THE ASSET MANAGERS FUELING CLIMATE CHAOS

2022 scorecard on asset managers, fossil fuels and climate change

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TABLE OF CONTENTS

Executive summary 4

Scope of the report 6

1. Asset managers are highly exposed to fossil fuel expansion 8
   a. Asset managers hold US$ 550bn in major fossil fuel developers 8
   b. Asset managers are big providers of new debt to fossil fuel expansionists 10
   c. Policies fail to exclude fossil fuel developers 11
   d. Policies fail to tackle passive investments in fossil fuels 13
   e. The net zero test 14

2. Toothless dialogue with fossil fuel companies 16
   a. Engagement: an easy way out for investors? 16
   Case study: Has investor dialogue limited the oil and gas plans of European majors? 18
   b. Our assessment of asset managers' engagement policies on fossil fuels 22
   c. How the asset managers voted at TotalEnergies' 2021 AGM 24

Recommendations 30

Methodology 32

Detailed scoring 33

EXECUTIVE SUMMARY

More than seven years after the Paris Agreement was signed, **our 2022 scorecard reveals that the biggest asset managers still have not taken appropriate steps to tackle fossil fuel expansion**, a basic prerequisite to keeping global warming in check. While many acknowledge the need to organize a managed decline of the oil and gas industry, **these firms are still investing billions into companies whose fossil fuel expansion plans make this objective impossible to achieve**. Crucially, none of the asset managers currently list "no new coal, oil and gas projects" in their key demands for companies they engage in dialogue with. Yet, 25 out of the 30 asset managers assessed in the 2nd edition of our asset management scorecard have pledged to achieve carbon neutrality by 2050, following a 1.5°C pathway.

By joining the Glasgow Financial Alliance for Net Zero and endorsing the criteria of the UN's Race to Zero Campaign,[1] they have also committed to reduce their emissions by 50% by 2030. **A year after the International Energy Agency made crystal clear that achieving 'net zero' means no new oil and gas supply projects, our scorecard reveals that asset managers will not live up to their commitments unless they restrict investments with fossil fuel developers**. They must urgently make the end of fossil fuel expansion the backbone of their engagement and investment policies.

The report looks at the 25 biggest asset managers headquartered in Europe and the 5 biggest asset managers headquartered in the US.[2]

Key findings

Asset managers are highly investing in fossil fuel expansion.

1. **Coal:** The 30 asset managers we assessed have combined holdings of US$ 82.5bn in companies involved in coal expansion as of November 2021.[3] The biggest investors include BlackRock and Vanguard, which together hold US$ 60bn. The 25 asset managers with net zero pledges account for 97% of these holdings in coal expansion.
2. **Oil and gas:** The 30 asset managers have combined holdings of US$ 468bn as of March 2022 in 12 major oil and gas companies, which are among the biggest short-term developers in oil and gas (including in Gazprom, Saudi Aramco, BP, Shell, TotalEnergies, Chevron and Exxon).[4] Exxon is the company the most supported by the asset managers, which have combined holdings of US$ 130bn in shares and bonds of the US company.

Asset managers currently don't restrict investments in fossil fuel expansion.

3. 23 out of the 30 asset managers do not restrict investments in companies launching new coal projects.
4. None of the 30 asset managers restrict investments in companies involved in new oil and gas projects. Only one has implemented an oil and gas policy that indirectly excludes more than 50% of all fossil fuel related resources under development.

Asset managers' engagement (i.e. stewardship) policies[5] fail to send clear signals to fossil fuel companies.

5. 25 asset managers claim that they are pushing companies to improve on climate-related issues. However, case studies in the report illustrate that so far this engagement work[6] has not led to palpable changes. Indeed, asset managers are actively maintaining the status quo by backing fossil fuel companies' management despite inadequate climate strategies and plans to develop new fossil fuel projects.
6. None of the asset managers have clear, comprehensive demands for fossil fuel companies. Only eight publicly ask companies to adopt short-term (2025) emission reduction targets and only one requires absolute emission reductions that include scope 3 emissions[7] (which represent over 85% of fossil companies' total emissions).
7. None call for an immediate decrease of companies' overall fossil fuel production or for the stop of all new fossil fuel supply projects.
8. Among the asset managers who do ask for short-term targets, only two have set a public deadline for complying with these asks, and none plan to systematically apply sanctions such as votes against management at AGMs or investment restrictions.

Asset managers are supporting fossil fuel developers through their passive funds.

9. The nine biggest 'passive' managers in this report are also among the biggest holders of companies developing new coal projects,[8] indicating a correlation between 'passive' investment and support to fossil fuels.[9]
10. While these 'passive' asset managers tend to put forward the growth of their "climate friendly" funds, they are still massively invested in fossil fuel expansion via their other funds, and especially the ones that they manage "passively".[10]
11. Asset managers' lack of action on their passive portfolios make passive funds a growing threat to the climate. As the volume of assets under passive management increases, exposure of asset managers to fossil fuels is likely to increase as well.[11]

Asset managers must adopt robust policies tackling fossil fuel expansion.

- Asset managers must make fossil fuel expansion[12] a redline in their investment and engagement policies and strategies.
- Asset managers must establish time-bound demands for fossil fuel companies to stop developing new coal, oil and gas projects, phase down production and adopt short term absolute emission reduction targets.
- Asset managers must announce sanctions[13] and exclusions for companies that choose not to respond to these demands.

SCOPE OF THE REPORT

We surveyed 30 major asset managers, mostly headquartered in Europe (25) and in the US (5) and among the biggest institutions worldwide in terms of assets under management.[14] We analyzed their investment practices regarding climate change, focusing on the fossil fuel sector as the priority sector to tackle. The first edition[15] of this scorecard focused on coal, as one of the easiest asset classes financial institutions can begin to act on and as the sector that requires the most urgent exit.[16] In light of the last findings of the IPCC[17] and the latest conclusions of the IEA Net Zero Scenario, **this second edition extended its focus to all fossil fuels, with a specific lens on fossil fuel expansion** as the IEA scenario concluded that no new fossil fuel supply projects were needed.[18] We have scored the 30 asset managers based on a questionnaire (see details in Annex) that was sent to them in February 2022.[19]

Key information on the 30 asset managers assessed in this report:

- **They represent a total of €42.5 trillion in assets under management as of December 2021, an amount which increased by 15% compared to last year;**
- **More than 40% of these assets (€17 trillion) are currently passively managed;[20]**
- **Each investor represents at least €300 billion in assets under management. 11 manage more than €1 trillion;[21]**
- **This sample consists of the 25 biggest asset managers headquartered in Europe and the 5 biggest asset managers headquartered in the US.[22]**

> ***Investing in new fossil fuels infrastructure is moral and economic madness.***
>
> *António Guterres*
> *Secretary-general of the UN*
> *2 March 2021*

1. ASSET MANAGERS ARE HIGHLY EXPOSED TO FOSSIL FUEL EXPANSION

A/ ASSET MANAGERS HOLD US$ 550BN IN MAJOR FOSSIL FUEL DEVELOPERS

Time is of the essence. **The window of opportunity for the 1.5°C pathway is limited, and the next 3 years will be crucial**. The latest IPCC report highlights global GHG emissions should peak before 2025 to keep temperature rise below 2°C, while current policies lead to emissions rising beyond 2025 and resulting in a median global warming of 3.2°C.[23] According to the UNEP Production Gap report, in order to achieve 1.5°C, fossil fuel production must decrease by 6% each year until 2030.[24] The UN warned that current trends in fossil fuel productions are not headed in the right direction. Indeed, despite climate science having made clear years ago the need to swiftly halt coal production, **half the global coal industry is still developing new coal plants and coal mines** and coal remains the largest source of power generation globally. Moreover, **nearly 539 companies in the oil and gas sector are still developing new upstream oil and gas plans**, despite the IEA stating that there are no new oil and gas supply projects – covering both new production and related transport infrastructures[25] – in a 1.5°C scenario.

Financial institutions allow such projects to be developed, threatening our chances to remain below 1.5°C, by unrestrictedly financing the companies behind them. **For fossil fuel expansion to stop, their investors must act.**

We have looked at the exposure of the 30 asset managers in this report to fossil fuel expansion. Our research is based on the Global Coal Exit List finance research[26] for coal. For the oil and gas sector, we have commissioned research[27] focusing on a list of 12 oil and gas companies, including those with the biggest short-term expansion plans.[28] See Methodology section for more details.

- **The 30 asset managers hold US$ 82.5bn in 146 companies engaged in coal expansion,[29] including US$ 10bn in coal miner Glencore and US$ 3bn in Mitsubishi,** a Japanese conglomerate operating coal plants.
- **The 30 asset managers hold US$ 468bn in 12 major oil and gas companies, including Gazprom, Saudi Aramco, BP, Shell, TotalEnergies, Chevron and Exxon. Exxon is the company the most supported by the asset managers, which have combined holdings of US$ 130bn in shares and bonds of the US company (which amount to at least 40% of Exxon's total financing).** The US asset managers in our sample are the most exposed, especially the Big Three (BlackRock, Vanguard and SSGA), although some European asset managers are as exposed relatively to their size (in terms of total AUM).

Top investors in 12 major oil and gas expansionists:

Asset manager	Total shareholdings and bondholdings ($mln)
BlackRock	133 466
Vanguard	129 784
State Street Global Advisors	83 869
Amundi	19 506
JP Morgan AM	17 943
Invesco	9 679
Deutsche Bank - DWS	8 284
UBS AM	8 231
LGIM	7 554
BNY Mellon - Insight Investment	6 056

GLENCORE

The 30 asset managers hold US$ 10bn[30] of shares and bonds in coal giant Glencore.

Why is this a problem? Glencore plans to expand its coal mining capacity by 45 million metric tons in Australia and in South Africa. Glencore announced that it will still produce coal beyond 2050, while global coal phase-out should take place by 2040. Glencore did not announce any detailed timeline.[31]

Are shareholders sending the right message to the company's management?

In December 2020, Glencore published its first three-yearly 'climate action transition plan', which was supported by 94% of shareholders at its 2021 AGM. Amundi, Europe's biggest asset manager, which has holdings in Glencore via its passive portfolio, voted in support of the plan. This means that Amundi backed Glencore's management while at the same time excluding Glencore from its active portfolio because the company violates Amundi's coal policy.[32]

B/ ASSET MANAGERS ARE BIG PROVIDERS OF NEW DEBT TO FOSSIL FUEL EXPANSIONISTS

Bonds are a critical source of funding for companies that are seeking to expand their fossil fuel activities.[33] For example, nearly all coal developers[34] in the Global Coal Exit List (GCEL) have issued bonds to finance and develop their operations. Companies on the Global Oil & Gas Exit List (GOGEL) had over 9,000 bonds on the market in 2020, worth a total of US$ 3.95 trillion.[35] By holding these companies' bonds, asset managers also hold power. They can weigh in on their plans and decisions by leveraging this power during capital rounds.[36]

We focused our research below on the biggest fossil fuel bondholders among the 30 asset managers.

Regarding the coal sector: out of the 30 asset managers listed in this report, **BlackRock and Allianz Group are the biggest bondholders of coal companies with expansion plans**.[37] Neither of them has committed to denying new debt to companies involved in coal expansion (or even threatened to do so). Neither of them is using their bond power to ask that expansion stops, despite the fact that new coal projects are incompatible with a pathway consistent with the 1.5°C limit in the Paris Agreement.[38]

Regarding the oil and gas sector: the selected asset managers are holding at least US$ 144bn in bonds issued by more than 300 oil and gas companies.[39] Top bondholders include Blackrock and Vanguard which hold US$ 34bn each, as of March 2022.[40] The third biggest bondholder is Allianz, with US$ 17bn in bonds held by its asset management branches PIMCO and Allianz GI.

Given the growing importance of corporate bond issuance in companies' fund-raising strategies, it is particularly important for investors to be held accountable when they buy newly-issued bonds. For instance, in 2019, JP Morgan and Schroders bought US$ 18mn and US$ 4mn respectively in **a bond issued by Pemex (Petroleos Mexicanos)**,[41] a major oil and gas producer that specializes in extra heavy oil and offshore extraction projects (and is sadly renowned for provoking offshore fires).[42] That same year, BlackRock, Natixis and Invesco bought US$ 36mn, US$ 10mn and US$ 8mn respectively in **a bond[43] issued by Saudi Aramco,** the 2nd biggest producer and 3rd biggest developer of oil and gas globally.[44]

C/ POLICIES FAIL TO EXCLUDE FOSSIL FUEL DEVELOPERS

Given the lack of robust policies to restrict investment in fossil fuel expansion, the asset managers will likely remain very exposed to fossil fuel developers. **Their policies, which influence how these asset managers invest and if they will apply exclusions or restrictions for certain companies, are overall of very low ambition**.

We have analyzed them with a focus on:

1. Does the asset manager have a **public policy restricting investment for the coal sector** including
   a. a clear exclusion of companies with coal expansion plans?
   b. dates for a complete phase-out of the sector (2030 in EU and OECD countries and 2040 globally at the latest)?
2. Does the asset manager have a **public policy restricting investments in the oil and gas sector** including:
   a. a clear exclusion of companies with oil and gas expansion plans?
   b. dates for a phase-out of the oil and gas sector (or for a sub sector)?

Currently, the asset manager's exclusion policies on the fossil fuel sector are too weak to effectively rule out support for coal, oil and gas developers. **While many of them put forward exclusions applying to a small share of their portfolio,[45] the core of the assets they manage can still be invested unrestrictedly in coal, oil and gas expansion.**

On oil and gas

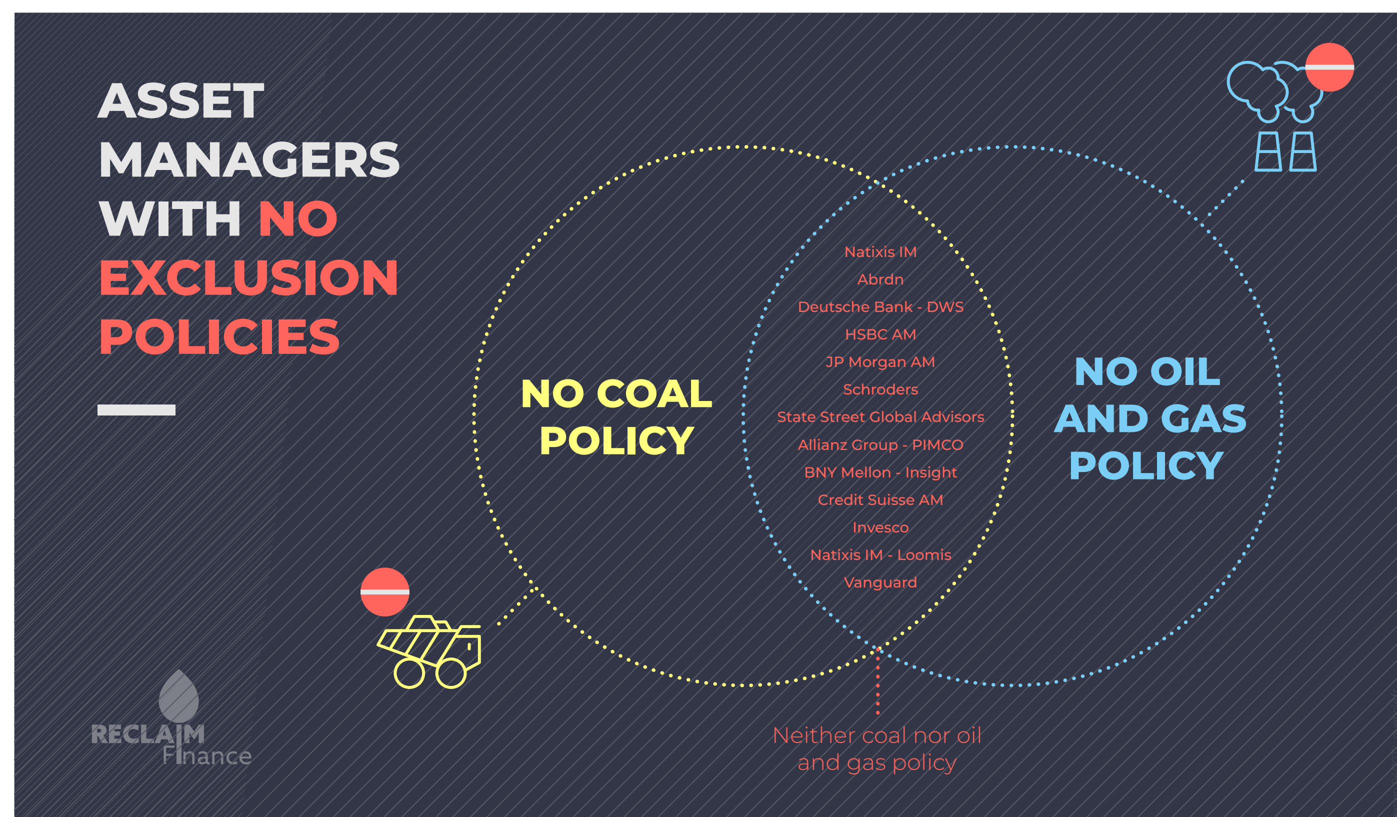
- 12 out of the 30 asset managers have oil and gas exclusion policies, but none restrict investments with a clear exclusion of companies with oil and gas expansion plans – companies building new fossil fuel supply or infrastructure projects are often not even mentioned as priority companies for which to implement immediate or short-term investment restrictions. Only one asset manager, the French firm Ostrum, has a policy that indirectly excludes companies with expansion plans accounting for at least 50% of all resources under development.[46]

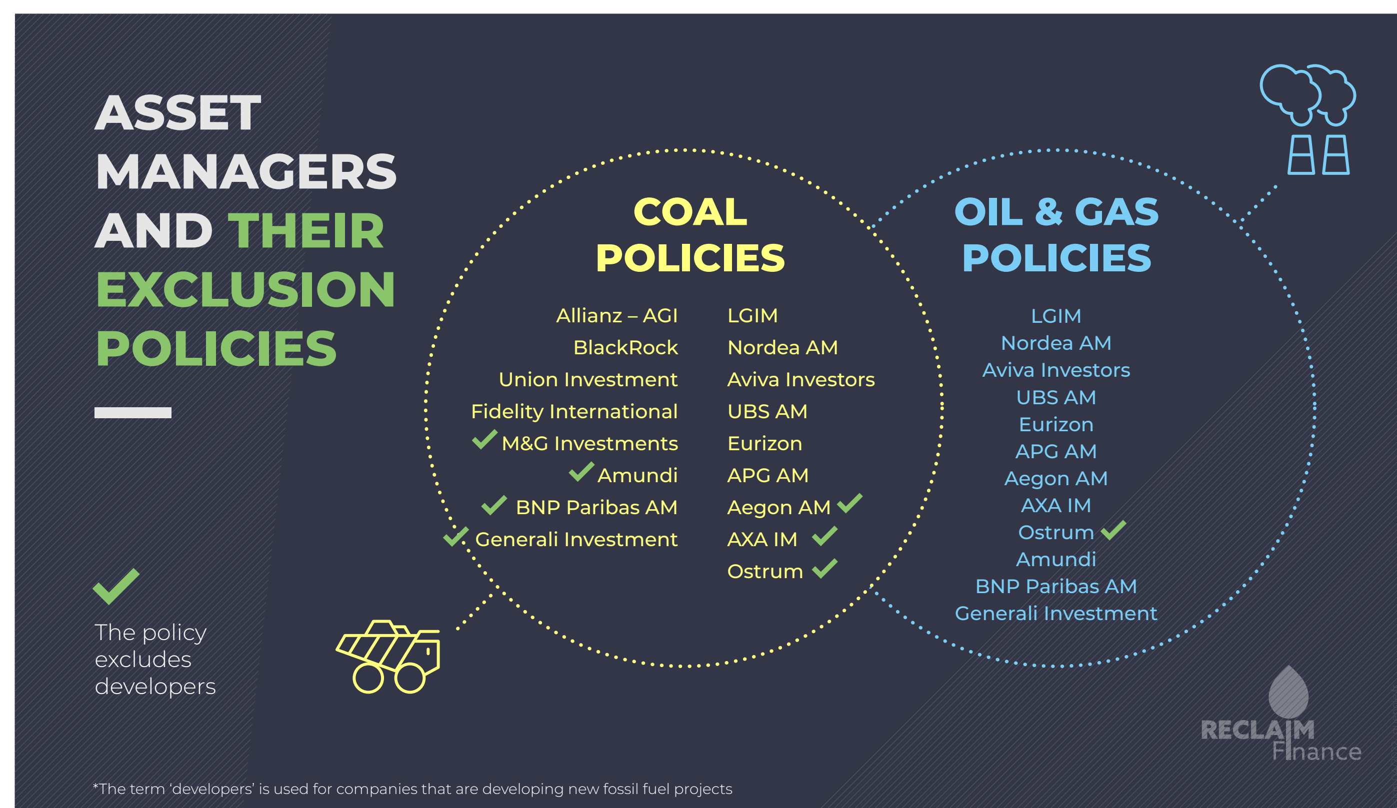
A fire struck an offshore oil platform operated by Mexico's state-run Pemex in the Gulf of Mexico

- Only two of the 30 asset managers are planning for a complete phase-out of a subset[47] of the oil and gas sector.

On coal

- **16 of the 30 asset managers have public coal exclusion policies.[48]** While their restrictions are slightly stronger on coal than they are on oil and gas, only seven asset managers exclude coal developers.[49]
- **Only eight asset managers have committed to exit the sector by 2030 in the EU and OECD countries and 2040 globally at the latest.** And only two, Ostrum and Amundi, require coal companies to adopt phase-out plans by the same deadlines.





D/ POLICIES FAIL TO TACKLE PASSIVE INVESTMENTS IN FOSSIL FUELS

Our analysis shows that asset managers tend to restrict the scope of application of their fossil fuel policies. This is particularly true in the case of assets under 'passive management', the elephant in the room when it comes to an asset manager's climate impacts. As a result, large swaths of assets escape any restrictions.

It is critical for coal exclusions to apply systematically to all assets under management. **Yet, 'passively' managed assets are almost always out of scope of the policies we analyzed.** For flagship index funds, which concentrate most assets, **it is crucial that asset managers gradually adjust their products. If they fail to do so, they will remain the biggest buyers of new fossil fuel assets.[50]**

This can be done for example by changing the underlying indexes used or by influencing index providers to change the indexes.[51] **In the case of Russia's war on Ukraine, several index providers removed Russian companies from their indexes after surveying asset managers,[52] proving that it is possible to change the indexes' methodologies and content.[53]**

- More than €17 trillion of assets are managed 'passively' by the 30 asset managers and **none of them apply their exclusion rules to all these assets** (e.g. a rule to deny new debt or equity to coal developers).
- Only one asset manager (BNP Paribas AM), with a very small 'passive' portfolio, applies its fossil fuel policies to more than 50% of its 'passive' assets. A few other asset managers have committed to not launch new 'passive' products that would not comply with their policies.

'Passive' investing vs the climate?

When asset managers claim that they cannot be selective about the companies they invest in via their 'passive' funds, this is not entirely true.[54] Asset managers could be selective if only they decided to care more about the companies behind securities and their performance. In fact, asset managers such as DWS[55] are increasingly recognizing that they can and should engage index providers to change their indexes.

Asset managers with 'passive' portfolios should exclude companies involved in fossil fuel expansion from both their active and passive portfolios. For this, asset managers will need to:

- At minimum, commit not to launch any new product without robust coal exclusion criteria.
- Offer climate-friendly funds with robust coal exclusion criteria as the default option for all clients across all product offerings. Existing default funds can be switched to climate-friendly equivalents.
- For existing funds, identify fossil fuel developers, starting with coal developers identified by the GCEL,[56] and vote against the company as soon as this year; engage with other asset managers to ask index providers to identify and exclude coal laggards from all standard indexes; publish commitments to offer incentives for asset owners to switch funds; reposition standard funds.

Nine asset managers in this report concentrate 97% of the €17 trillion of 'passive' AUM in this report. Our survey points to a giant loophole: none of them apply restrictions for coal companies to their entire 'passive' portfolio. For example, **the biggest European asset manager, Amundi, has a robust coal policy for its active portfolio, but only applies this policy to less than 40% of its 'passive' assets.**[57] This means that more than 60% of these assets can be invested in coal, oil and gas without any restrictions.

The biggest 'passive' managers in our sample have a big fossil fuel problem:

Asset manager	Approx. passive' AUM (€bn)	Coal exclusion policy	Coal exclusion policy for 'passive' assets
Amundi	310	Yes	Yes but for less than 50%
BlackRock	5534	Yes, but weak	No
Credit Suisse AM	173	No	No
DWS	241	No	No
Invesco	480	No	No
LGIM	1236	Yes, but weak	No, only ESG passive funds apply the coal policy
State Street Global Advisors	3470	No	No
UBS AM	495	Yes, but weak	No
Vanguard	5169	No	No

E/ THE NET ZERO TEST

25 of the 30 asset managers currently have net zero pledges via their membership to the Net Zero Asset Manager Initiative (NZAMI). By signing up, they endorsed the criteria of the UN's Race to Zero Campaign, committing members to halve their emissions by 50% by 2030, in line with what the IPCC requires to keep warming under 1.5°C, and now less than eight years away. Unfortunately, our research shows that **none of the asset managers pass the 1.5°C litmus test: ruling out support to companies developing new fossil fuel supply projects, LNG and unabated fossil fuel power plants.**[58] And while some of them have already released their decarbonization targets for 2030, none of them has set targets covering all of their assets under management[59] and setting absolute emission reductions targets covering scope 3 emissions.[60]

ASSET MANAGERS' CLIMATE HYPOCRISY

PROMISES vs **REALITY**

	Member of the **Net Zero** Asset Manager Alliance (NZAMI)	**Restrict investments** in coal developers	**Restrict investments** in oil and gas developers
Abrdn	✓	✗	✗
Aegon AM	✓	–	✗
Allianz Group - AGI	✓	✗	✗
Allianz Group - PIMCO	✗	✗	✗
Amundi	✓	✓	✗
APG AM	✓	✗	–
Aviva Investors	✓	✗	✗
AXA IM	✓	✓	✗
BlackRock	✓	✗	✗
BNP Paribas AM	✓	✓	✗
BNY Mellon - Insight	✓	✗	✗
Credit Suisse AM	✓	✗	✗
Deutsche Bank - DWS	✓	✗	✗
Eurizon	✓	✗	✗
Fidelity International	✓	✗	✗
Generali Investment	✗	–	✗
HSBC AM	✓	✗	✗
Invesco	✓	✗	✗
JP Morgan AM	✓	✗	✗
LGIM	✓	✗	✗
M&G Investments	✓	–	✗
Natixis IM - Loomis	✗	✗	✗
Natixis IM - Ostrum	✗	✓	–
Natixis IM	✗	✗	✗
Nordea AM	✓	✗	✗
Schroders	✓	✗	✗
State Street Global Advisors	✓	✗	✗
UBS AM	✓	✗	✗
Union Investment	✓	✗	✗
Vanguard	✓	✗	✗

RECLAIM Finance

2. TOOTHLESS DIALOGUE WITH FOSSIL FUEL COMPANIES

Stewardship and engagement activities, which can be powerful tools for the financial sector to have an impact, can also be used by asset managers to justify inaction and a soft stance towards the most polluting sectors. Given the climate crisis, endless and toothless discussions with companies are no longer an option. Companies that are actively expanding activities that are incompatible with a 1.5°C pathway need to be sidelined by investors.

A/ ENGAGEMENT: AN EASY WAY OUT FOR INVESTORS?

There is a growing trend[61] within the investor community to condemn exclusion and divestment as both unrealistic and ineffective tools to decarbonize the economy. This approach is quickly gaining traction. According to the Net Zero Asset Owner Alliance (NZAOA), bringing together more than 65 asset owners committed to a net zero goal by 2050, "only through engagement (and not through divestment), can real-world impacts be achieved".[62]

This rhetoric artificially casts exclusion and engagement as mutually exclusive, with the latter being deemed the only way of addressing the challenges posed by the presence of fossil fuel companies in their portfolios. More and more, engagement policies are used as a justification for the absence of or lacking restrictions on fossil fuel companies. Engagement activities, which consist mainly of dialoguing with investee companies and voting at their AGMs, are supposed to push companies' efforts to decarbonize and transition their business model. As an example, in BlackRock's latest letter to CEOs, it contrasted engagement with exclusion and simplistically declared that «Divesting from entire sectors – or simply passing carbon-intensive assets from public markets to private markets – will not get the world to net zero."[63]

However, a growing number of analyses demonstrate the current weakness of investor engagement, particularly in terms of support for environmental resolutions[64] and opposition to the directors of climate-wrecking companies.[65] **Furthermore, pitting engagement and exclusion as diametrically opposing practices is at best misguided and at worst a deliberate strategy to avoid exclusion.** In fact, the most effective investors use exclusion and divestment and the threat of future divestment as a cudgel to enhance their engagement efforts.[66]

When analyzing the "progress» made by the fossil fuel sector over the past years, after supposedly intense engagement activities by investors, it is difficult to see the tangible effects. If they do not review their engagement processes, asset managers will be accused of implementing woefully inadequate strategies and only promoting "small steps" in the face of a climate emergency.

The case study below provides an illustration of the oil and gas sector' unwillingness to stop investing in new oil and gas capacity and align with 1.5°C. Even the so-called «best in class» European majors[67] – such as ENI, TotalEnergies, BP, Shell – are planning further developments in oil and gas both in the short and long term. Efforts to disclose climate-related information, increase renewable energy targets and adopt 2050 'net zero' targets will not be enough to avoid a dangerous overshoot of their remaining carbon budget.

HAS INVESTOR DIALOGUE LIMITED THE OIL AND GAS PLANS OF EUROPEAN MAJORS?

European oil and gas majors – TotalEnergies, Equinor, Eni, Repsol, BP and Shell – have been the target of investors' engagement activities over past years. However, these efforts seem to have produced little results. **While the majors have since adopted decarbonization targets, their annual emission levels are not decreasing quickly enough. This is not expected to change given their projected oil and gas production levels and new oil and gas resources currently under development.**

1. Engagement failed to push majors to adopt 1.5°C consistent decarbonization targets

Over the past few years, the core of oil and gas majors' climate announcements consisted of decarbonization targets, sometimes along with details on how they would reach them. All six European majors announced they would reach 'net zero' emissions by 2050, but that is not enough to ensure compatibility with a 1.5°C scenario. In the context of a climate emergency, the starting point and the pathway matter much more than the final destination. **Overall, the near-term (2030) targets adopted by the 6 majors are not compatible with a 1.5°C carbon budget**. All majors have set both absolute and intensity based decarbonization targets for 2030.

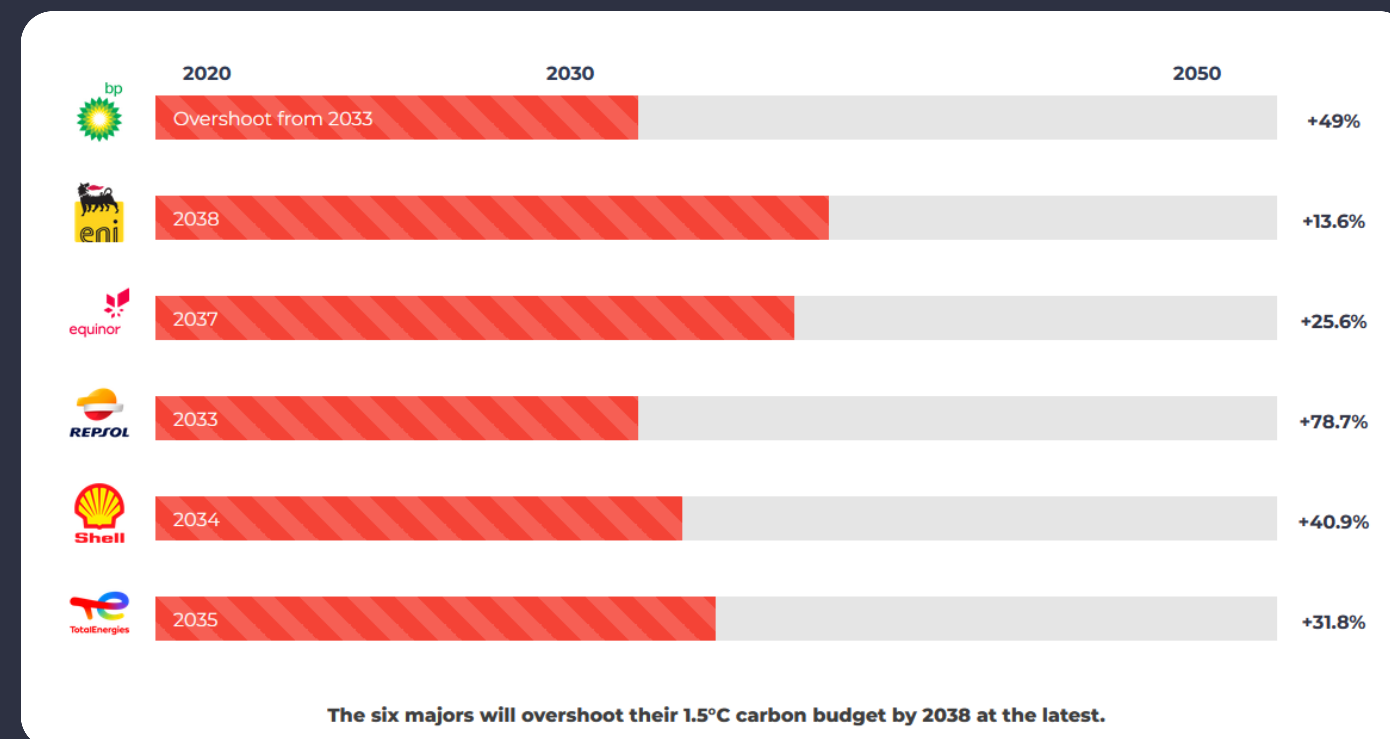
The majors' 2030 decarbonization targets:[68]

Absolute targets are the best way to mitigate emissions. However, the majors' current absolute emissions reduction targets fall short of what is required to align with 1.5°C:

- Shell and Equinor have announced targets only for their scope 1 and 2 emissions, leaving out scope 3 emissions, which comprises more than 90% of their total greenhouse gas emissions.
- TotalEnergies, Repsol and BP have set targets for their scope 3 emissions, but these are far from the scale required. By 2030, TotalEnergies aims for a mere 2% decrease of its scope 3 emissions against its 2015 level. BP's 35-40% reduction target (against 2019 levels) and Repsol's 30% reduction target (against 2016 levels) apply to less than half of their reported scope 3 emissions.
- ENI is the European major with the most ambitious absolute target, aiming to reduce scope 3 emissions by 35% (against 2018 levels). However, this is still not in line with the IEA Net Zero Scenario which requires global absolute emissions to decrease by 40% over the same time frame.

All the majors have also set decarbonization targets relative to the carbon intensity of their sold energy products. But here again, they are not nearly substantive enough. The majors are committed to a primary energy carbon intensity cut below or equal to 20% by 2030, but a minimum of a 40% cut is required for them to meet the IEA Net Zero Scenario.

Be it in the near or longer term, the EU majors' targets reveal insufficient progress towards alignment. In a recent analysis,[69] we demonstrate how and why companies are not on track for 1.5°C. Should they meet their targets and reduce their production in line with the IEA Net Zero Scenario, they would still all exceed their carbon budget well before 2050:



The six majors will overshoot their 1.5°C carbon budget by 2038 at the latest.

> ***Investors must push the majors to drastically reduce absolute emissions: this means that they take immediate action to decrease overall fossil fuel production and stop developing new assets.***

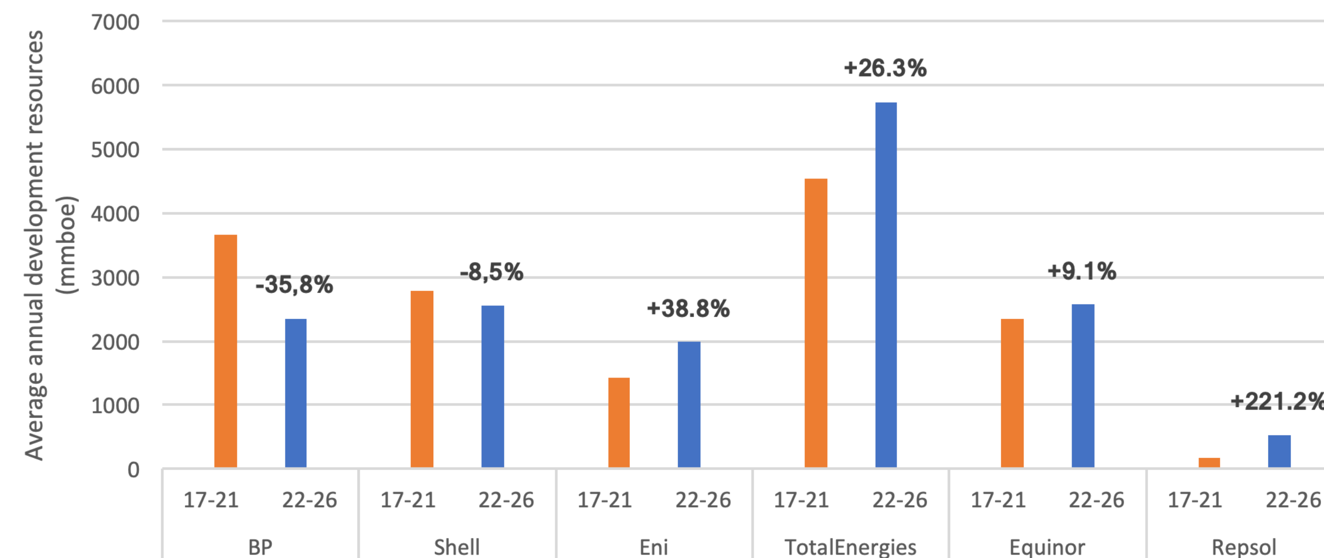
2. Engagement failed to stop majors from planning to develop new oil and gas

The IEA Net Zero Scenario requires both carbon intensity and oil and gas production to decrease. As explained above, none of the six companies we analyzed have aligned nor aim to reduce their carbon intensity levels by 2030 in line with a 1.5°C pathway. **As for production, notwithstanding the COVID-19 crisis years, the majors' overall fossil fuel production has either increased or remained stable[70] and is not aligned to a 1.5°C emissions pathway.**

A critical question for investors is whether majors are planning to reduce their production over the coming years and stop developing new oil and gas fields. As their future production relies on the volume of new assets being developed, we have analyzed the rate at which the majors are developing asset resources in the past (2017-2021) and in the future (2022-2026). In theory, given the IEA Net Zero Scenario's conclusion that there is no need to invest in new oil and gas fields except for those already in production or under development,[71] the average amount of resources under development should considerably decrease in future plans.

Our analysis shows a worrying opposite trend. **ENI, TotalEnergies, Equinor and Repsol are expected to increase the volume of resources under development in the near future and push more assets into production.** BP and Shell plan to decrease their resources under development by 35.5% and 8.5%.[72] While this seems positive, it is in reality far from the expansion halt required by the IEA Net Zero Scenario. **For example, BP is currently developing 3189 MMboe, which is equivalent to 3 years of its production and would increase the total resource of its producing assets by 15%.[73]**

Overall, this analysis shows that **shareholders and bondholders of the oil and gas majors are failing to push them to really transform themselves and to do it fast enough.** Engagement can be a useful tool for investors. However, the way engagement is currently used by investors is having adverse effects and is slowing down the transition. **Investors must push the majors to drastically reduce absolute emissions**: this means that they take immediate action to decrease overall fossil fuel production and stop developing new assets.



Source: Reclaim Finance analysis based on Rystad Energy UCube; resources data inc. minority interests, exc. government entitlement

Does the TPI benchmark really assess alignment with 1.5°C?

In November 2021, TPI updated its energy sector benchmark,[74] stating that a company like TotalEnergies is "aligned with 1.5°C" on the ground and that the company's carbon intensity is predicted to converge with the scenario's pathway by 2050. However, this conclusion is misleading.[75] TPI declares a company aligned as soon as the carbon intensity of the company falls below the carbon intensity level allowed by the 1.5°C reference scenario that same year. TPI's approach, centered only on carbon intensity, does not take into account TotalEnergie's excess GHG emissions and fossil production stocks built up between today and 2047. TPI's own analysis shows that TotalEnergies projects to reach net zero carbon intensity only by 2047. Until 2047, TPI's data clearly indicate that carbon intensity levels remain high.

If both carbon intensity and oil and gas production remain high, then GHG emissions increase quickly and fall short of the remaining carbon budget to stay below 1.5°C. A company should not be deemed "aligned" (in the short, mid or long-term, its absolute emissions overshoot the carbon budget allocated by the 1.5°C reference scenario in that same time frame. Reclaim Finance's Major Failure analysis demonstrates that all six european majors, including TotalEnergies, will overshoot their carbon budget well before 2050 – see graph above for the details – and therefore, they are not "aligned."

B/ OUR ASSESSMENT OF ENGAGEMENT POLICIES ON FOSSIL FUELS

The Asset Manager Scorecard also investigates the content of engagement policies. This analysis does not intend to assess the overall quality of such policies, but instead focuses specifically on their concrete asks and escalation strategies towards fossil fuel companies. 25 of the 30 selected asset managers have committed to halving their emissions by 2030 by joining the Glasgow Financial Alliance for Net Zero. It is therefore necessary for these firms to secure swift and meaningful GHG emission reductions from fossil fuel companies in their portfolios.

In order to achieve this, these **asset managers must ensure that their engagement activities are transparent, follow rigorous processes and are not based on ad hoc internal decisions** – requests are more effective if they are formalized and the related escalated processes are disclosed and made systemic.

Our evaluation

What we asked for	Why is it important?
Does the asset manager recommend that fossil fuel companies adopt and publish short term (by 2025) and medium term (2030) absolute[76] GHG emission reduction targets (covering scope 3 emissions)?	**The focus on lower carbon intensity alone rather than combined with absolute emissions targets leaves the door open to further expansion of fossil fuel extraction** and provides a dangerous pathway for absolute emissions to increase. Asset managers committed to being net zero by 2050 on a 1.5°C pathway (for example via the NZAMI) implies reducing emissions by 50% by 2030. Focusing the requests on short-term (2025) targets ensures that the pathway is compatible with a 1.5°C scenario.
1. Does the asset manager recommend that fossil fuel companies commit to immediately and progressively decrease their overall fossil fuel production? **2. Does the asset manager recommend that fossil fuel companies immediately put an end to new fossil fuel supply projects, in line with the IEA's Net Zero by 2050 recommendations?**	Potential emissions from fossil fuels already in production or under construction - the wells already drilled or being drilled, the mines already dug - takes the world well past 2°C of global warming, and in-production oil and gas alone more than exhaust the 1.5°C carbon budget.[77] The latest IPCC report confirms this diagnosis, and states that emissions resulting from existing and currently planned fossil fuel infrastructures alone will «exceed the total cumulative net CO2 emissions in pathways that limit warming to 1.5°C (>50%)».[78] More generally, it underlines that "continued installation of unabated fossil fuel infrastructure will 'lock-in' GHG emissions". **The arithmetic of 1.5°C requires oil and gas production to decline by at least 3-4% per year[79] which allows no room for continued expansion, a conclusion also reached by the IEA in 2021.[80]**
For each of these requests, does the asset manager disclose the escalation process, including a public deadline and systematic sanctions for non-compliant fossil fuel companies?	To effectively engage companies, investors must be equipped with the right demands and tools, but also implement the right sanctions.[81]

Overall, our analysis of asset managers engagement policies – with a focus on the requests made to the fossil fuel sector[82] – shows that overall they are very vague when it comes to defining what their concrete red lines are and how they assess if companies are in fact transitioning and transforming their business models.

What have asset managers been asking the oil and gas majors? Why have they failed to push them to transition?

Our findings on the requests that are made to fossil fuel companies

What we asked for	Findings
Does the asset manager recommend that fossil fuel companies adopt and publish short term (by 2025) and medium term (2030) absolute[83] GHG emission reduction targets (covering scope 3 emissions)?	**Only 1 asset manager (AXA IM) is disclosing one or several public requests to fossil fuel companies on the most important aspects of any credible transition plan for oil and gas companies** (and in sufficient detail). One of the asks made by AXA IM is for fossil fuel companies to adopt and publish short term (by 2025) absolute GHG emission reduction targets (although while scope 3 emissions are mentioned the deadline set is far too late).[84] 7 **other asset managers[85] also mention this request but partially,** often not requesting 'absolute' emission reductions or not specifying that scope 3 emissions must be included.
Does the asset manager recommend that fossil fuel companies commit to immediately and progressively decrease their overall fossil fuel production?	None of the asset managers have made this request.
Does the asset manager recommend that fossil fuel companies immediately put an end to new fossil fuel supply projects, in line with the IEA's Net Zero by 2050 recommendations?	None of the asset managers have made this request.
For each of these requests, does the asset manager disclose the escalation process, including a public deadline and systematic sanctions for non-compliant fossil fuel companies?	Among these, **2 only (LGIM and Schroders) link these requests to a specific deadline and time-bound sanctions.** 5 other asset managers somewhat specify a deadline, but either too late or lacking sufficient detail.

Our findings on the companies specifically targeted for engagement:

What we asked for	Findings
Does the asset manager have a public engagement policy that covers climate issues? Does the asset manager specifically (and publicly) target fossil fuel companies as engagement targets?	**2 asset managers (AXA IM and LGIM) published the full list of companies they are engaging and disclosed that they specifically focus on the fossil fuel sector** within their engagement activities.[86] While this is a good practice, it does not replace publishing the priority and precise requests made to companies and related deadlines before escalation.

C/ HOW THE ASSET MANAGERS VOTED AT TOTALENERGIES' 2021 AGM

Ensuring rigorous engagement strategies and formalized policies is crucial to avoid ad hoc voting practices that send mixed signals to the market. The example of TotalEnergies' Say On Climate vote last year is revealing. While several shareholders[87] had signed a statement on TotalEnergies's 2021 AGM, highlighting critical weaknesses in the company's current plans[88] including on its CAPEX plans, most of them still fully supported the company's management by voting for its climate plan.

Vote at TotalEnergies's Say On Climate Vote (2021)	
For	**Against or Abstain**
Abrd, Allianz GI, APG, AXA IM, BlackRock, BNP Paris AM, Credit Suisse AM, Eurizon*, Amundi, Fidelity International, HSBC AM, Invesco**, JP Morgan IM, M&G, Nordea AM, SSGA, Union Investment, Vanguard	Aegon Investment Management, Aviva Investors, DWS, Generali, LGIM, Ostrum, Schroders, UBS AM

** Did not vote*
*** Split votes: funds within a fund family voted differently (a certain percentage of the funds voted for the plan)*

INVESTORS ARE FAILING THE NET ZERO TEST

PROMISES vs REALITY

€39tn

Assets committed to **net zero by 2050**

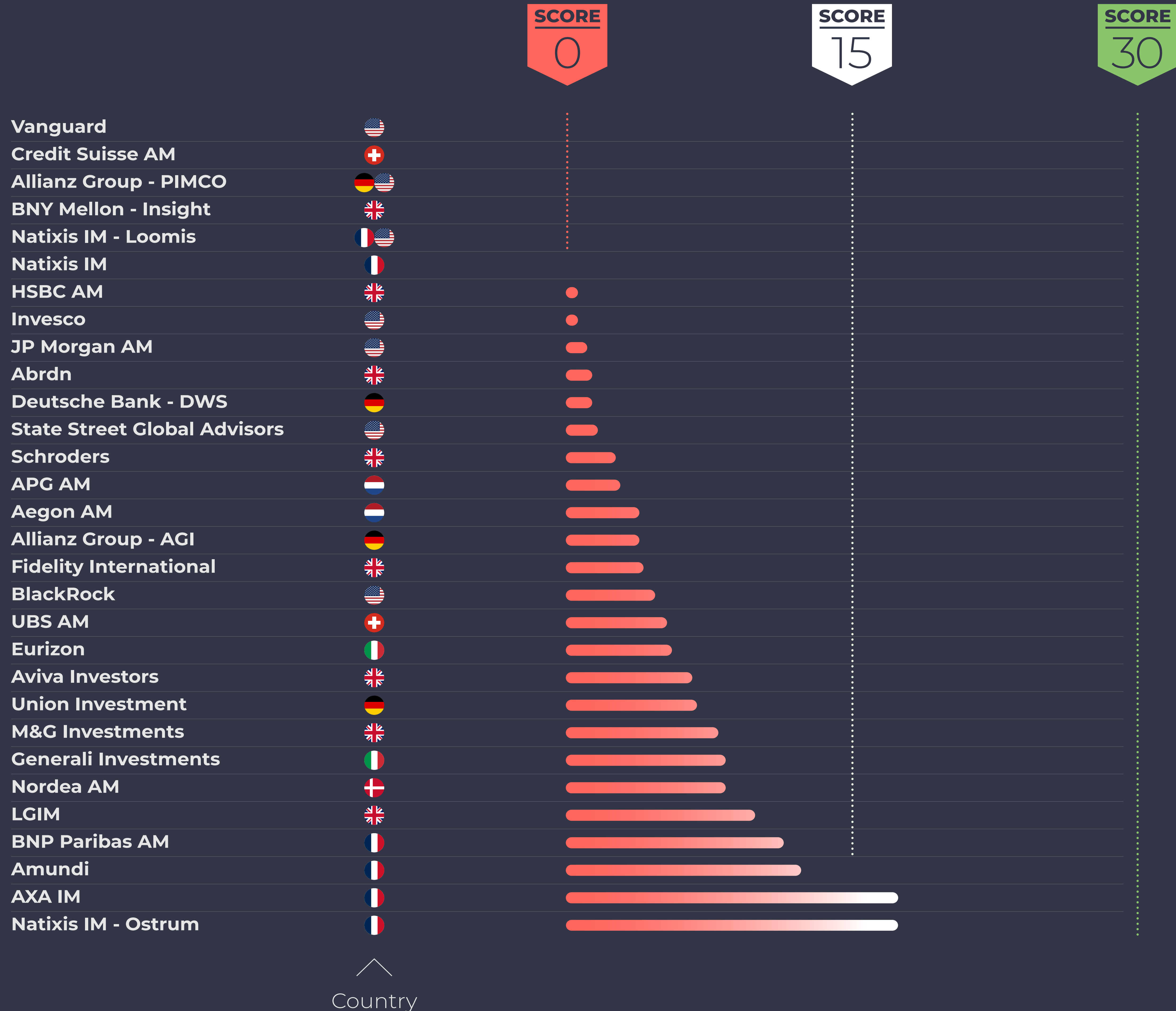
€4tn

Assets that **stopped investing in coal expansion**

€500bn

Assets that **stopped investing in oil and gas expansion**

THE ASSET MANAGER REALITY CHECK



RECLAIM Finance

RECOMMENDATIONS

Most attention on asset managers and climate has been focused on the long-term commitment many of them have signed up to – net-zero emissions from their clients by 2050. But perhaps more important is that the 25 asset managers that are part of the NZAMI are committed to halving emissions by 2030. Yet, **while the clock is ticking fast with now less than eight years left to meet this target, these asset managers haven't adopted the policies and frameworks to deliver it**. If they want to put out the fire, they should start by not throwing more fuel on the flames.

Asset managers need to send clearer signals to the fossil fuel industry. The industry is becoming more and more concentrated and it is asset managers' responsibility to act in the best interest of the entire economy, not just individual companies, and thus to use all the tools they can to tackle the fossil fuel expansion problem. They must:

1. Plan to cease all investments in companies involved in coal, oil and gas expansion:

- Any investor committed to achieving carbon neutrality by 2050 under a 1.5°C scenario must immediately cease all investments in companies developing new oil and gas supply projects – covering both new production and related transport infrastructures.[89]
- They should also commit to divest from such companies within a predefined time frame.
- We recommend that financial institutions also commit to ceasing all direct investments in new production and transport projects in the oil and gas sector.

2. Establish a clear and credible engagement strategy directed towards the fossil fuel sector:

- The most urgent and priority requests should be to end oil and gas expansion, to decrease overall fossil fuel production and to adopt short-term emission reduction targets in absolute terms and including scope 3 emissions.
- These requests should be formalized in their policies and should be time-bound. Sanctions are key: engagement can be effective if and only if it is combined with threats that culminate in full divestment.

METHODOLOGY

- **How have we chosen participants?**

Asset managers were selected based on the size of their assets under management (AUM) and their geographical zone (Europe) with adjustment to include five big US asset managers that are present in the European market. This sample consists of:

- The 25 biggest asset managers headquartered in Europe[90] Natixis IM, Ostrum, Loomis Sayles, AXA IM, Amundi, BNP Paribas AM, LGIM, Generali Investments,[91] Nordea AM, M&G Investments, Union Investment, Aviva Investors, Eurizon, UBS AM, Fidelity International, Aegon AM, Allianz Group - AGI, APG AM, Schroders, Abrdn, Deutsche Bank - DWS, HSBC AM, Allianz Group - PIMCO, BNY Mellon - Insight, Credit Suisse AM;
- 5 asset managers headquartered in the US:[92] BlackRock, State Street Global Advisors, JP Morgan AM, Invesco, Vanguard.

- **How have we collected the information?**

A questionnaire (33 questions) was pre-filled and sent to 30 asset managers, of which 85% decided to participate. The scoring is based on publicly available information. All asset managers were subsequently provided with the opportunity to review their score and respond. Information was collected between February and March 2022.

- **Where to find detailed ratings of asset managers' fossil fuel policies?**

Reclaim Finance, in coordination with dozens of NGOs, tracks, assesses and compares fossil fuel policies adopted by financial institutions worldwide. Visit the Coal Policy Tool and the Oil and Gas Policy Tracker.

- **How have we rated participants?**

The questionnaire is based on three categories: Investment stewardship and engagement, exclusion rules for coal investments and for oil and gas investments. Each category was rated out of 10 points, giving a total of 30 points. The questions on 'passive' investments were taken into account in the weighting of the scoring only when applicable (asset managers with less than 2% of their total AUM managed 'passively' were not considered).

- **Where does the financial data on asset managers' exposure come from?**

We have looked at the exposure of the 30 asset managers in this report to fossil fuel expansion.

1. Coal

Our research is based on the Global Coal Exit List (GCEL) finance research[93] for coal. We derived a list of coal companies present in the GCEL and flagged as developing new coal projects and looked at the exposure of the 30 asset managers to these companies. The data comprises both bond and share holdings, as of November 2021, anad was put together by research institute Profundo.

2. Oil and gas

For the oil and gas sector, we have commissioned research[94] to the research institute Profundo. The figures are the holdings of the 30 asset managers within a list of 12 oil and gas companies, including those with the biggest short-term expansion plans[95] according to the Global Oil and Gas Exit List (GOGEL).[96]

Asset managers that actively participated and sent us comments on their scoring[97]	Asset managers that have not actively participated/ sent any comments
BlackRock, Vanguard, State Street, Allianz Group - AGI, JP Morgan AM, Amundi, LGIM, UBS, BNP Paribas AM, Natixis IM - Ostrum, Natixis IM - Loomis, Invesco, AXA IM, Aegon AM, HSBC AM, Deutsche Bank - DWS, Schroders, Generali Investments, Fidelity International, Abrdn, M&G Investments, Credit Suisse AM, Eurizon, Aviva Investors, Union Investment, Nordea AM, APG AM	PIMCO, Aegon AM, Natixis IM, Insight Investment

DETAILED SCORING

Asset manager	Country	Score / 30	Ranking
Natixis IM - Ostrum	France	17.3	1
AXA IM	France	17.3	1
Amundi	France	13.7	3
BNP Paribas AM	France	11.0	4
LGIM	UK	9.8	5
Generali Investments	Italy	8.0	6
Nordea AM	Denmark	8.0	6
M&G Investments	UK	7.8	8
Union Investment	Germany	6.8	9
Aviva Investors	UK	6.3	10
Eurizon	Italy	5.2	11
UBS AM	Switzerland	5.1	12
BlackRock	US	4.5	13
Fidelity International	UK	4.0	14
Aegon AM	Netherlands	3.8	15
Allianz Group - AGI	Germany	3.8	15
APG AM	Netherlands	2.7	17
Schroders	UK	2.5	18
State Street Global Advisors	US	1.5	19
Abrdn	UK	1.3	20
Deutsche Bank - DWS	Germany	1.3	20
JP Morgan AM	US	0.8	22
HSBC AM	UK	0.5	23
Invesco	US	0.5	23
Allianz Group - PIMCO	Germany/US	0.0	25
BNY Mellon - Insight	UK	0.0	25
Credit Suisse AM	Switzerland	0.0	25
Natixis IM - Loomis	France/US	0.0	25
Natixis IM	France	0.0	25
Vanguard	US	0.0	25

REFERENCES

1. https://unfccc.int/climate-action/race-to-zero-campaign
2. According to the Thinking Ahead Institute 2020 ranking. For the US asset managers, we have also considered their presence in Europe (in terms of AUM).
3. Exposure of the 30 asset managers to the 503 companies that are developing new coal mines, plants or infrastructure as reported in the GCEL (coalexit.org). This is an estimation based on the GCEL finance data (https://www.coalexit.org/finance-research).
4. Based on research by Profundo. Data based on last filing data March 2022.
5. The term "engagement activities" will be used in this report to refer to stewardship and engagement activities (not only related to voting).
6. Via conversations with the companies' management and voting at the AGMs
7. While it is a first step for AXA IM to have a request for scope 3 targets, the deadline set to companies for doing so is much too far away (2030).
8. The 9 asset managers hold $72bn in coal developers (86% of the amount held by all 30).
9. https://www.ft.com/content/8ee2ac80-9025-4dbb-bd1c-b33a86e87549
10. For example, ETFs have more trouble than active funds in tweaking their strategies to be compliant with the SFDR regulation. See: https://www.ft.com/content/019bf768-a3a1-41b1-a71f-19c6c3e6df0d.
11. For example, we highlighted in a report that Amundi's growing passive portfolio was a growing threat to climate. See: https://reclaimfinance.org/site/en/2022/01/31/amundis-growth-is-a-threat-to-the-climate/.
12. I.e. companies developing new coal projects (mines, plants or infrastructure) or new fossil fuel supply and midstream projects.
13. Sanctions can include voting against management, investment restrictions related to IPOs/bond issuance, restrictions for new investments, or full divestment.
14. Refer to Methodology section for more details.
15. https://reclaimfinance.org/site/wp-content/uploads/2021/04/Slow_Burn_RF_FINAL_ENG.pdf
16. Limiting global heating to 1.5°C will only be possible if we put a complete end to coal-fired power generation by 2030 in Europe and OECD countries and 2040 worldwide. This means that substantial action needs to start now.
17. https://www.ipcc.ch/report/sixth-assessment-report-working-group-ii/
18. https://reclaimfinance.org/site/en/2022/01/19/world-energy-outlook-2021-new-normal-iea/
19. See the Annex section for the full list of asset managers that responded to the questionnaire.
20. This amount is an approximation based on publicly available information (annual reports or press releases) or on information kindly provided by the asset managers themselves. As we have taken a conservative approach to calculate this percentage, it is likely to be underestimated.
21. The 11 asset managers are: BlackRock, SSGA, Vanguard, JP Morgan AM, Invesco, Insight Investment, Natixis IM, UBS AM, Amundi, PIMCO (Allianz Group) and LGIM.
22. According to the Thinking Ahead Institute 2020 ranking. For the US asset managers, we have also considered their presence in Europe (in terms of AUM).
23. IPCC Projection based on policies implemented by the end of 2020. April 2022 - https://www.ipcc.ch/report/ar6/wg3/
24. https://productiongap.org/2020report/
25. LNG terminals, pipelines, etc. While the IEA's Net Zero Scenario does not explicitly call for an end to new transport infrastructures for fossil fuels, such infrastructures are both a key prerequisite and a consequence of new fossil production projects. Hence, a complete and consistent oil and gas policy should hold production and transport projects to the same standards.
26. https://www.coalexit.org/finance-research
27. Research by Profundo as of April 2022.
28. The full list is: TotalEnergies, Eni, Equinor, BP, Shell, Repsol, Exxon, Chevron, Gazprom, Saudi Aramco, Petrobras, ConocoPhillips. Their combined short term upstream expansion plans amount to 68731 MMboe.
29. This means the companies that are still developing new coal plants, mines and infrastructure as of November 2021.
30. Calculated by Reclaim Finance based on the GCEL finance research (https://www.coalexit.org/finance-research). Data as of November 2021.
31. https://reclaimfinance.org/site/en/coal-watchlist/
32. Details p.13 of this report: https://reclaimfinance.org/site/wp-content/uploads/2022/02/Report_Amundi_investigation-investment_giant_EN_VF.pdf. Contrary to Amundi, BNP AM voted against the plan.
33. According to IEA data, 90% of fossil fuel projects are financed via companies' balance sheets and not via project financing.
34. Coal developers means companies with coal expansion plans, including developing new coal plants, mines or infrastructure. The complete list of all coal developers can be found at coalexit.org.
35. GreenWatch Team: Andreas Hoepner, Matthew McQuade and Fabiola Schneider. Data collected 23 February - 23 March 2022 https://www.greenwatch.ai/
36. https://reclaimfinance.org/site/en/2020/12/03/will-investors-use-their-bond-power/
37. Based on the Global Coal Exit List (GCEL). The GCEL 2021 finance research was published by Urgewald and partner NGOs and was conducted by the research institute Profundo. Source: https://www.coalexit.org/finance-research. For analysis focused on bonds, see: https://reclaimfinance.org/site/en/2022/03/07/who-is-investing-in-toxic-coal-bonds/.
38. https://climateanalytics.org/publications/2019/coal-phase-out-insights-from-the-ipcc-special-report-on-15c-and-global-trends-since-2015/
39. GreenWatch Team: Andreas Hoepner, Matthew McQuade and Fabiola Schneider. Data collected 23 February - 23 March 2022 https://www.greenwatch.ai/. The data covers bonds active in 2020 and oil and gas companies have been identified based on the Global Oil and Gas Exit List.
40. GreenWatch Team: Andreas Hoepner, Matthew McQuade and Fabiola Schneider. Data collected 23 February - 23 March 2022 https://www.greenwatch.ai/. The data covers bonds active in 2020 and oil and gas companies have been identified based on the Global Oil and Gas Exit List.
41. A US$ 8bn bond that matures in 2050.
42. https://www.lesechos.fr/monde/ameriques/la-rupture-dun-gazoduc-sous-marin-provoque-un-incendie-au-large-du-golfe-du-mexique-1329321
43. A US$ 3bn bond that matures in 2049.
44. According to the Global Oil & Gas Exit List, Urgewald, October 2021.
45. E.g. to their "ESG" labeled funds.
46. APG AM is also in this case under the policy of ABP, its main client, which does not cover 100% of APG AM assets under management.
47. Ostrum has committed to exiting unconventional oil and gas as defined by the Global Oil & Gas Exit List by 2030.
48. As of end of March 2022. Note: an exclusion criteria or policy applying only to «ESG» or «sustainable» assets is not considered here, unless these assets account for more than 75% of all assets.
49. 7 asset managers exclude coal plant developers, 6 exclude coal mine developers and 4 exclude coal infrastructure developers. But these numbers include 3 asset managers that introduce vaguely defined exceptions to this criterion, therefore reducing the credibility of their commitment.
50. https://www.ft.com/content/5f35f3b4-4509-4dc6-985c-46af5187c27d
51. https://www.ft.com/content/4022eb1c-0553-4312-8a98-8bd2f70098a3
52. https://www.reuters.com/markets/europe/msci-ftse-russell-remove-russian-securities-their-indexes-2022-03-03/
53. For example, this report highlights that Vanguard could change the investment strategies of its passive funds. See: https://ieefa.org/wp-content/uploads/2021/06/Vanguard-Group_Passive-About-Climate-Change_June-2021.pdf.
54. See pages 10-11 of the 1st edition of our scorecard: https://reclaimfinance.org/site/wp-content/uploads/2021/04/Slow_Burn_RF_FINAL_ENG.pdf.
55. https://www.responsible-investor.com/dws-says-engaging-with-index-providers-will-be-important-part-of-net-zero-shift/
56. See: coalexit.org.
57. https://reclaimfinance.org/site/wp-content/uploads/2022/02/Report_Amundi_investigation-investment_giant_EN_VF.pdf
58. https://reclaimfinance.org/site/en/2022/01/19/weo-2021-three-principles/
59. AXA IM is about to release new 2030 targets that will cover most of its AUM (100% of corporate equity and bonds, 100% of government bonds, 100% of listed real assets and 100% of AXA Group real estate). AXA IM's current targets are intensity based (vs absolute) and do not cover scope 3 emissions.
60. https://reclaimfinance.org/site/en/2022/02/02/time-for-financial-institutions-to-show-urgency-on-halving-emissions-by-2030/
61. For example, according to Environmental Finance, the new credo/motto for asset managers is "Transform instead of divest"
62. https://www.unepfi.org/news/industries/investment/net-zero-asset-owner-alliance-responds-to-reclaim-finances-cop26-report/
63. https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter
64. In 2021, the members of engagement-focused initiatives (CA100+, NZAMI) voted against almost a third of environmental resolutions and only 6 out of 65 of the largest asset managers filed resolutions (ShareAction, 2021)
65. In 2021, a majority of large CA100+100+ investor-signatories voted for every single director at over half of the 23 US companies that failed to comply with any of the 9 criteria included in the CA100+ Net Zero Benchmark (Majority Action, 2022)
66. https://reclaimfinance.org/site/en/2022/02/25/investors-not-equipped-to-engage-companies/
67. See for example https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/european-oil-majors-shifting-focus-to-power-160-renewables-as-climate-concerns-grow-50699249 or https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/active-ownership-report-2020.pdf or https://uk.allianzgi.com/en-gb/insights/outlook-and-commentary/oil-and-gas-majors.
68. See our complete analysis here.
69. https://reclaimfinance.org/site/en/major-failure/
70. From 2016 to 2019, the fossil fuel production of the 6 majors grew by 7.8%: this is more than the global upstream production growth, which scored only 6.8% in the same period. This means that not only didn't companies start reducing their production, but they even contributed to pushing the global growth higher. This is particularly driven by TotalEnergies and BP increases in production, which beat the market three years in a row from 2016 to 2019.
71. FID before end of 2021
72. Comparison between the period 2017-2021 and the plans for the period 2022-2026

73. https://reclaimfinance.org/site/en/major-failure/
74. TPI, Energy sector "finally moving out of first gear" on climate as first three oil and gas firms align with 1.5°C pathway, 2021
75. https://reclaimfinance.org/site/en/2021/12/06/the-tpi-benchmark-misleading-approach-dangerous-conclusion/
76. The focus on lowering carbon intensity alone rather than combined with absolute emissions targets provides a dangerous pathway for reliance on harmful negative emissions technologies and leaves the door open to further expansion of fossil fuel extraction.
77. Bronwen Tucker and Nikki Reisch, "The Sky's Limit Africa: The Case for a Just Energy Transition From Fossil Fuel Production in Africa," Oil Change International, October 2021, p. 13; Greg Muttitt, "The Sky's Limit: Why the Paris Climate Goals Require a Managed Decline of Fossil Fuel Production," Oil Change International, 22 September 2016.
78. In the absence of additional abatement. Related emissions are «approximately equal to total cumulative net CO2 emissions in pathways that limit warming to 2°C (>67%). (high confidence)". April 2022 - https://www.ipcc.ch/report/ar6/wg3/
79. https://productiongap.org/2020report/
80. https://reclaimfinance.org/site/en/2022/01/19/world-energy-outlook-2021-new-normal-iea/
81. https://reclaimfinance.org/site/en/2022/02/25/investors-not-equipped-to-engage-companies/
82. Our scoring is not an overall assessment of the asset managers' engagement policies but rather an assessment of the preciseness of the objectives set and of the target setting process for the priority companies to engage. In our view, this is the only way to ensure that the engagement practices are not ad hoc and last for years while showing only little progress.
83. The focus on lowering carbon intensity alone rather than combined with absolute emissions targets provides a dangerous pathway for reliance on harmful negative emissions technologies and leaves the door open to further expansion of fossil fuel extraction.
84. A big loophole of the request made by AXA IM is that it requires scope 3 emissions targets to be set by 2030 ("publish absolute GHG emissions reduction targets, immediately for scope 1 and 2, and no later than from 2030 onward for scope 3") which is too late. See here: https://www.axa-im.com/sites/corporate/files/2022-03/axa-im-climate-risks-policy-22_03_2022.pdf.
85. These asset managers are LGIM, Ostrum, BlackRock, UBS AM, Union Investment, DWS and Schroders.
86. BlackRock also disclosed the list of the 1,000 companies engaged.
87. Among them were Amundi, AXA IM, HSBC AM, Abrdn, Nordea.
88. https://www.iigcc.org/media/2021/05/Total-2021-AGM-Statement-.pdf
89. LNG terminals, pipelines, etc. While the IEA's Net Zero Scenario does not explicitly call for an end to new transport infrastructures for fossil fuels, such infrastructures are both a key prerequisite and a consequence of new fossil production projects. Hence, a complete and consistent oil and gas policy should hold production and transport projects to the same standards.
90. Based on the Thinking Ahead Institute and Pensions & Investment 2021 report.
91. Most of Generali Investments AUM comes from Generali Insurance Asset Management (GIAM) which is the entity that has been scored for this report.
92. Based on the Thinking Ahead Institute and Pensions & Investment 2021 report. The 5 US AMs are the 5 biggest US AMs except for Fidelity Investments which we might consider adding for future editions.
93. https://www.coalexit.org/finance-research
94. Research by Profundo as of April 2022.
95. The full list is: TotalEnergies, Eni, Equinor, BP, Shell, Repsol, Exxon, Chevron, Gazprom, Saudi Aramco, Petrobras, Conocophillips. Their combined short term upstream expansion plans amount to 68731 MMboe.
96. https://gogel.org/
97. Either commenting directly on their scores in the questionnaire or by sending general comments via email or calls.

Credits

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THE ASSET MANAGERS FUELING CLIMATE CHAOS

Reclaim Finance is an NGO affiliated with Friends of the Earth France. It was founded in 2020 and is 100% dedicated to issues linking finance with social and climate justice. In the context of the climate emergency and biodiversity losses, one of Reclaim Finance's priorities is to accelerate the decarbonization of financial flows. Reclaim Finance exposes the climate impacts of some financial actors, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to to bend existing practices to ecological imperatives.

Urgewald is a non-profit environmental and human rights organization. For 25 years, Urgewald has been fighting against environmental destruction and for the rights of people harmed by corporate profit interests.

Re:Common carries out campaigns and investigations againsts corruption and environmental destruction caused by corporations and their financiers.

The Sunrise Project grows social movements to drive the transition from fossil fuels to renewable energy as fast as possible.

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