Portfolio	#12 Risk assessment	#66 Does the asset manager conduct climate risk assessments or scenario analysis (e.g. PACTA) at the portfolio level? #67 Does the asset manager disclose the key features of the conducted scenario analysis, including selected scenarios and actions taken to address identified risks?
	#13 Metrics and targets	#68 Does the asset manager calculate and disclose its carbon footprint or intensity at the portfolio level? #70 Has the asset manager developed and explained a strategy or methodology for the decarbonization of its portfolio? #71 Has/will the asset manager set targets for aligning its portfolio to a 1.5-degree C scenario?
	#14 Disclosure	#73 Does the asset manager publish a TCFD report or align its public reporting with the TCFD recommendations? #81 Does the asset manager disclose the climate alignment of its portfolio?

Reclaim Finance

Reclaim Finance has developed and published coal score cards for 29 major investment managers based in Europe and the USA. The scoring of the investment managers' coal policies was based on responses to a questionnaire that covers three topics: climate alignment and engagement, dealing with coal in active management, and dealing with coal in 'passive' management. The research finds that:

- Less than half of the investment managers assessed have a public policy to phase out coal.
- Because these policies often allow for many exceptions, overall, only 25% of all the assets managed within the sample were covered by a coal exclusion criterion.
- Passive investments are particularly problematic, with less than 3% of passively managed investments currently being covered by a coal exclusion criterion.

As a consequence of these findings, the scoring for the investment managers is poor – with scores ranging between 0 and 52 out of 100.

Reclaim Finance has, in addition to the above mentioned research, built a Coal Policy Tool that aims to enable a broader understanding of coal policies adopted by financial institutions for their banking, investment and (re)insurance activities. The database covers 150 investment managers[6], and uses five criteria to rate coal policies:

- The exclusion of coal mines, coal plants, and coal infrastructure from project finance (i.e. not applicable to investment managers);
- The exclusion of all financial services to companies planning new coal mines, coal plants or coal infrastructure projects;
- The exclusion of companies which are most exposed to the coal sector, based on their share of revenues or electricity production from coal;
- The exclusion of the largest coal producers and largest coal plant operators;
- The quality of the coal phase-out strategy.

NOTES

6 Amongst the 150 investment managers are also included the investment management arms of commercial banks and insurance companies: this distinction is needed because financial institutions that have various activities may only apply coal policies to a part of their activities, or adopt different criteria for different parts of their business. For example, an insurance company may adopt an ambitious coal policy to the assets it owns itself (i.e. as an asset owners), but not to its insurance or investment management activities: hence, the institution will receive a good score in the 'asset owner' category, but score poorly in the 'investment manager' or '(re)insurance' category.

ANNEX

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Explanatory note

1. WWF collected into one table all the investment managers that are covered by the following climate performance assessments: (1) ShareAction's 'Point of no Returns' research, (2) WWF-Singapore's RESPOND analysis, and (3) InfluenceMap's FinanceMap.
2. WWF added investment managers that have joined the net-zero asset manager initiative (NZAMI) and/or committed to set targets under the science-based target initiative for financial institutions (SBT-FI).
3. WWF added colour codes for each of the resources based on: (1) metrics used in the climate performance assessments, excluding the FinanceMap portfolio alignment score; and (2) membership in NZAMI/commitments to SBT-FI. The table below provides further details for the colour coding applied to the metrics used in the climate performance assessments.
4. WWF organised investment managers from top to bottom depending on the extent to which they are covered by the climate performance assessments mentioned in point 1, excluding the FinanceMap portfolio alignment score.
5. WWF organised investment managers that are not covered by any of the climate performance assessments mentioned in point 1 based on their membership in NZAMI and/or commitment to SBT-FI.

INVESTMENT MANAGERS' CLIMATE PERFOMANCE ASSESSMENTS	METRIC	METRIC DETAILS	COLOUR CODE					
ShareAction	Overall score	Letter scores (AAA to E) and/or percentage scores (0-100%) that correspond with the number of points scored in each section of the ShareAction survey relative to the maximum available number of points for that section. Heatmap colours per letter score or per 12.5% points.[7]	A	B-BBB	C-CCC	D	E	N/A
	Climate score		62.5-75%	50-62.5%	37.5-50%	25-37.5%	12.5-25%	0-12.5%
RESPOND	Climate score	Percentage score (maximum 100%) that summarizes how each asset manager fulfills the criteria of RESPOND's 16 climate-related indicators: the higher the percentage, the higher the fulfillment[8]. All 16 indicators are weighted equally. Heatmap colours (per quartile) to indicate degree of correspondance with indicators.	76-100%	51-75%	26-50%	0-25%	N/A	N/A
Reclaim Finance	Coal score card	Weighted score (0 to 100) based on investment manager responses to a survey covering three topics: climate alignment and engagement,coal policies in active management, coal policies in passive management. Heatmap colours (per 12,5%) to indicate degree of scoring against survey questions.[9]	N/A	50-62.5%	37.5-50%	25-37.5%	12.5-25%	0-12.5%
FinanceMap	Engagement score	Letter score (A to F)[10] that is generated by a weighting of scores (five-point scale of -2, -1, 0, 1, 2) for 11 sub-activities[11], which are each assessed based on evidence in publicly available data sources. Heatmap colours to distinguish between scores per letter .	A to A-	B+ to B-	C+ to C-	D+ to D-	N/A	N/A

NOTES

7 ShareAction has not attributed scores to investment manager higher than A for their overall performance or higher than 75% for their climate performance, hence no colours for these categories were included in this table.

8 The analysis is based on asset managers' public disclosures released before 31 Oct. 2020. See page 13 of this report for the list of RESPOND's climate-related indicators.

9 Reclaim Finance has not attributed scores to investment manager higher than 52% for their performance, hence no colours for these categories were included in this table.

10 FinanceMap has not attributed scores to investment lower than D- for their engagement performance, hence no colours for these categories were included in this table.

11 The 11 sub-activities are: Engagement Transparency, Climate Engagement Framework, Milestones for Success, Escalation Strategy, Engagement on Paris Aligned Business Models, Engagement on Climate Lobbying, Climate Engagement Impact, Collaborative Engagement, Resolutions: Voting Transparency, Resolutions: Climate-Relevant Voting, Use of Shareholder Authority.

Overview table of investment managers climate performance, investor initiative membership, and target setting commitments

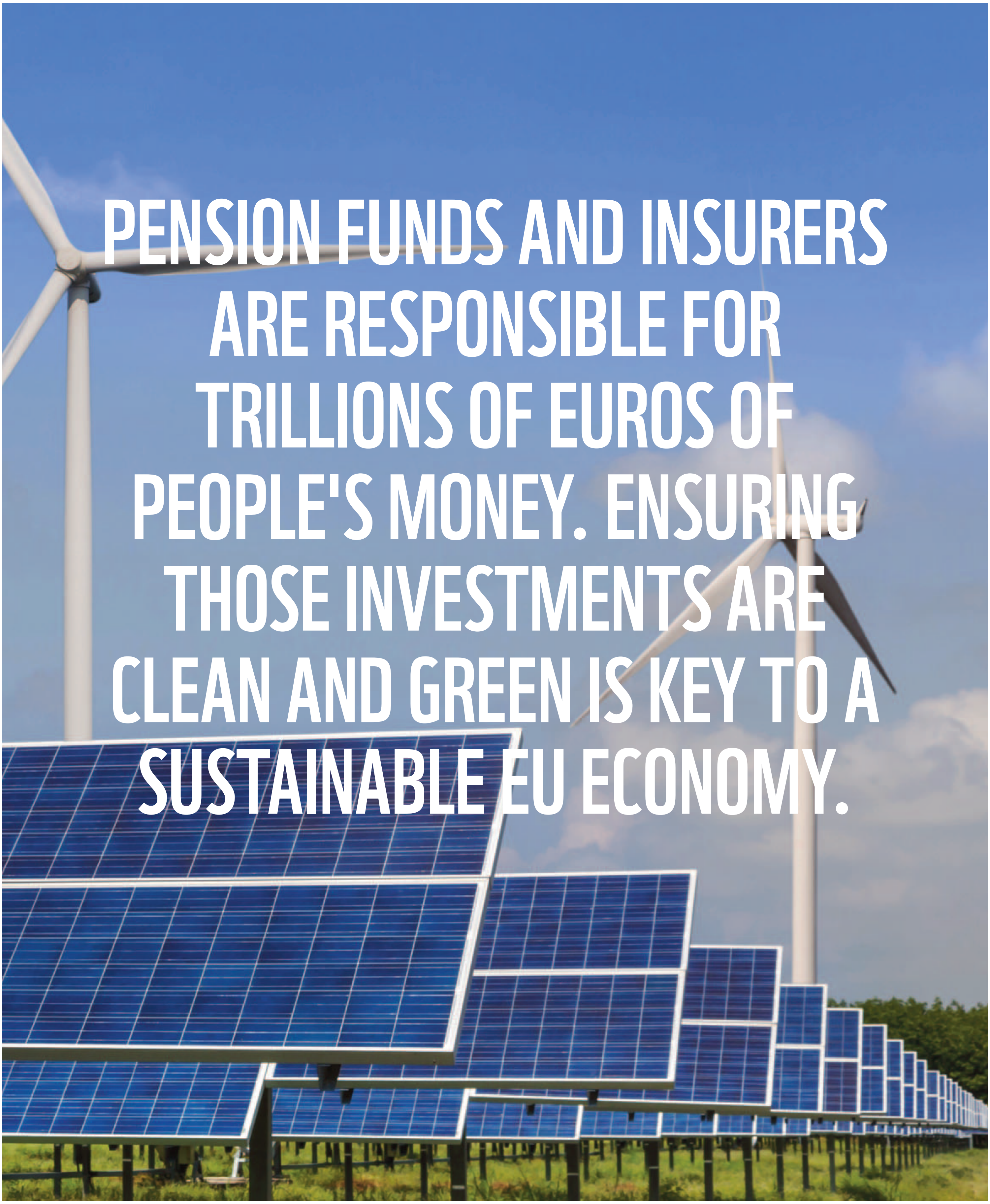
	INVESTMENT MANAGERS' CLIMATE PERFOMANCE ASSESSMENTS						INVESTOR INITIATIVES AND TARGET SETTING FRAMEWORKS	
	SHAREACTION		RESPOND	RECLAIM FINANCE	FINANCEMAP		NET ZERO ASSET MANAGER INITIATIVE	SBTI FINANCE INITIATIVE
METRIC	OVERALL SCORE ON RESPONSIBLE INVESTMENT	CLIMATE SCORE	CLIMATE SCORE	COAL SCORE CARD	ENGAGEMENT SCORE	PORTFOLIO ALIGNMENT SCORE	MEMBERSHIP	COMMITTED TO SET A SCIENCE-BASED TARGET
METRIC DETAILS WORST BEST	Letter scores (AAA to E) and/or percentage scores (0-100%) that correspond with the number of points scored in each section of the ShareAction survey relative to the maximum available number of points for that section. Heatmap colours per letter score or per 12.5% points.[12]		Percentage score (maximum 100%) that summarizes how each asset manager fulfills the criteria of RESPOND's 16 climate-related indicators: the higher the percentage, the higher the fulfillment.[13] All 16 indicators are weighted equally. Heatmap colours (per quartile) to indicate degree of correspondance with indicators.	Weighted score (0 to 100) based on investment manager responses to a survey covering three topics: climate alignment and engagement,coal policies in active management, coal policies in passive management. Heatmap colours (per 12,5% points) to indicate degree of scoring against survey questions.	Letter score (A to F) that is generated by a weighting of scores (five-point scale of -2, -1, 0, 1, 2) for 11 sub-activities[14], which are each assessed based on evidence in publicly available data sources. Heatmap colours to distinguish between scores per letter.	Percentage score that aggregates PACTA scores for sectors with significant climate risk[14] to investment group level. Scores range from - 100% (highly misaligned) to + 100% (exceeding Paris alignment), with a deviation of 0% being Paris aligned under the IEA scenario used.	Yes/No	Yes/No
INVESTMENT MANAGER NAME								
Allianz (Global Investors/Allianz Investment Management)	BB		78%	11	B+	-11%	Yes	Yes
Amundi Asset Management	BB		88%	45	A-	-12%	No	No
Aviva Investors	A		91%	23	A	-14%	Yes	Yes
AXA Investment Managers	BBB		81%	52	A	-10%	Yes	No
BNP Paribas Asset Management	A		78%	45	A+	-8%	No	Yes
DWS Group	B		44%	12	B+	-15%	Yes	No
Legal & General Investment Management	A		81%	26	A+	-20%	Yes	Yes
Ostrum Asset Management	CCC		47%	46	B	N/A	No	No
Standard Life Aberdeen (Aberdeen Standard Investments)	BB		78%	16	A-	-21%	Yes	No
UBS Asset Management	CC		69%	17	A+	-15%	Yes	No
Aegon Asset Management	BBB		56%	14	N/A	-15%	No	No
APG Asset Management	A		88%	14	N/A	N/A	Yes	No
HSBC Global Asset Management	BBB		75%	4	N/A	-17%	No	Yes
M&G Investments	BBB		47%	36	N/A	-27%	Yes	No
Schroders	BBB		66%	14	N/A	-19%	Yes	Yes
Union Investment Group	B		47%	33	N/A	N/A	No	No
BlackRock	D		N/A	17	B	-13%	Yes	No
Insight	D		N/A	2	B-	N/A	Yes	No
Invesco	D		N/A	13	B-	-11%	No	No
J.P. Morgan Asset Management	E		N/A	2	C	-8%	No	No
PIMCO	B		N/A	11	A-	-8%	No	No
State Street Global Advisors	D		N/A	2	B-	-8%	Yes	No
Vanguard	E		N/A	9	C	-12%	Yes	No
Nikko Asset Management	CC		53%		C	N/A	No	No
Sumitomo Mitsui Trust Asset Management	D		47%		B+	-27%	No	No
Capital Group	D		N/A		C-	-15%	No	No
Fidelity Investments	E		N/A		D	-13%	No	No
Franklin Templeton Investments	D		N/A		D+	-15%	No	No
Goldman Sachs Asset Management	D		N/A		C	-17%	No	No
Mellon Investments Corporation	E		N/A		C	-15%	No	No
MFS Investment Management	D		N/A		B-	N/A	No	No
Northern Trust Asset Management	D		N/A		B-	-11%	No	No
Nuveen	B		N/A		C+	-13%	No	No
PGIM Fixed Income	E		N/A		C-	N/A	No	No
T. Rowe Price	E		N/A		C	-9%	No	No
Wellington Management	CC		N/A		B-	-9%	Yes	No
Credit Suisse Asset Management	E		N/A	3	N/A	-15%	No	No
Deka Investment	D		N/A	12	N/A	-11%	No	No
Eurizon Capital	D		N/A	1	N/A	-13%	No	No
Generali Investments	CC		N/A	20	N/A	-2%	No	No
Asset Management One	CCC		38%		N/A	N/A	Yes	No
Baillie Gifford	D		44%		N/A	-33%	No	No
E Fund Management	E		31%		N/A	-27%	No	No
Eastspring Investments	E		34%		N/A	N/A	No	No
Fidelity International	D		41%		N/A	-19%	Yes	No
Mitsubishi UFJ Trust and Banking Corp	D		34%		N/A	-25%	No	No
Nordea Asset Management	BBB		75%		N/A	-21%	Yes	No
NN Investment Partners	BBB		63%		N/A	-7%	Yes	No
Nomura Asset Management	CC		69%		N/A	-27%	No	No
Pictet Asset Management	B		41%		N/A	-14%	No	No
Robeco	A		66%		N/A	N/A	Yes	No
Alliance Bernstein	B		N/A		N/A	-16%	No	No
Bank J. Safra Sarasin	BB		N/A		N/A	-17%	No	No
BMO Global Asset Management	B		N/A		N/A	-14%	Yes	No
Bradesco Asset Management (BRAM)	E		N/A		N/A	-24%	No	No
Caisse de dépot et placement du Québec (CDPQ)	CCC		N/A		N/A	N/A	No	No
Columbia Threadneedle Investments	CCC		N/A		N/A	-10%	No	No
China Asset Management Company	D		N/A		N/A	N/A	No	No
Dimensional Fund Advisors	E		N/A		N/A	-9%	No	No
GAM Investments	D		N/A		N/A	-14%	No	No
Investec Asset Management	CC		N/A		N/A	-17%	No	No
Janus Henderson Investors	D		N/A		N/A	-20%	No	No
La Banque Postale Asset Management	BB		N/A		N/A	-10%	Yes	No
Lyxor Asset Management	D		N/A		N/A	N/A	No	No
MEAG	E		N/A		N/A	-12%	No	No
MetLife Investment Management	E		N/A		N/A	-6%	No	No
Manulife Investment Management	C		N/A		N/A	-13%	No	No
Macquarie Asset Management	D		N/A		N/A	4%	Yes	No
PGGM	BBB		N/A		N/A	N/A	No	No
RBC Global Asset Management	D		N/A		N/A	-8%	No	No
Royal London Asset Management	D		N/A		N/A	-16%	Yes	No
SEB Investment Management	D		N/A		N/A	-35%	Yes	No
Santander Asset Management	E		N/A		N/A	-25%	Yes	No
Swisscanto Invest by Zürcher Kantonalbank	CCC		N/A		N/A	-13%	No	No
Swiss Life Asset Managers	D		N/A		N/A	-13%	No	No
Loomis, Sayles & Co	N/A	N/A	N/A	1	D+	-20%	No	No
Boston Trust Walden	N/A	N/A	N/A		A	-1%	No	No
Hermes	N/A	N/A	N/A		A+	-13%	No	No
Mirova	N/A	N/A	N/A		A	N/A	Yes	No
Morgan Stanley	N/A	N/A	N/A		C	-14%	No	No
Newton Investment Management	N/A	N/A	N/A		A-	N/A	Yes	No
Sarasin and Partners	N/A	N/A	N/A		A+	N/A	Yes	No
Trillium Asset Management	N/A	N/A	N/A		A	5%	Yes	No
Zevin Asset Management	N/A	N/A	N/A		A	N/A	No	No
China Life Asset Management Company	N/A	N/A	0%		N/A	N/A	No	No
FullCycle	N/A	N/A	N/A		N/A	N/A	Yes	Yes
Storebrand Asset Management	N/A	N/A	N/A		N/A	-15%	Yes	Yes
Swedbank	N/A	N/A	N/A		N/A	-20%	Yes	Yes
a.s.r. asset management	N/A	N/A	N/A		N/A	-4%	Yes	No
Algebris investments	N/A	N/A	N/A		N/A	N/A	Yes	No
Alquity Investment Management	N/A	N/A	N/A		N/A	N/A	Yes	No
Anaxis	N/A	N/A	N/A		N/A	N/A	Yes	No
Arisaig Partners	N/A	N/A	N/A		N/A	N/A	Yes	No
Atlas Infrastructure	N/A	N/A	N/A		N/A	N/A	Yes	No
BankInvest	N/A	N/A	N/A		N/A	N/A	Yes	No
Boston Common Asset Management	N/A	N/A	N/A		N/A	30%	Yes	No
Brookfield Asset Management	N/A	N/A	N/A		N/A	-13%	Yes	No
Calvert	N/A	N/A	N/A		N/A	N/A	Yes	No
Capricorn Investment Group	N/A	N/A	N/A		N/A	N/A	Yes	No
Cardano Holding	N/A	N/A	N/A		N/A	N/A	Yes	No
CCLA	N/A	N/A	N/A		N/A	N/A	Yes	No
Clean Energy Ventures	N/A	N/A	N/A		N/A	N/A	Yes	No
Colony Capital	N/A	N/A	N/A		N/A	N/A	Yes	No
Coutts & Co	N/A	N/A	N/A		N/A	N/A	Yes	No
Danske Bank Asset Management	N/A	N/A	N/A		N/A	-8%	Yes	No
Developing World Markets	N/A	N/A	N/A		N/A	N/A	Yes	No
EcoFin	N/A	N/A	N/A		N/A	N/A	Yes	No
FAMA Investimentos	N/A	N/A	N/A		N/A	N/A	Yes	No
Generation	N/A	N/A	N/A		N/A	N/A	Yes	No
GIB asset management	N/A	N/A	N/A		N/A	N/A	Yes	No
Handelsbanken Fonder	N/A	N/A	N/A		N/A	-12%	Yes	No
IFM investors	N/A	N/A	N/A		N/A	-1%	Yes	No
Inherent Group	N/A	N/A	N/A		N/A	N/A	Yes	No
J. Safra Sarasin Sustainable Asset Management	N/A	N/A	N/A		N/A	N/A	Yes	No
JGP Gestão de Recursos	N/A	N/A	N/A		N/A	N/A	Yes	No
Jupiter Asset Management	N/A	N/A	N/A		N/A	-22%	Yes	No
Kempen	N/A	N/A	N/A		N/A	N/A	Yes	No
La Financière De l'Echiquier	N/A	N/A	N/A		N/A	N/A	Yes	No
Lazard Asset Management	N/A	N/A	N/A		N/A	-16%	Yes	No
LGT Capital Partners	N/A	N/A	N/A		N/A	N/A	Yes	No
Lombard Odier Investment Managers	N/A	N/A	N/A		N/A	N/A	Yes	No
Maitri Asset Management	N/A	N/A	N/A		N/A	N/A	Yes	No
Majedie Asset Management	N/A	N/A	N/A		N/A	-21%	Yes	No
Montanaro Asset Management	N/A	N/A	N/A		N/A	N/A	Yes	No
New Forests	N/A	N/A	N/A		N/A	N/A	Yes	No
Nissay Asset Managemnt	N/A	N/A	N/A		N/A	N/A	Yes	No
Nykredit Wealth Management	N/A	N/A	N/A		N/A	-15%	Yes	No
Pemberton Capital Advisors	N/A	N/A	N/A		N/A	N/A	Yes	No
Quinbrook Infrastructure Partners	N/A	N/A	N/A		N/A	N/A	Yes	No
Rathbones Greenbank Investments	N/A	N/A	N/A		N/A	N/A	Yes	No
Ridgewood Infrastructure	N/A	N/A	N/A		N/A	N/A	Yes	No
RockCreek	N/A	N/A	N/A		N/A	N/A	Yes	No
Russell Investments	N/A	N/A	N/A		N/A	N/A	Yes	No
Sage Advisory	N/A	N/A	N/A		N/A	N/A	Yes	No
Stafford Capital Partners	N/A	N/A	N/A		N/A	N/A	Yes	No
Terra Alpha Investments	N/A	N/A	N/A		N/A	N/A	Yes	No
Tikehau Capital	N/A	N/A	N/A		N/A	N/A	Yes	No
Valo Ventures	N/A	N/A	N/A		N/A	N/A	Yes	No
Vert Asset Management		N/A	N/A		N/A	N/A	Yes	No
Wheb	N/A	N/A	N/A		N/A	N/A	Yes	No
Actiam	N/A	N/A	N/A		N/A	N/A	No	Yes
Bupa	N/A	N/A	N/A		N/A	N/A	No	Yes
Capitas Finance Limited	N/A	N/A	N/A		N/A	N/A	No	Yes
Chambers Federation	N/A	N/A	N/A		N/A	N/A	No	Yes
E.SUN Financial Holding	N/A	N/A	N/A		N/A	N/A	No	Yes
EQT	N/A	N/A	N/A		N/A	N/A	No	Yes
Eurazeo	N/A	N/A	N/A		N/A	N/A	No	Yes
Fubon Financial Holdings	N/A	N/A	N/A		N/A	-7%	No	Yes
Hannon Armstrong	N/A	N/A	N/A		N/A	N/A	No	Yes
KB Financial Group	N/A	N/A	N/A		N/A	N/A	No	Yes
Lloyds Fonds AG	N/A	N/A	N/A		N/A	N/A	No	Yes
Mahindra & Mahindra Financial Services	N/A	N/A	N/A		N/A	-39%	No	Yes
Principal Financial Group	N/A	N/A	N/A		N/A	-12%	No	Yes
Shinhan Financial Group	N/A	N/A	N/A		N/A	-45%	No	Yes
SK Securities	N/A	N/A	N/A		N/A	N/A	No	Yes
Tribe Impact Capital	N/A	N/A	N/A		N/A	N/A	No	Yes
Yuanta Financial Holding	N/A	N/A	N/A		N/A	N/A	No	Yes

NOTES

12 The analysis is based on asset managers' public disclosures released before 31 Oct. 2020. See page 13 of this report for the list of RESPOND's climate-related indicators.

13 The 11 sub-activities are: Engagement Transparency, Climate Engagement Framework, Milestones for Success, Escalation Strategy, Engagement on Paris Aligned Business Models, Engagement on Climate Lobbying, Climate Engagement Impact, Collaborative Engagement, Resolutions: Voting Transparency, Resolutions: Climate-Relevant Voting, Use of Shareholder Authority.

14 www.transitionmonitor.com. The significant climate risk sectors included in the FinanceMap score are: automotive, electric power, oil & gas production, and coal mining.



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