



Joint Committee
on Climate Change

RESPOND 2021

Resilient and Sustainable Portfolios

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What do you see as the main reasons for integrating ESG in investment activities? (*pick two key factors*)

- To better manage risk
- To generate alpha
- To comply with current or upcoming regulations
- To align with your current and/or future beneficiaries' expectations
- To do good for society and the environment
- None of the above



What environmental issues do you currently integrate into investment decision making? *(pick all that apply)*

- Climate change
- Deforestation
- Biodiversity loss
- Water-related risk (e.g. water scarcity)
- Ocean sustainability
- None



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INTRODUCTION TO RESPOND

RESPOND is a tool for benchmarking asset managers' approach to ESG

The image shows the top portion of the RESPOND website. It features a black navigation bar with the WWF logo on the left and a series of white links: ABOUT, RISKS & OPPORTUNITIES, REGULATORY CONTEXT, ANALYSES, CONTACT US, and LOGIN. Below the navigation bar is a large hero section with a background image of a lighthouse with red and white horizontal stripes, situated on a rocky shore with waves crashing against its base. On the left side of the hero section, there is a dark green rectangular box containing white text. The text reads: "RESILIENT AND SUSTAINABLE PORTFOLIOS" in large, bold, uppercase letters. Below this, in smaller white text, it says: "RESPOND is an interactive online tool developed by WWF to help asset managers improve portfolio resilience and alignment with a low carbon and sustainable future through the application of science-based approaches to responsible investing. The tool is based on a [WWF framework](#) that represents a best-practice architecture for responsible investment, and is also aligned with the Task Force on Climate-related Financial Disclosures and the Principles for Responsible Investment." At the bottom of the green box are two white buttons with green text: "Explore analyses" and "Learn more about the project".

Responsible investment framework and annual insight reports



Responsible investment framework builds on:

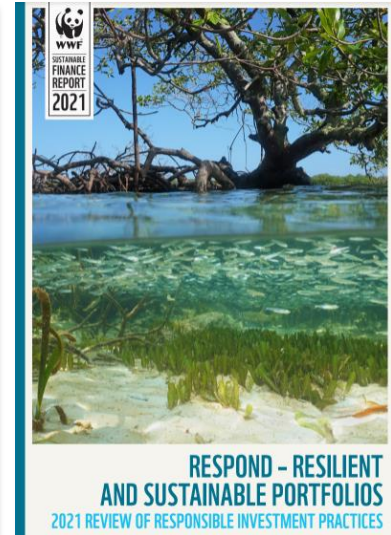
- Existing best practices,
- Layers in WWF's:
 - Sustainable finance expertise
 - Experience engaging corporates and setting sustainability standards
 - Deep scientific conservation knowledge
- “Road-tested” in 2018 Singapore asset manager study with MAS
- Aligned with



Framework report



Insight report 2020



Insight report 2021

Asset Managers, to:

- Review own RI approaches and identify areas for improvement
- Demonstrate how investment decisions can influence portfolio companies' sustainable operating practices and increase resilience

Asset Owners, to:

- Gain new perspective when evaluating external managers' RI capabilities
- Engage with external AMs to enhance ESG capabilities
- Assess if ESG impacts from deployment of capital align with their values

Regulators, to:

- Improve cap market transparency on sustainability
- Identify ways to increase competitiveness of AM industry
- Ensure AMs have robust processes and policies to enhance financial sector resilience

Responsible investment framework



Pillar	No.	Indicator
 1) PURPOSE	1	Relevance of sustainability in organization's strategy and investment beliefs
	2	Industry collaboration and participation
 2) POLICIES	3	Responsible investment policies
	4	Issue-specific policies
 3) PROCESSES	5	Research, stock selection, and monitoring
	6	Active ownership

Pillar	No.	Indicator
 4) PEOPLE	7	Governance
	8	Skills
	9	Incentives
 5) PRODUCTS	10	Product availability
	11	Client engagement
 6) PORTFOLIO	12	Risk assessment
	13	Metrics and targets
	14	Disclosure

22 European asset managers (*included in year 1*)

- Large asset managers: AUM > USD 200B
- ESG “leaders”, disclosing a PRI A+
- Presence in Asia
- 6 countries: Netherlands, France, Germany, UK, Sweden, Switzerland

8 Asian asset managers

- Large asset managers: AUM > USD 200B
- PRI signatories
- 3 countries: China, Japan, Singapore

Total AUM covered: US\$ 16 Trillion

Aberdeen Standard Investments	HSBC Global Asset Management
Aegon Asset Management	Legal & General Investment Management
Allianz Global Investors	M&G Investments
Amundi	Mitsubishi UFJ Trust and Banking Corporation
APG Asset Management	Nikko Asset Management
Asset Management One	NN Investment Partners
Aviva Investors	Nomura Asset Management
AXA Investment Managers	Nordea Asset Management
Baillie Gifford	Ostrum Asset Management
BNP Paribas Asset Management	Pictet Asset Management
China Life Asset Management	Robeco
DWS Group	Schroders
Eastspring Investments	Sumitomo Mitsui Trust Asset Management
E Fund Management	UBS Asset Management
Fidelity International	Union Investment Group



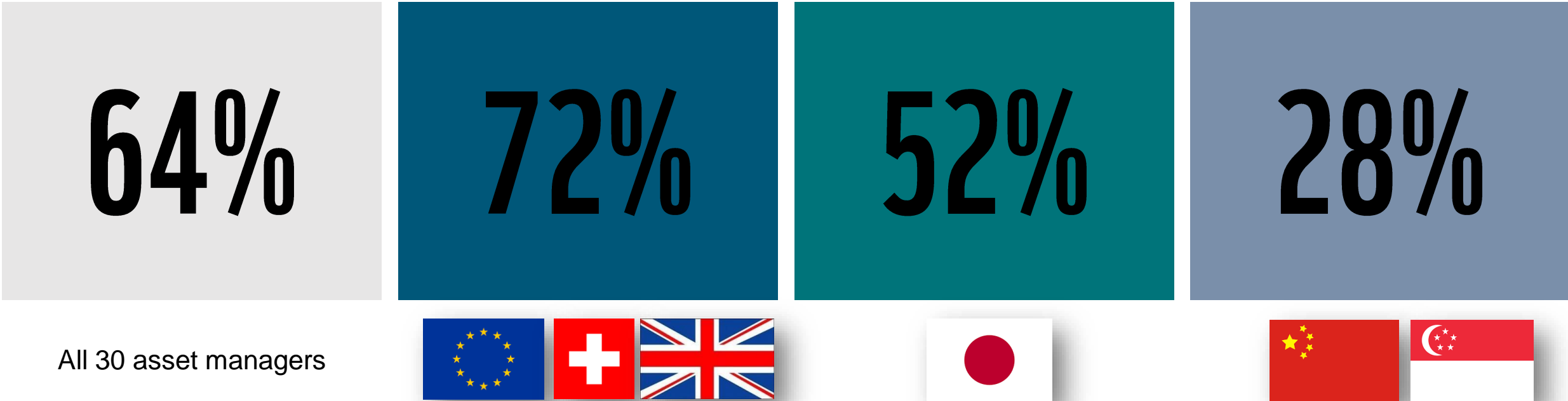
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SUMMARY RESULTS

European asset managers are leading on responsible investment



Average RESPOND criteria fulfilled





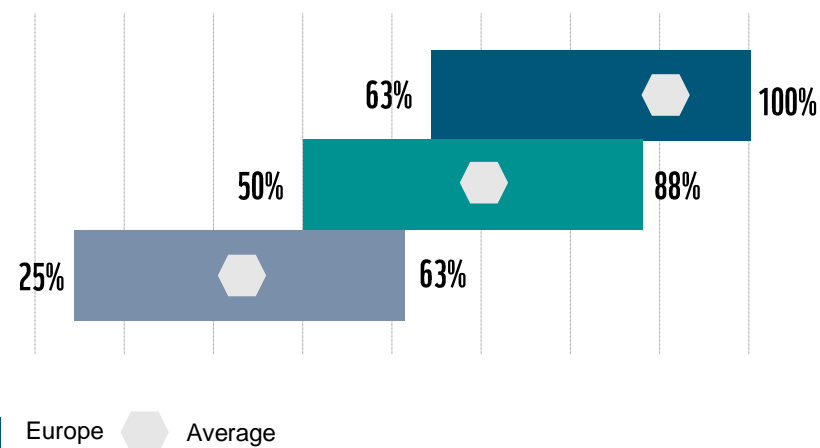
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**ACTIVE OWNERSHIP APPROACHES
CAN BE STRENGTHENED,
ESPECIALLY AMONG ASIAN ASSET
MANAGERS**

Asian asset managers' active ownership approaches



Active ownership



0%

None of the Chinese asset managers disclose on engaging bilaterally on ESG.

50%

4 Asian asset managers (all Japanese) engage collectively.

13%

Only 1 Asian asset manager has supported E&S resolutions.

25%

Only 2 Asian asset managers disclose their full voting records.

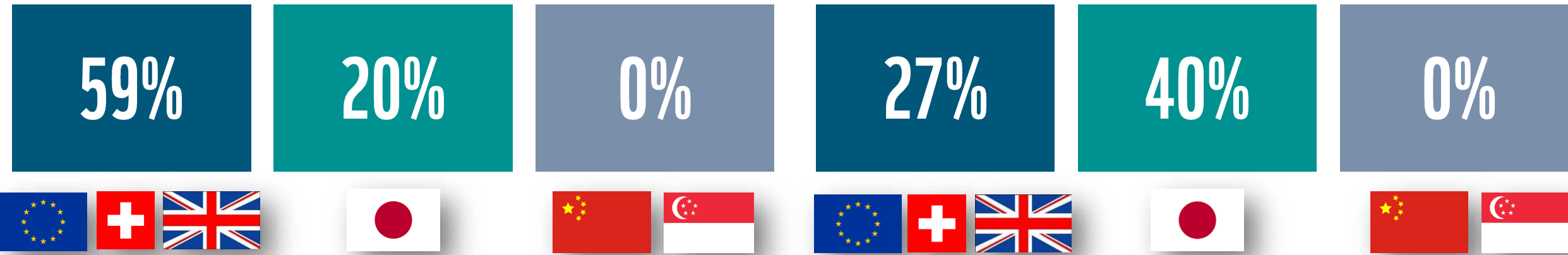


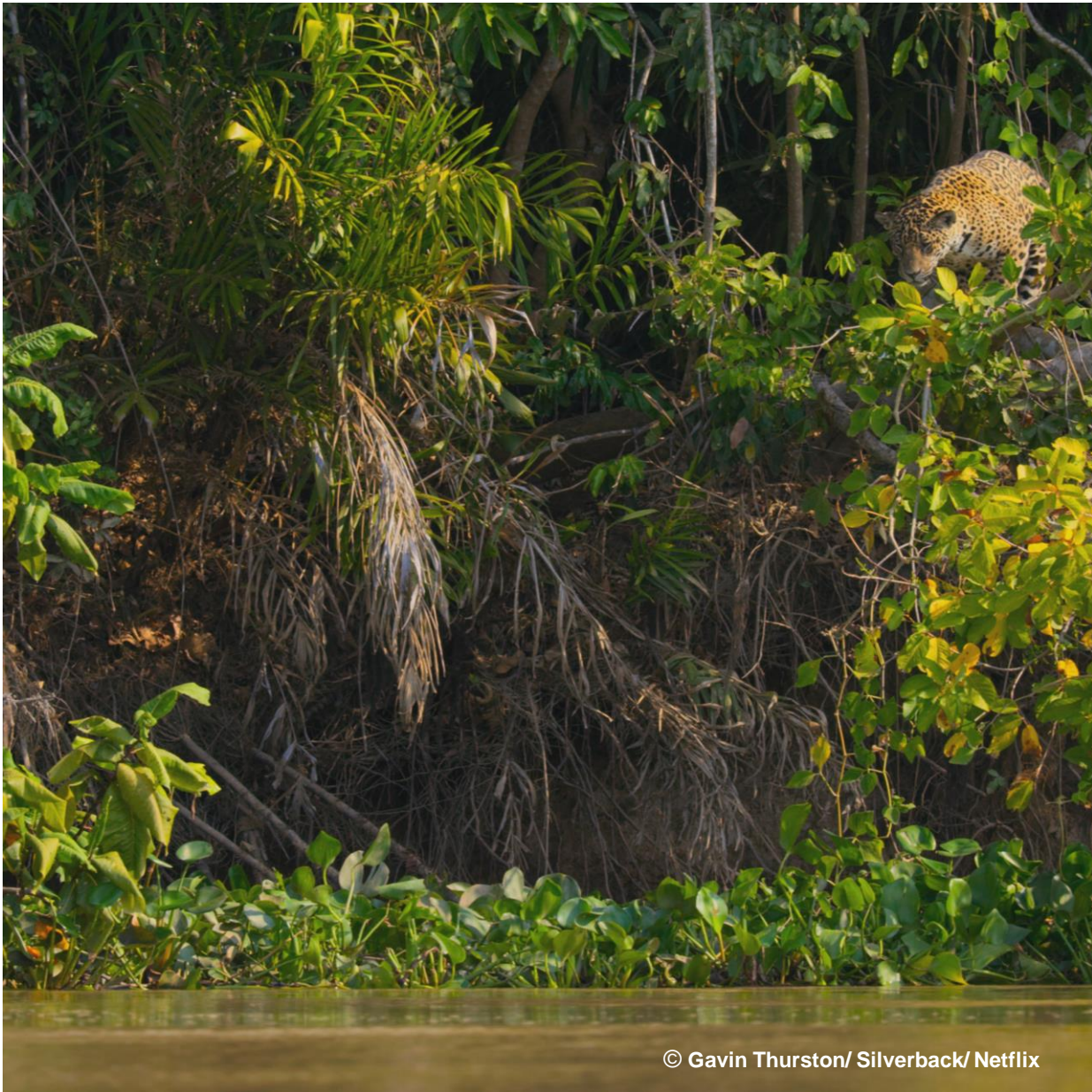
Time-bound objectives and transparency on progress



% of asset managers setting time-bound objectives for engagement

% of asset managers disclosing engagement progress





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**ESG TRAINING, KPIS AND
INCENTIVES HAVE YET TO BE
MAINSTREAMED BY EUROPEAN
AND ASIAN ASSET MANAGEMENT
FIRMS ALIKE**

Asset managers have set up RI teams and governance mechanisms...



100%

- RI responsibility and oversight
- Dedicated RI specialist and team

90%

- Responsibility for RI ultimately lies with the board

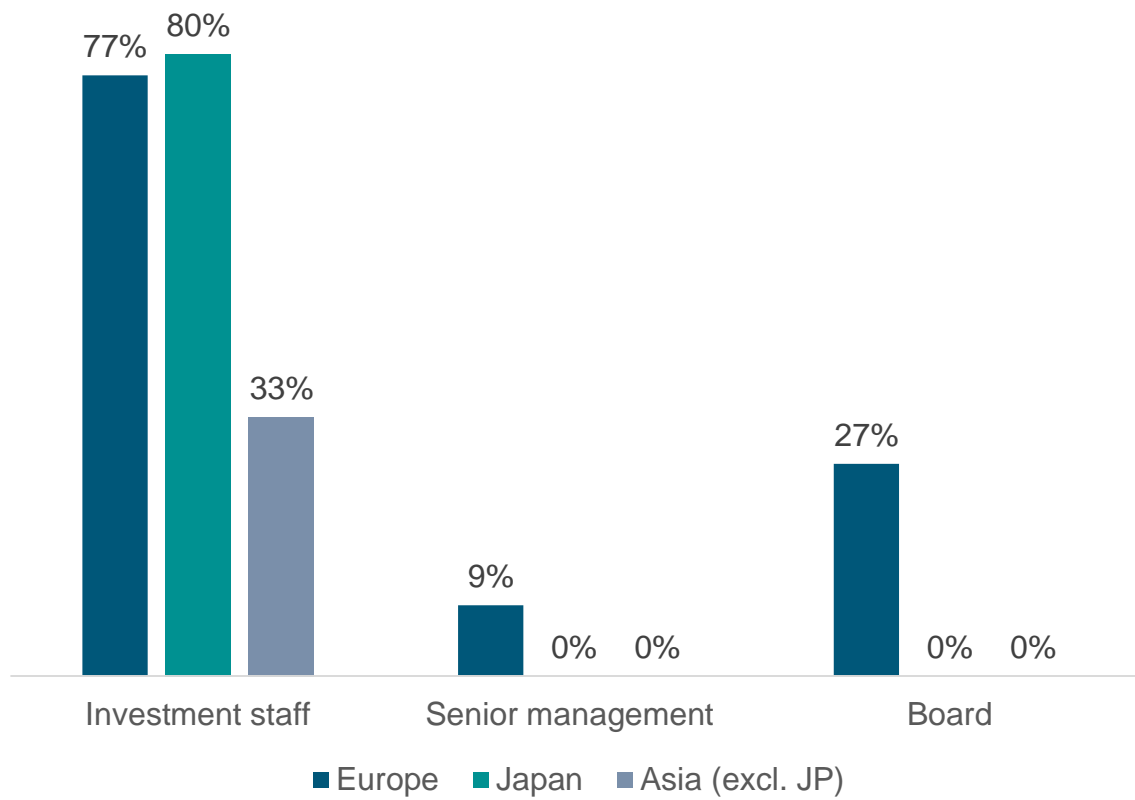
PEOPLE



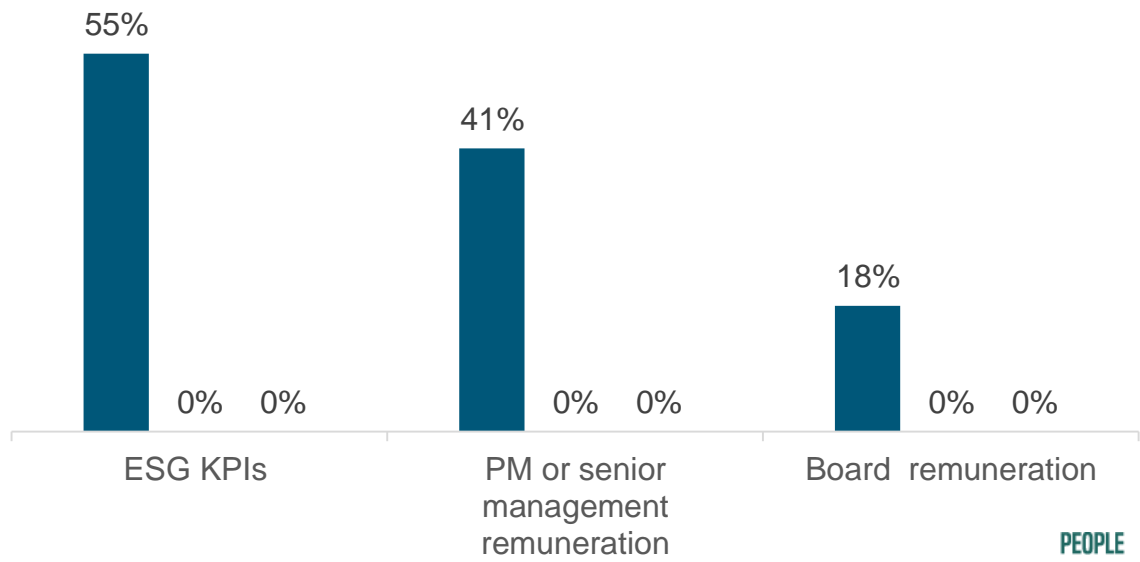
...but still need to reinforce training and incentives



ESG training across levels



ESG incentives across levels





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**ASSET MANAGERS' CLIMATE STRATEGIES
ARE NOT YET ANCHORED ON SETTING
SCIENCE-BASED TARGETS OR TRANSLATED
INTO ROBUST EXPECTATIONS TOWARD
INVESTEE COMPANIES**

Climate commitments need to translate into robust expectations



97%

Recognize climate change as a risk.

97%

Support the TCFD.

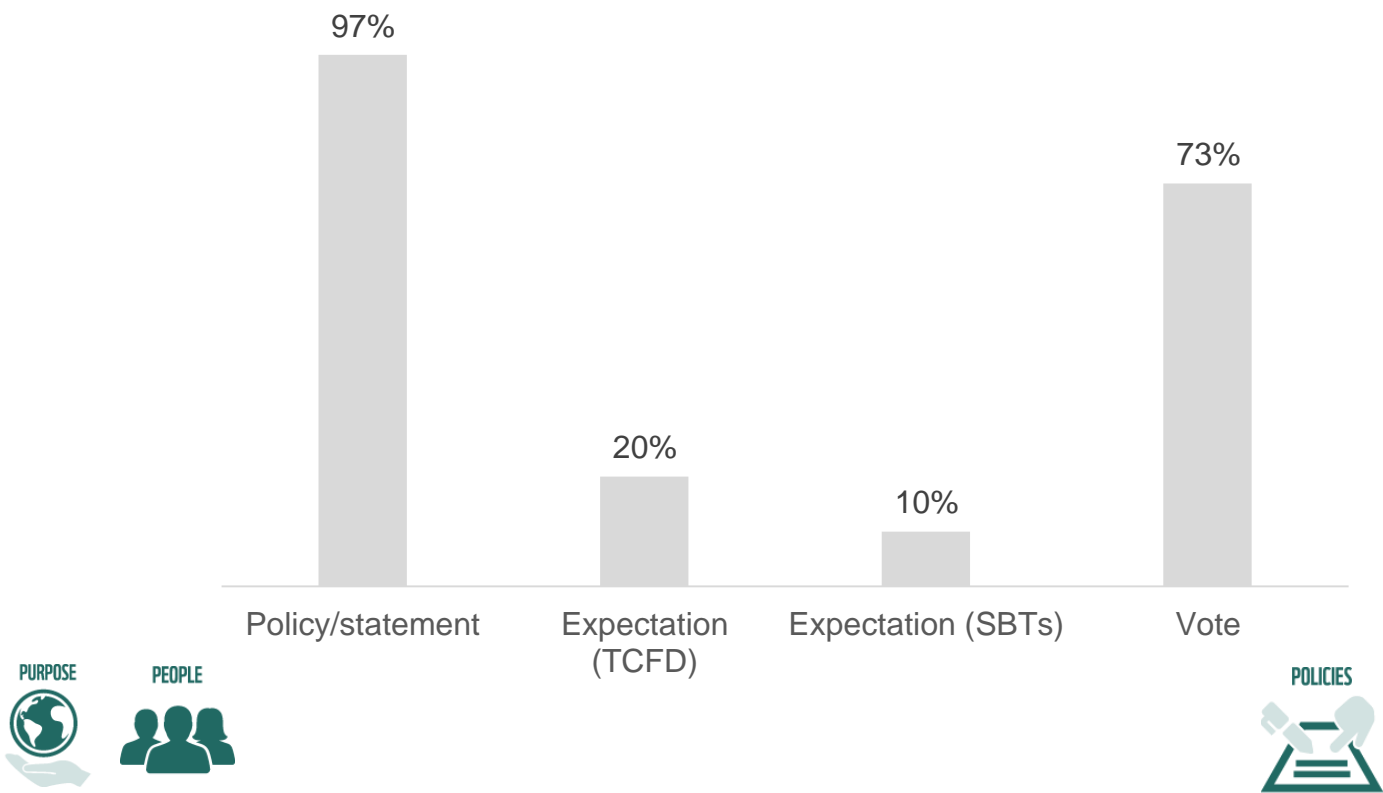
97%

Support the Investor Agenda, Climate Action 100+ or CDP's non-disclosure campaign.

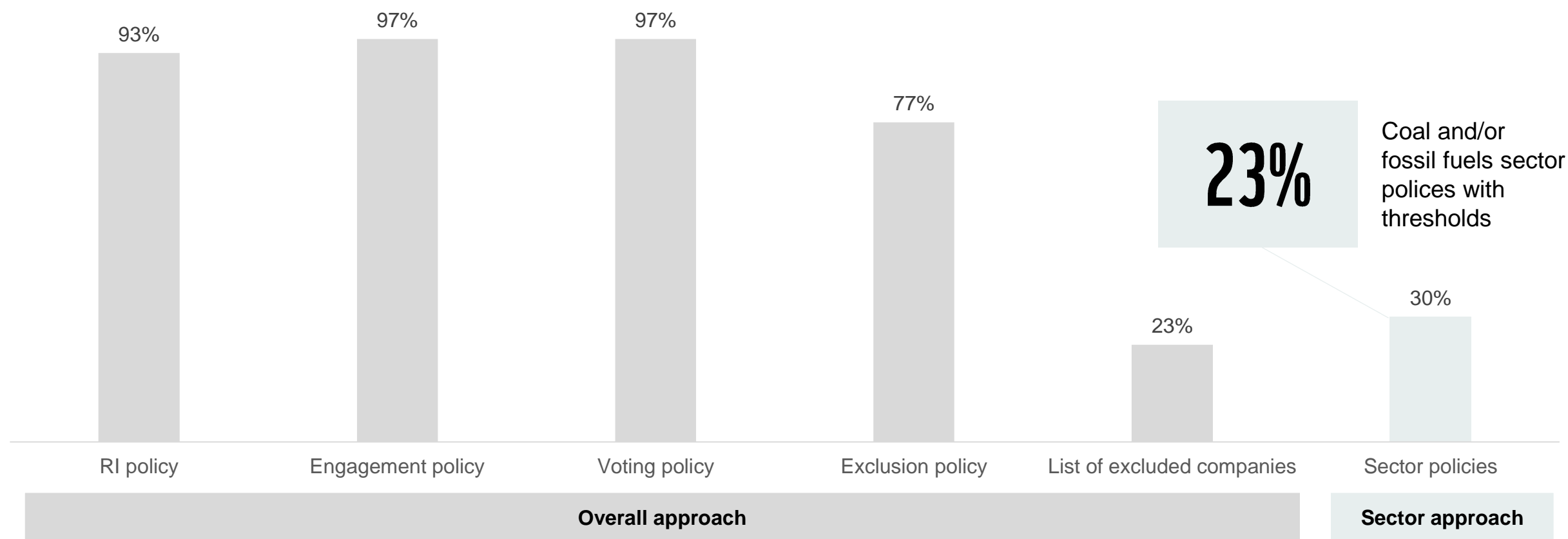
50%

Assign climate risk management to the board.

Lack of expectations towards investee companies

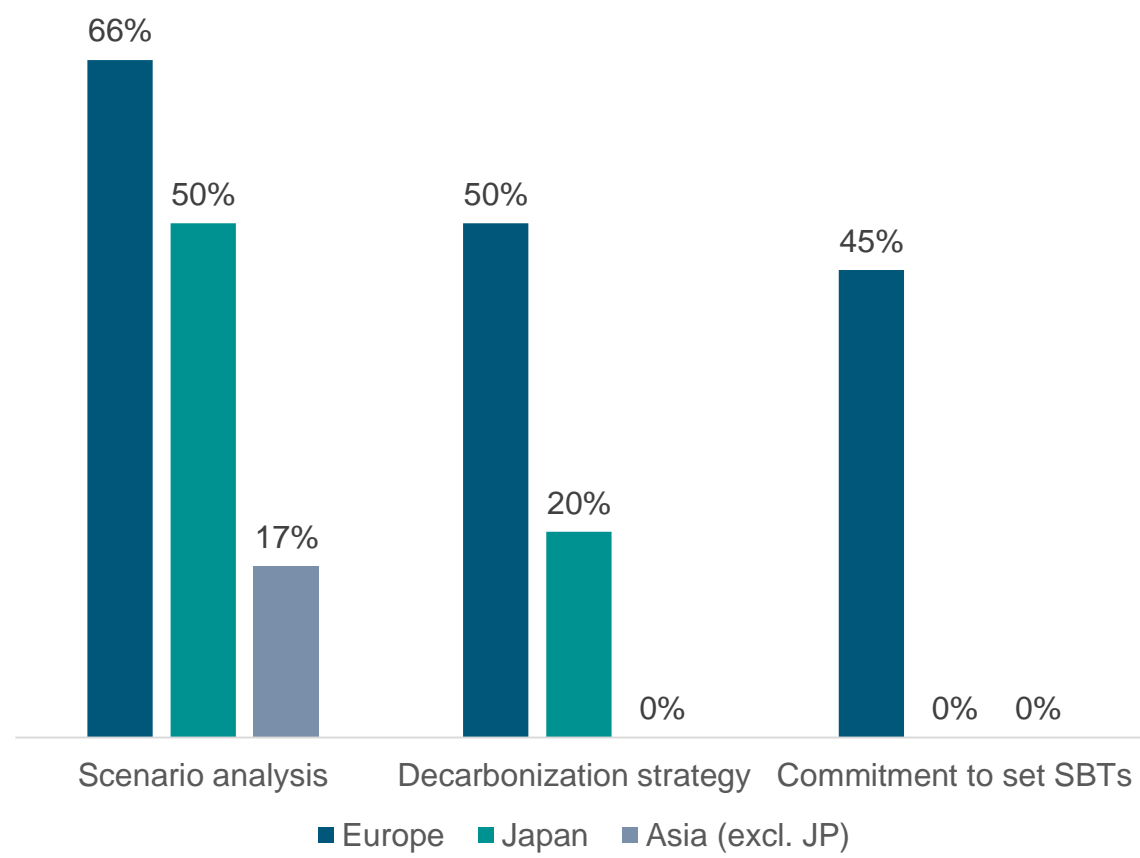


Sector policies need to supplement existing general RI policies

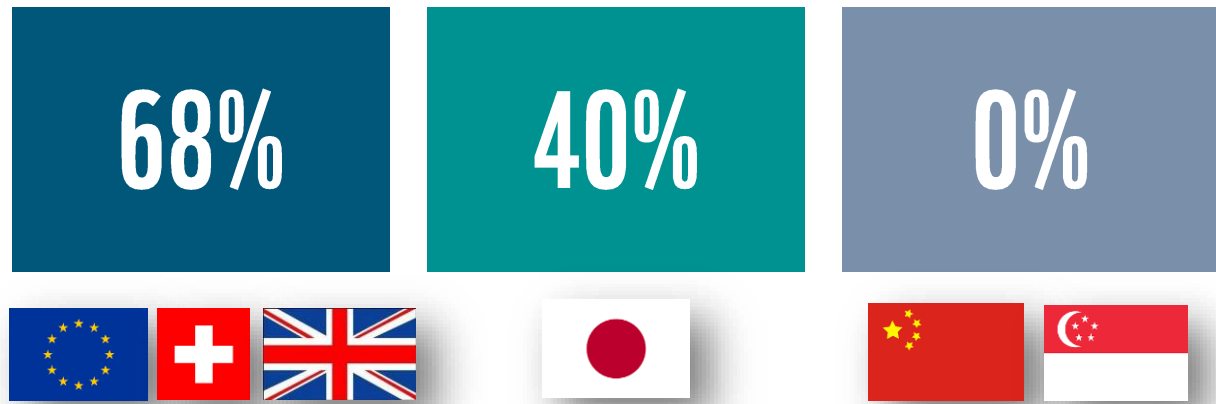




Climate risk management and metrics & targets



% of asset managers publishing a TCFD report or TCFD-aligned disclosures





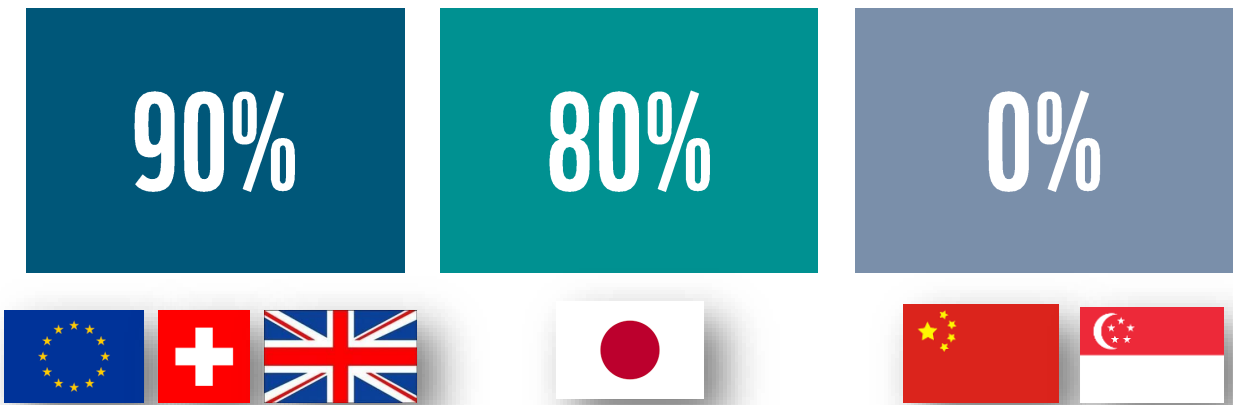
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**THERE IS ROOM FOR BOTH EUROPEAN
AND ASIAN ASSET MANAGERS TO ACT
ON THEIR RECOGNITION OF NATURE
LOSS AS A KEY RISK**

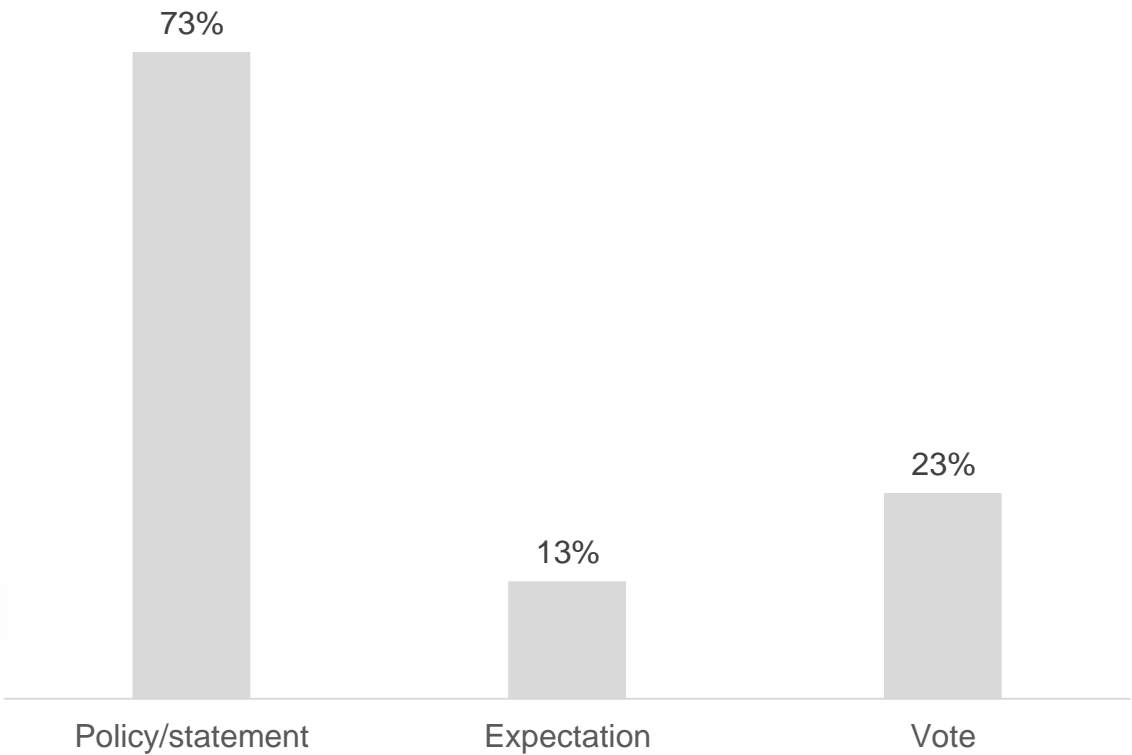
Nature commitments need to translate into robust expectations (1/2)



% of asset managers recognizing nature loss as a risk

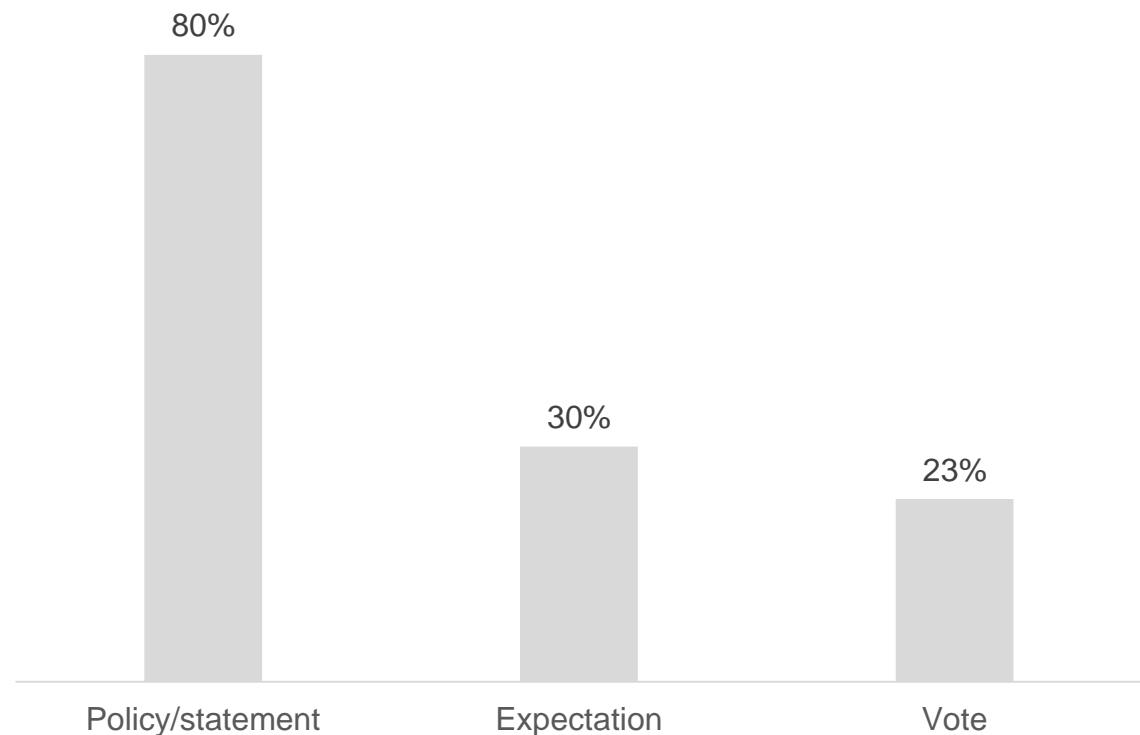


Water risk

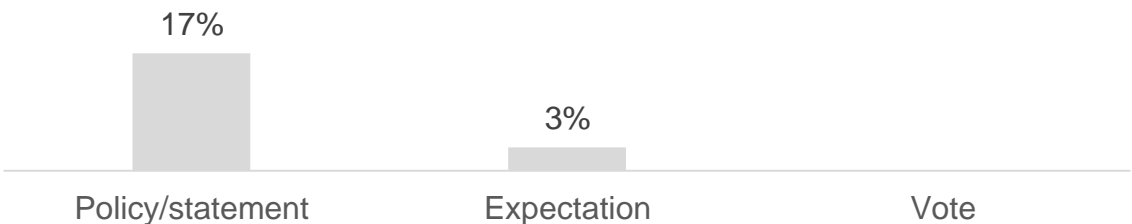




Deforestation & biodiversity loss

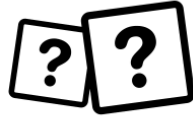


Ocean sustainability



Q&A





**After this session, I have a greater understanding of WWF's
RESPOND tool.**

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree



The insights provided during this session were useful to continue improving our approach to responsible investment.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree



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