

An aerial photograph of a beach with waves crashing onto the shore. The water is a vibrant turquoise color, and the sand is a light tan. The waves are white and frothy as they break. The overall scene is dynamic and natural.

# ShareAction»

our money can change everything

**What is responsible investing and  
why is it an issue for oil and gas?**

“Responsible investment is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance factors, and of the long-term health and stability of the market as a whole.”

- Cambridge Institute for Sustainability Leadership

# It's catching on fast

2250 signatories to the **Principles for Responsible Investment**

- with assets under management of **\$85trillion**

# Materiality matters and not all ESG issues are born equal



# Climate-related risks are centre stage as a result of:

- » The Paris Climate Agreement (especially articles 2.1a and 4.1)
- » Financial Stability Board's Taskforce on Climate-Related Financial Disclosures
- » Floods, droughts, hurricanes and freaky weather – and the media coverage
- » Changing consumer patterns
- » New UK and EU legislation requires that investors assess and manage climate-related financial risks
- » Falling cost of renewables + environmental regulations = concern over financial resilience of hydrocarbons

# Investors are under growing scrutiny

ShareAction assesses and ranks the world's largest fund managers, insurers and pension funds on their climate-related performance.

The methodology we use is aligned with the framework created by the Taskforce on Climate Related Financial Disclosure (TCFD): governance, strategy, risk management, metrics & targets

## GOT IT COVERED? INSURANCE IN A CHANGING CLIMATE

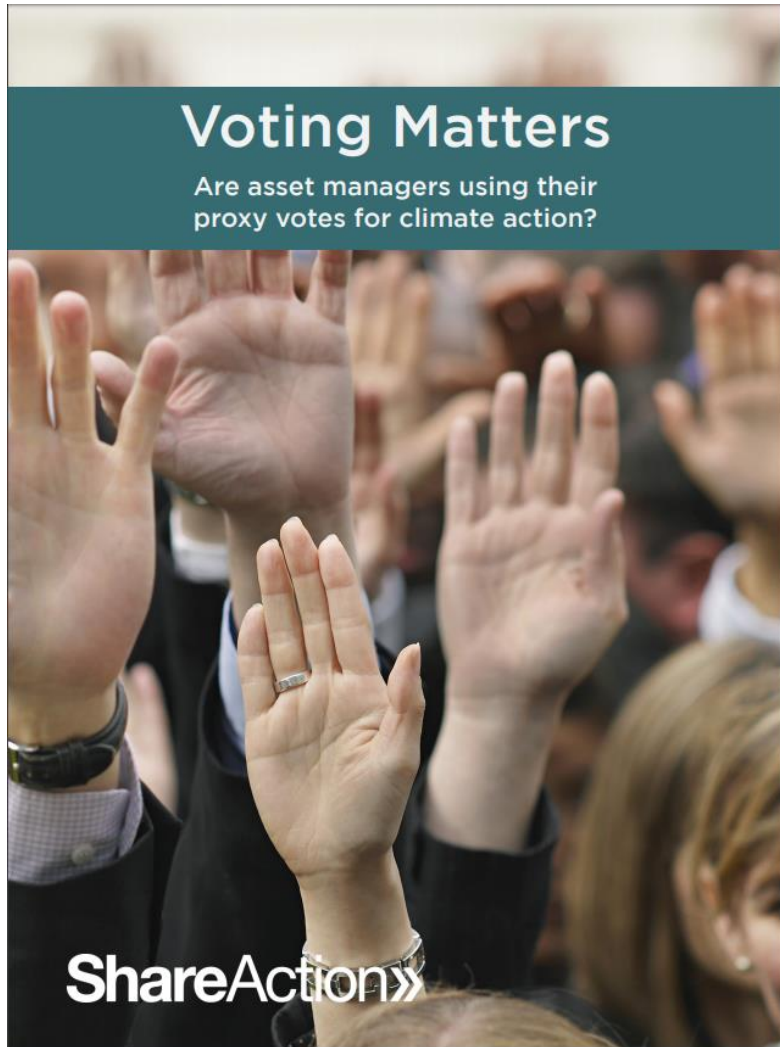
This report assesses the insurance sector response to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and features an index of the world's 10 largest insurers rated on their approach to climate-related risks and opportunities | May 2018

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DISCLOSURE PROJECT

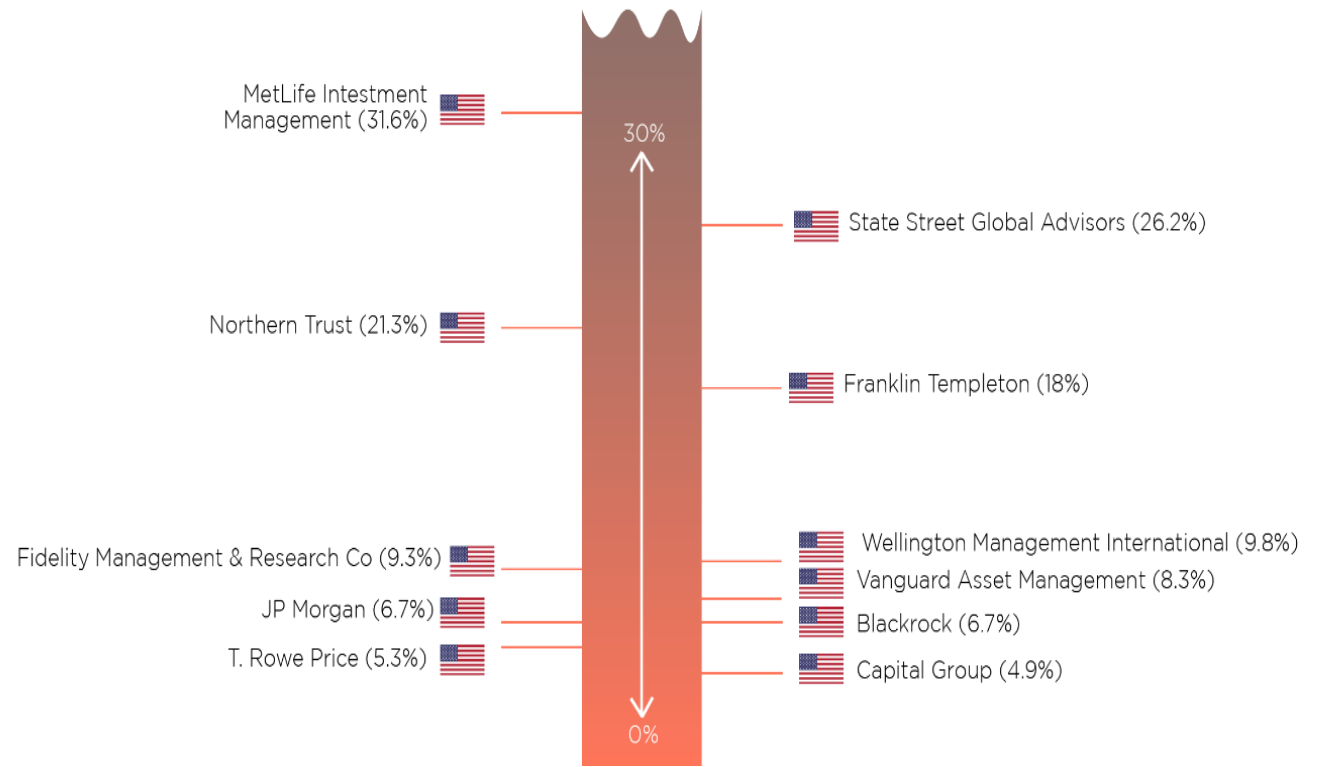
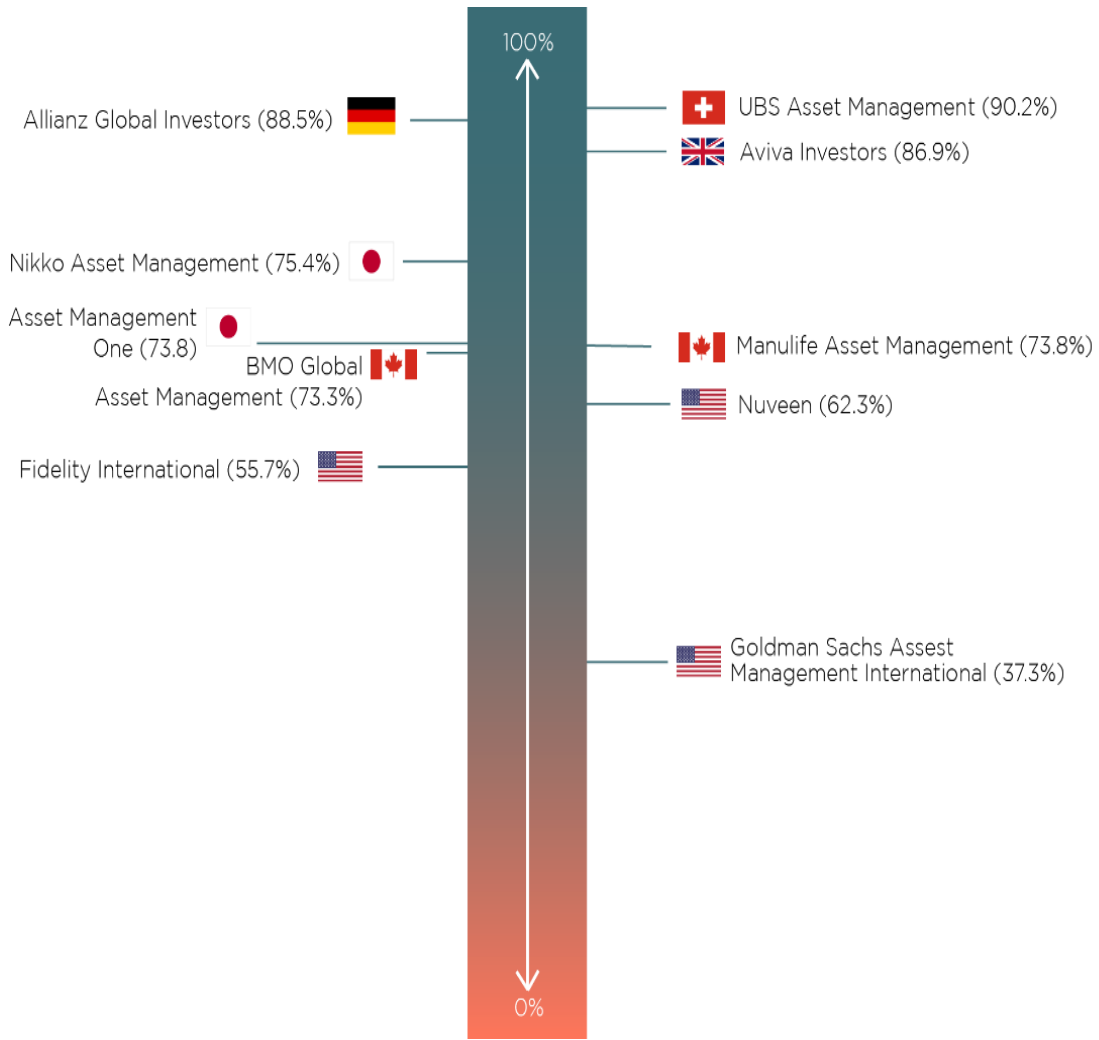
## PENSIONS IN A CHANGING CLIMATE

This report assesses the pensions sector's response to the recommendations of the Task Force on Climate-related Financial Disclosures, and features an index of the world's 100 largest public pension funds rated on their approach to climate-related risks and opportunities | November 2018

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- » In this report, we examined how 57 of the world's largest asset managers voted on 65 shareholder resolutions linked to climate change.
- » We recommend that asset owners:
- » Use the findings to inform their selection and engagement with asset managers.
- » Assess asset managers' climate-related performance and proxy voting record on climate change resolutions during the asset manager selection process.
- » Monitor asset managers' proxy voting decisions on climate change resolutions and on ordinary resolutions at companies that have shown persistent inaction on climate change and/or reluctance to engage with shareholders.





Climate scientists are saying that if GHG emissions **don't peak in 2020**, it will **become near impossible** to stay within 1.5C of warming above pre-industrial levels.

# 2020 AGM season takes on great significance

We expect responsible investors to **escalate their dialogue** with the boards of high-carbon emitters and those who finance them in the banking sector.

# In 2020, we will see at firms in the oil and gas sector:

- » Votes against auditors
- » Votes against report and accounts
- » Votes against directors and remuneration reports
- » Shareholder resolutions calling for Paris-aligned business models, TCFD disclosures etc

# Signs of the times

- » The EIB's decision in November to phase out fossil fuel financing within two years is one key signal that the heat is rising in the finance sector
- » Aramco's messy IPO process is another telling sign
- » Sell-side analysts putting climate risks centre-stage in their published notes on oil & gas firms of all sizes
- » The International Accounting Standards Board puts out a note explaining why its standards do require issuers to disclose their exposure to climate risks in core financial reporting

# In 2020, we expect to see:

Growing pressure on investors to shift capital away from high carbon firms

**and**

pressure to use shareholder rights and bond-holder influence to challenge boards of high carbon firms that fail to manage the risks of climate-related litigation, climate-related regulation and changing consumer demand



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