

~~ASSET~~  
~~OWNERS~~  
~~DISCLOSURE~~  
~~PROJECT~~

AODP Proxy  
Advisors Climate  
Risk Survey 2017

## WHO IS AODP?

The Asset Owners Disclosure Project (AODP) is an independent global not-for-profit organisation that recognises the specific financial risk attributes of climate change.

AODP has developed the world's leading reporting framework for institutional investors encompassing the disclosure and management of climate risk. AODP indices are unique in evaluating the long-term climate risk and management actions of asset owners – the world's largest pension funds, sovereign wealth funds, insurance companies, foundations and endowments.

AODP's free best practice implementation methodology can be found on our website: [www.aodproject.net](http://www.aodproject.net).

## BACKGROUND TO THE SURVEY

Climate change has become a central issue for financial markets. The global task force on climate risk set up by the G20's Financial Stability Board (FSB) recently announced that it will make recommendations on how institutional investors, asset managers and other financial intermediaries should report the potential impact of climate change on their bottom line.<sup>1</sup> Climate risk is of course only one risk that investors have to analyse. We acknowledge this. However, as a multi-sector, multi-asset class and non-diversifiable risk, its scale and profile require special attention.

The Asset Owners Disclosure Project is the world's only independent examination of asset owners' management of climate risks and opportunities. In addition, this year AODP is extending its research to include the world's most influential asset managers, investment consultants, proxy advisers and ratings agencies on how they are incorporating climate risk management and low-carbon investment into the service they provide to their clients. Modelled on AODP's annual Global Climate 500 Index, these new indices will be based on direct disclosure and/or publicly available information and will analyse how institutions within the investment chain are managing climate risk, investing in the low-carbon economy and engaging with investee companies on these issues.

AODP provides valuable research and tools to support asset owners in the transition to an investment world in which the impacts of climate change will become ever more integrated into their core decision-making processes. The data collected provides asset owners (and their stakeholders) with valuable insight into the strategies deployed by some of the largest asset owners in the world to mitigate the risk of climate change. The survey encourages funds to engage in climate change-related issues, often for the first time.

AODP seeks to better understand industry practices and highlight the actions being taken by key industry participants on this critical topic. Click on the links below for more information.

The 2016 disclosure window is open until November 30<sup>th</sup>, 2016. Please get in touch if you'd like to take part.

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<sup>1</sup> Reuters: [Global regulators eye climate risk disclosure for listed companies](#), 1-4-16

## HOW IS THE SURVEY STRUCTURED?

The survey assesses a participant's capability across the following key areas:

**Governance:** organisation structure and the interactions it uses to oversee its climate risk objectives

**Strategy:** degree of integration of climate risk principles in the organisation's policies and processes

**Portfolio Risk Management:** variety and effectiveness of tools and approaches used to evaluate and manage portfolio climate change risks.

**Metrics and Targets:** key metrics to measure, monitor and compare portfolio climate risk management performance

The survey has been remapped this year to align to the FSB TCFD's proposed framework for disclosure, to assist asset owners in assessing their readiness for any forthcoming reporting requirements.

## HOW DOES THE RATINGS PROCESS WORK?

The AODP Global Climate Index provides stakeholders with a ranking and rating to indicate how each organisation performs in managing their exposure to climate risk. The objective of the research is to encourage integration of climate change capability in portfolio management across the investment sector.

Organisations are researched by our team of analysts using publicly available information or information provided to us by your members or stakeholders. This is supplemented by survey responses. The data collected is used to rank and rate the participants to create the AODP Global Climate Indices. Organisations are rated from AAA through to D grade, with an additional X rating for those lacking any evidence of managing climate risk.

**Asset Owners:** The world's largest long-term investors (pension funds, insurers, sovereign wealth funds, foundations and endowments) with at least USD 2 billion assets under management.

**Asset Managers:** Asset managers play a key role in investing the capital critical to transitioning to a low carbon economy. The top 50 largest asset managers globally have been invited to participate in the first AODP Asset Managers Index

**Investment Consultants:** As primary advisers to asset owners for asset allocation and/or manager selection, asset consultants play a key role in deciding where funds will be invested.

**Proxy Advisors:** As the route through which many asset owners engage with the market, proxy advisers play a critical role in determining whether companies shift to low-carbon business models.

**Ratings Agencies:** Ratings agencies have a vital role to play in assessing the long-term prospects of fossil fuel companies and the sovereign debt of countries that export fossil fuels.

## **BENEFITS OF PARTICIPATING...**

The AODP is of great benefit to asset owners, the broader investment industry and governments to help clarify capability in managing climate risk. The ratings present the only opportunity for organisations to compare and differentiate themselves from their peers in terms of climate change risk management. By participating, you send a strong signal to your stakeholders that you are taking climate change seriously. Members, clients and other stakeholders increasingly demand transparency on ESG issues, and completing the Global Climate Index Survey can be one means of meeting these expectations.

- Gain valuable insights into your performance relative to others in your industry
- Learn how to apply best practice in managing climate change risks and opportunities.
- Demonstrate to your stakeholders your commitment to managing one of the largest long-term risks to their portfolio
- Use our risk-based approach as an alternative to a pure divestment strategy.
- Improve your rating by directly disclosing the information we need to effectively assess your organisation.

Perhaps more importantly, an increasing number of investors are realizing that following the process of responding to AODP's survey is closely tied to best practice methodology and this can help your organisation progress towards better policies, strategies and processes.

## **WHAT IF OUR ORGANISATION CANNOT EASILY OBTAIN THE DATA?**

All organisations have the same issue when it comes to climate change risks and especially those risks associated with the impacts of a low carbon economy driven by the threat of carbon pricing or intrinsic equivalents. Being unable to report the data at this time helps an organisation identify gaps and drive its best practice plan by creating strategies to acquire the data for future reporting.

## **NEXT STEPS**

The survey is available online and will be open to complete until November 30th 2016.

All data is to be provided to the most recent financial reporting period and submitted in your local reporting currency. It is intended that the survey is to cover the operations of an entire organisation and all of its investment portfolios and services, not just "niche" investment portfolios/services.

The ratings and rankings will be published in the new AODP Global Climate Index in April 2017. A copy of the report will be sent to you.

If you have any questions please send us by email at [disclosure@aodproject.net](mailto:disclosure@aodproject.net) and one of our team will contact you.

## Survey Respondent's Details

First Name: \_\_\_\_\_

Last Name: \_\_\_\_\_

Role Title: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

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## Organisational Profile

Full Organisation Name: \_\_\_\_\_

Commonly used abbreviation: \_\_\_\_\_

Country: \_\_\_\_\_

State / Region: \_\_\_\_\_

City / Town: \_\_\_\_\_

Website: \_\_\_\_\_

Twitter handle: \_\_\_\_\_

Facebook page: \_\_\_\_\_

### **0.1 - What is your jurisdictional cover?**

Global

Africa

Americas

Asia

Europe

Oceania

Only the following countries:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

0.2 - How many researchers and advisers do you employ?

- Between 1 and 10
- 10 to 20
- 20 to 50
- 50 to 100
- 100 to 200
- 200 to 500
- Over 500

**0.3 - What is the profile of your clientbase?**

- |   |  |
|---|--|
| <input type="checkbox"/> Pension Funds          | <input type="checkbox"/> Insurance Companies |
| <input type="checkbox"/> Sovereign Wealth Funds | <input type="checkbox"/> Endowments          |
| <input type="checkbox"/> Foundations            | <input type="checkbox"/> Asset Managers      |
| <input type="checkbox"/> Mutual Funds           | <input type="checkbox"/> Other:              |

*Please provide details for other*

**0.4 - What range of services do you offer?**

- Proxy Voting
- Engagement Overlay
- Strategic Research
- Other:

*Please provide details for other*

**0.5 - Key persons**

*Role titles may vary across organisations – please provide names in the equivalent position*

	Full Name
Chief Executive Officer / Managing Director	
Chief Financial Officer / Finance Director	
Chief Risk Officer	
ESG/Sustainability Officer	
Responsible Investment Officer	

*Comments*



## Section 1: Climate Change and Your Organisation

**1.1 - How are climate change issues integrated into your organisation's policy framework governing advice on proxy voting? Please provide link to policy if public.**

(10 points)

**Select all applicable answers from below options.**

- Standalone Climate Change Policy
- Dedicated section within ESG policy and/or responsible investment principles/statements
- Specific details included in Risk Management Policy/Strategy
- Covered broadly by ESG policy only
- Included in other policy/policies
- No policy on climate change issues
- No information available

### **Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**1.2 - Do you have a formal governance structure for managing climate change risk issues in the context of your credit ratings in your organisation?**

(10 points)

**Select all applicable answers from below options.**

- Yes, globally
- Yes, in some countries \*
- Yes, in all business units
- Yes, in some business units \*
- Other \*
- No
- No information available

### **Comments**

*Please provide details for \* and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**1.3 - Is there an individual responsible for climate change globally within your organisation?**

(10 points)

**Select from below options.**

- Yes, we have appointed a dedicated climate lead
- Yes, this forms part of the remit of the ESG lead
- Other (please give details below)
- No
- No information available

**Comments**

*Please provide details for \* and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**1.4 - Is there a policy committee or department in your organisation that defines the scope of advice relating to climate change resolutions?**

(5 points)

**Select from below options.**

- Yes
- No
- No information available

**Please provide the committee name and further details**

*Please provide details for \* and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**1.5 - Have you recognised any barriers to setting climate resolution advice policy or implementing climate change advice across your entire organisation and advice universe?**

(20 points)

**Select all applicable answers from below options.**

- Barriers have never existed
- Yes, but we have addressed them and they no longer exist
- Yes, no agreement from main policy committee
- Yes, other cultural barriers (please give details below)
- Yes, capacity barriers exist (please give details below)
- Yes, pressure from companies or other shareholders not to advise against the board
- Yes, political barriers and external pressures (please give details below)
- Yes, we have identified other barriers (please give details below)
- Other (please give details below)
- No, we have not yet identified any barriers
- No information available

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

If you have identified current barriers in the above question, are you taking action to address and overcome these?

(10 points)

Please select all types of barriers you are taking action on

- No agreement from main policy committee
- Other cultural barriers
- Capacity barriers
- Pressure from companies or other shareholders not to advise against the board
- Political barriers and external pressures
- Other barriers identified above
- We are not currently taking any action to address these barriers

**1.6 - How are you dealing with these barriers?**

If you have already addressed barriers, we would like to hear what you did to overcome them.

If you are not yet addressing these barriers, why not?

*Please describe the actions you are taking/have taken to address the barriers. For example, you may have an active programme to accelerate capacity (e.g. hiring programme), introduced targets for ensuring climate risk is part of standard advice, education programme on investment portfolio climate risks/opportunities, training on portfolio climate risk mitigation actions, recruitment of climate expertise, etc. You may have been engaging and negotiating with company boards, shareholders, regulators and policymakers.*

**1.7 - What is the highest level of governance at which recognised climate skills are present in your organisation?**

(10 points)

**Select from below options.**

- Board / Partner
- Senior Management
- Middle Management
- Assigned ESG resource / analyst
- Other\*
- None
- No information available

**Comments**

*Please provide details for \* and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**1.8 - What proportion of your research analysts and advisers have some climate change risk experience?**

(30 points)

**Select from below options.**

- Over 50%
- 30-40%
- 10%-20%
- 4-5%
- 0-1% inclusive
- No information available
- 40-50%
- 20-30%
- 5%-10%
- 2-3%
- None

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**1.9 - Do you have an active policy or program to upskill your advisory and research staff in climate risk management?**

(20 points)

**Select all applicable answers from below options.**

- Yes, we plan to hire advisory staff with climate risk management experience
- Yes, we plan to hire research staff with climate risk management experience
- Yes, we plan to train all of our advisory staff in climate risk management
- Yes, we plan to train all of our research staff in climate risk management
- Yes, we plan to train some of our advisory staff in climate risk management
- Yes, we plan to train some of our research staff in climate risk management
- Other
- No, we don't plan to upskill
- No information available

**Please indicate the proportion of staff you plan to train, if selected so above.**

**Comments**

*Please indicate the proportion of staff you plan to train, if selected so above\*.  
Please provide details, if selected 'other'.  
Please provide details where requested and any further comments or insights you  
feel are important to this question or have not been covered by the above answer  
options*

## Section 2: Climate Change Advice

**2.1 - Regarding advice on climate disclosure resolutions, what principles does your core house policy follow?**

(40 points)

**Select all applicable answers from below options.**

- Sufficient disclosure of carbon price assumptions to allow investor assessment of the risks
- Sufficient disclosure of 2 degree business model impacts
- Disclosure of 2 degree transition plan
- Instructions to implement shadow / intrinsic carbon price
- A forward base case for intrinsic net carbon liabilities or carbon price assumptions
- The need for companies to assess stranded asset risk
- Climate change board experience
- Climate aligned remuneration policies
- Disclosure of climate change related risk scenarios
- The preparation of reports to consider diversification options for a climate exposed company
- Instructions to diversify (for a climate exposed company)
- Lobbying activity disclosure
- Membership of external bodies or associations
- Instructions to cease lobbying against climate policy
- Restriction of new capital for further high carbon investment
- Return of capital in the form of dividends
- Annual report incorporating climate risk assessment and mitigation strategies
- Audited accounts to have conducted climate risk impairments tests under IAS36
- Other (please give details below)
- None
- No information available

### **Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**2.2 - Do you have evidence where your core advice team have recommended positively on each of these areas in the past 2 years?**

(20 points)

**Please select**

- Yes
- No
- No information available

**Please indicate below which of these areas you have recommended to support.**

**Select all applicable answers from below options.**

- Sufficient disclosure of carbon price assumptions to allow investor assessment of the risks
- Sufficient disclosure of 2 degree business model impacts
- Disclosure of 2 degree transition plan
- Instructions to implement shadow / intrinsic carbon price
- A forward base case for intrinsic net carbon liabilities or carbon price assumptions
- The need for companies to assess stranded asset risk
- Climate change board experience
- Climate aligned remuneration policies
- Disclosure of climate change related risk scenarios
- The preparation of reports to consider diversification options for a climate exposed company
- Instructions to diversify (for a climate exposed company)
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- Instructions to cease lobbying against climate policy
- Restriction of new capital for further high carbon investment
- Return of capital in the form of dividends
- Annual report incorporating climate risk assessment and mitigation strategies
- Audited accounts to have conducted climate risk impairments tests under IAS36
- Other (please give details below)
- None

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*



**2.3 - How does your advice balance the need to allow management to run the company against the need to diversify their operations before market conditions accelerate?**

(15 points)

**Select all applicable answers from below options.**

- Once it is clear that there are reasonable grounds for diversifying
- Once the disclosure proves there is a material risk requiring mitigation
- Other
- Never - we have to respect business judgement and company board decisions and if shareholders cannot accept this then we assume they will divest
- No information available

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**2.4 - Does your house policy use a base case for climate change transition risk where this base case reflects a certain level of intrinsic carbon pricing (or the equivalent regulatory, innovation, capital flight, stranded asset and market repricing risks)?**

(10 points)

**Please select**

- Yes
- No
- No information available

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

2.5 - At what level of forward base case intrinsic carbon liabilities or carbon price would you recommend a positive vote on a resolution for diversification options?

(10 points)

Select from below options.

- Trajectory representing "well below 2 degrees" (in line with COP21 Climate Agreement)
- Flat \$40/tonne (several oil majors)
- Trajectory representing about 2.7 degrees (in line with COP21 INDC commitments)
- Trajectory representing about 3 degrees (aka BHP)
- Flat \$10/tonne
- Zero i.e. business as usual
- It depends on other factors (please provide details)
- We wouldn't be so prescriptive to a company
- No information available

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**2.6 - How does your voting recommendation balance the build up of aggregated carbon or stranded asset risk in client portfolios vs company level decisions to continue operating at a BAU or near BAU level?**

(5 points)

**Select from below options.**

- We recognise most clients have diversified portfolios and thus we factor in a risk premium for climate exposed companies
- It doesn't change – we only look at each individual company resolution on its merits
- Other (please provide details)
- No information available

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**2.7 - What time frame do you consider the impact of your core advice over?**

(10 points)

**Select from below options.**

- 10 years
- 5 years
- 3 years
- 1 year
- Other
- No information available

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**2.8 - How do you balance core voting advice where the interests of long term shareholders may be in conflict with clients who are shorter term investors?**

(10 points)

**Select from below options.**

- We balance the probabilities in the long term (please give details below)
- We are driven by fund managers and companies to advise more in the short term
- Other (please give details below)
- We cannot balance these
- No information available

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**2.9 - What climate related risks does your core advice team consider when analysing a shareholder resolution on climate risk?**

(40 points)

**Select all applicable answers from below options.**

- Short term regulation
- Potential 5yr regulation
- Risk of stranded assets
- Stigmatisation of high carbon exposed industries
- Captial flight for carbon exposed companies
- Innovation disruption
- Supply chain risks
- Other (please give details below)
- None
- No information available

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**2.10 - How does your core advice reflect what Bank of England Mark Carney referred to as a market "Wholesale re-assessment of prospects" that might impact exposed companies?**

(10 points)

**Select from below options.**

- We add a risk premium to climate risk to reflect these potential stranded asset scenarios in our advice
- We do not build market stability problems into our advice
- Our core advice does not reflect on this
- Other (please provide details below)
- No information available

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

### Section 3: Engagement

3.1 - How did your core advice service advise on the following key climate resolutions in the past 12 months?

(60 points)

	For	Against	Abstain	No advice provided
Exxon item 7: Adopt a proxy access bylaw 2016				
Exxon item 9: Annually disclose direct and indirect lobbying				
Exxon item 12: Annually assess risks of 2 degree scenario				
Exxon item 13: Annually disclose reserves replacement annually by resource				
Chevron item 5: Annually disclose direct and indirect lobbying				
Chevron item 7: Annually assess risks of 2 degree scenario				
Chevron item 8: Annually disclose reserves replacement annually by resource				
ANZ: Reporting and setting reduction goals for the financing of carbon emissions				
Suncor: Regularly disclose preparations for low-carbon future				
Glencore: Strategic Resilience for 2035 and Beyond				
Anglo American: Strategic Resilience for 2035 and Beyond				
Rio Tinto: Strategic Resilience for 2035 and Beyond				

**3.2 - What is your overall advice record on climate resolutions in the past year from your core advice service?**

(10 points)

\_\_\_\_\_ Number FOR  
\_\_\_\_\_ Number AGAINST  
\_\_\_\_\_ Number ABSTAIN  
\_\_\_\_\_ Don't know

**Please indicate the percentage of resolutions you advised to support, comparing to the total of climate resolutions you advised on.**

**Select from below options.**

- |   |                                 |
|---|---------------------------------|
| <input type="checkbox"/> 80-100%                  | <input type="checkbox"/> 60-80% |
| <input type="checkbox"/> 40-60%                   | <input type="checkbox"/> 20-40% |
| <input type="checkbox"/> 1-20%                    | <input type="checkbox"/> <1%    |
| <input type="checkbox"/> No information available |                                 |

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

**3.3 - Do you publish, or allow clients to publish, your advice on climate resolutions?**

(5 points)

**Select from below options.**

- Yes  
 No  
 No information available

**Comments**

*Please provide details where requested and any further comments or insights you feel are important to this question or have not been covered by the above answer options*

## Transparency

### **4.1 - Please indicate whether your response has been externally assured or verified?**

External assurance/verification is an activity undertaken by an independent third party to review your disclosures to comment on the validity and quality of information disclosed and/or the policies, systems and processes underpinning the information used in those disclosures. This may apply to either the entire response, or partially to elements within your disclosure. In either case, it would be helpful to outline the approach taken and the organisation undertaking the assurance work.

Please refer to Global Reporting Initiative's guidelines on assurance of sustainability reporting for further information: <https://www.globalreporting.org/resource/library/GRI-Assurance.pdf>

**Select from below options.**

Yes

No

*If so, by whom?*

### **4.2 - Please indicate if you are happy for your response to be made publicly available.**

**Select from below options.**

Yes, make my response publicly available

Yes, make my response publicly available except for response to specific question(s)

No, do not make my response publicly available

*Please specify questions you wish to withhold from public disclosure*

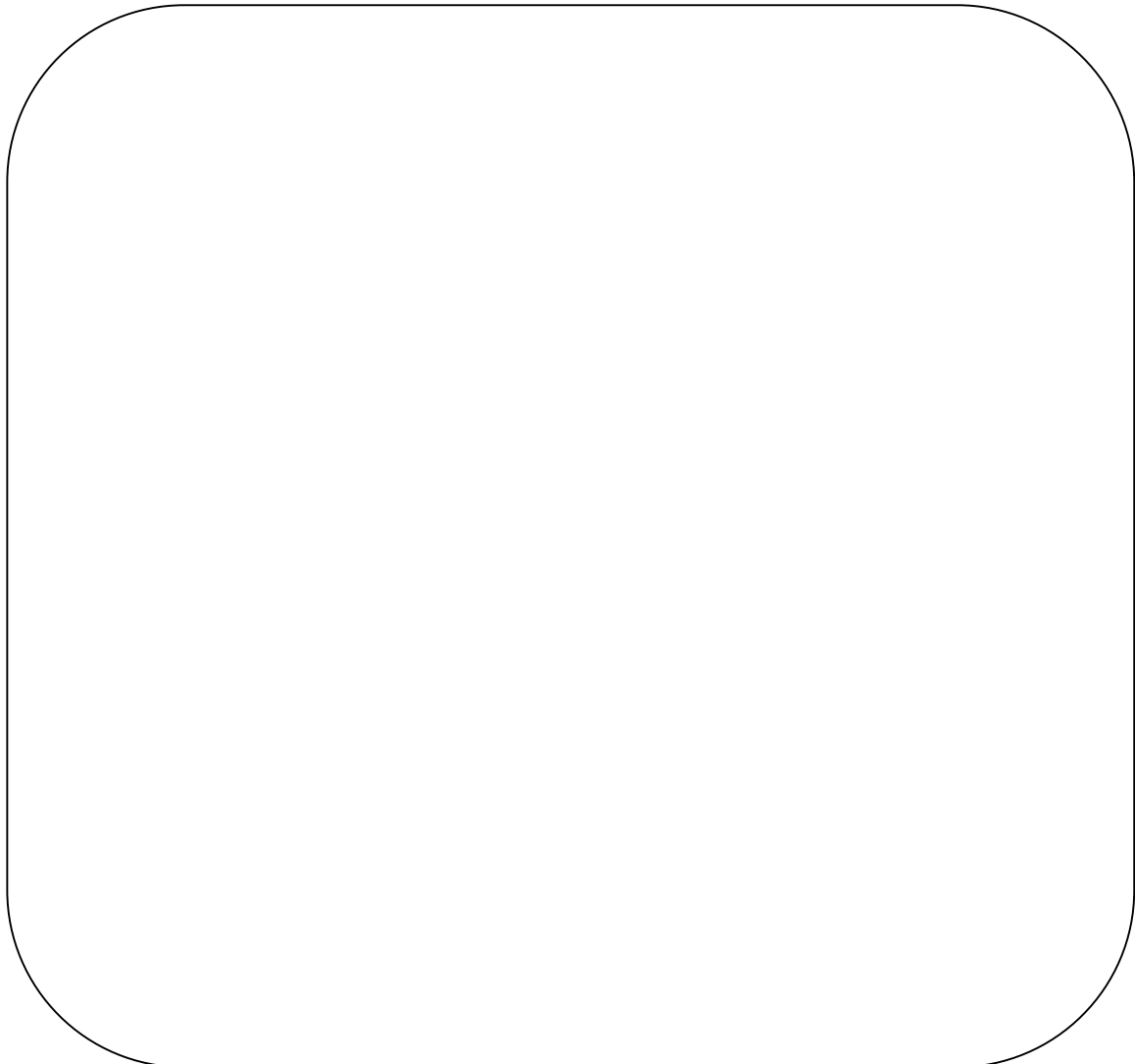
*If you have elected to withhold from public disclosure, please provide a reason*



## Feedback Page

In our efforts to continually improve the AODP research and ratings process, we would appreciate your feedback.

Please provide your comments:



## Thank You!

Thank you for participating in the 2017 AODP Global Climate Risk Survey. Your input is very important to us. If we require any further information regarding your responses we will contact you directly.

If you have any further feedback or questions please contact us at [disclosure@aodproject.net](mailto:disclosure@aodproject.net).