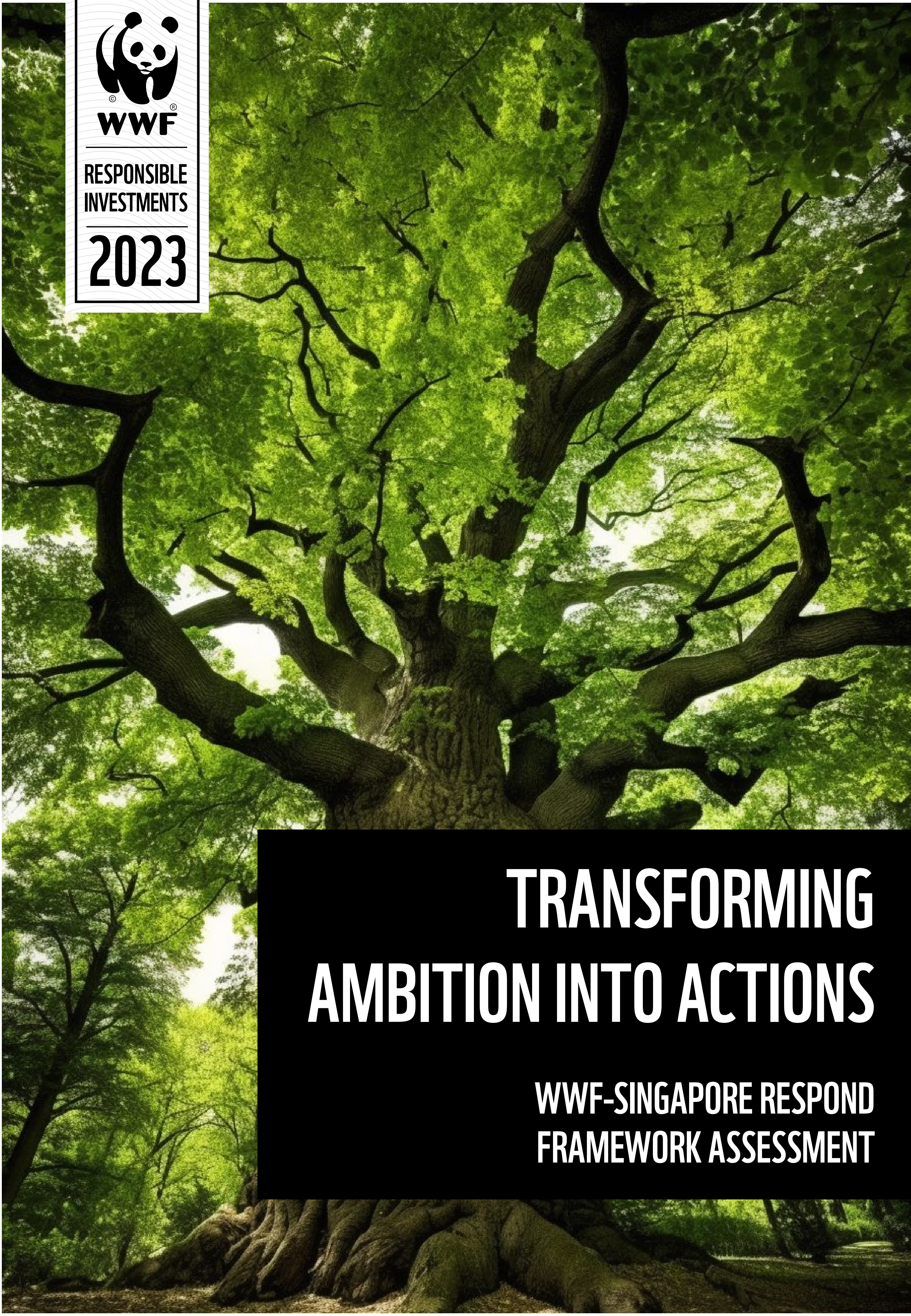


WWF

RESPONSIBLE INVESTMENTS

2023

TRANSFORMING AMBITION INTO ACTIONS

WWF-SINGAPORE RESPOND FRAMEWORK ASSESSMENT

ACKNOWLEDGMENTS

Authors: Akshat Garg, Michelle Loi

WWF-Singapore would like to thank the following WWF contributors for their valuable and insightful inputs for this report:

Kristina Anguelova, Nicolas Poolen, Elizabeth Aceituno, Aveline Chan

Contacts:
Michelle Loi, Vice President, WWF-Singapore - mloi@wwf.sg

This report is part of:
Asia Sustainable Finance Initiative

Production and design: Raphael Albinati

Published in April 2023 by WWF – World Wide Fund for Nature (Singapore) Limited

This report is part of Asia Sustainable Finance Initiative (ASFI)

About WWF-Singapore

World Wide Fund for Nature (WWF) is one of the world's largest and most respected independent conservation organisations, with over 5 million supporters and a global network active in more than 100 countries. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which people live in harmony with nature. WWF has worked with the finance sector for more than a decade via innovative collaborations that seek to integrate ESG risks and opportunities into mainstream finance so as to redirect financial flows to support the global sustainable development agenda. Our approach to sustainable finance leverages WWF's conservation expertise as well as our partnerships with companies on key issues such as water, energy, climate and food to drive sustainability. Positioned at the cutting-edge of sustainable finance internationally, WWF contributes directly to leading initiatives, including the European Commission's Platform on Sustainable Finance and the development of an international green bonds standard. WWF also works directly with some of the largest asset owners in the world on decarbonising investment portfolios. This has allowed us to strengthen lending and investment criteria for key industry sectors, provide insights and data on environmental and social risks, fulfil critical research gaps, help unlock innovations in sustainable finance products and convene key stakeholders to progress the sustainable finance agenda.

CONTENTS

2023 MARKS A CRITICAL JUNCTURE, AS IT IS THE HALFWAY POINT BETWEEN THE ENFORCEMENT OF THE PARIS AGREEMENT AND THE 2030 TARGET FOR REDUCING GLOBAL GREENHOUSE GAS EMISSIONS BY 50%. IT IS IMPERATIVE THAT WE MAINTAIN THE MOMENTUM AND CONTINUE TO CONCENTRATE ON COLLECTIVE EFFORTS TOWARDS ACHIEVING THIS TARGET.

EXECUTIVE SUMMARY

Despite numerous global crises in 2022, significant strides were made in addressing the issue of climate change and nature loss. Several milestones were achieved at the COP27 Conference of Parties, which was held in Sharm El Sheikh, Egypt, in November 2022. They included the landmark agreement on payments for loss and damage and some vital debates on implementing climate promises and solutions. In addition, the adoption of the Kunming-Montreal Biodiversity Agreement, outlined the immediate and combined action to halt and reverse nature loss by 2030, notably the 30x30 target of conserving at least 30% of global land and oceans. It is a landmark agreement at an international level on an action plan towards combating biodiversity threats and bending the curve on nature loss and a great starting point for countries and companies to take action, set and implement ambitious plans and policies on nature.

The interactions between people and nature form the basis of risks from climate change, ecosystem degradation and biodiversity loss. Of the top 25 cities most affected by climate change, 19 are located in Asia (eg. Myanmar, the Philippines, Vietnam, and Thailand). These cities are extremely vulnerable to the physical risks of climate change, with low-lying, densely populated coastal areas and high dependency on agriculture and natural resources.

Together with physical risks, countries and companies face transition risks as they move to a low-carbon economy, which could result in large financial system risks. These include market risks such as global supply chain disruption, operational and credit risks. It could also cause significant negative macroeconomic impacts with health and labour productivity affected due to climate-induced natural disasters, water shortages, and lower agricultural yields.

THIS YEAR'S ASSESSMENT, NOTES THE FOLLOWING OBSERVATIONS:

1. **Room for improvement to increase the focus on nature-related risks.**

   Preserving and restoring natural capital is essential in tackling climate change. However, none of the Asian asset managers have voting policies and expectations on investee companies on urgent issues, like managing water risks, protecting oceans and ending deforestation.

2. **A need to focus on human capital**

   Governance oversight and performance incentives for portfolio managers, directors, and board members are lacking in many Asian asset management firms. Only 1 out of 18 Asian asset managers has a direct link between the remuneration of senior management and/or portfolio managers and ESG performance. Training for portfolio managers and management is extremely low and needs a priority push. Additionally, only 23% of senior management and 20% of board members of all asset managers assessed have received ESG training.

3. **Better disclosures as an enabler for informed decision-making**

   Disclosures improve investment accountability and transparency and set the foundation for asset managers to take meaningful steps towards driving real-world impact. Furthermore, engaging with investee companies, aligning with global best practices, such as PRI and TCFD, and understanding the investment impact and progress towards Sustainable Development Goals (SDGs) and Net-Zero commitments are essential.

WWF-SINGAPORE RESPOND FRAMEWORK FOR ASSET MANAGERS

IN THIS FOURTH ASSESSMENT, THE RESILIENT AND SUSTAINABLE PORTFOLIOS THAT PROTECT NATURE AND DRIVE DECARBONISATION (RESPOND) COVERS THE ENVIRONMENTAL AND SOCIAL (E&S) INTEGRATION PERFORMANCE OF 40 ASSET MANAGERS (22 EUROPEAN AND 18 ASIAN (CHINA (6), JAPAN AND SINGAPORE (5 EACH) AND INDIA (2)). THE ASSET MANAGERS (AMS) WERE SELECTED BASED ON THE FOLLOWING CRITERIA:

» **European asset managers:**
  - Principles for Responsible Investment (PRI) signatories
  - Minimum assets under management of US$200 Billion for European asset managers
  - A presence in Asia

» **Asian asset managers:**
  - Principles for Responsible Investment (PRI) signatories
  - Minimum assets under management of US$20 Billion for Asian asset managers
  - Headquartered in Asia

WWF-Singapore developed the RESPOND framework to help asset managers (AMs) improve portfolio resilience and alignment with a low-carbon and sustainable future through the application of science-based approaches to responsible investment.

An interactive tool can be found on the RESPOND website. It enables users to explore how asset managers implement responsible investment and understand opportunities for further leadership in this area. RESPOND is based on a WWF framework (see Appendix 2) that represents a best-practice architecture for responsible investment and aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Principles for Responsible Investment (PRI).

The RESPOND assessments can be used by asset managers, asset owners, financial regulators and supervisors, and civil society representatives to track asset managers' progress and performance on Environmental, Social, and Governance (ESG) integration by analysing the evolution of results year-on-year. In addition, some asset managers have reference RESPOND to identify areas for improvement and enhance their ESG strategy and action plans.

The assessment framework comprises six pillars, 14 indicators and 81 sub-indicators that signify what WWF-Singapore considers to be robust ESG integration. The assessment takes into account only publicly available, English-language disclosures in the form of reports from the 2022 fiscal year including 2021 PRI Transparency reports, annual reports, sustainability reports, and information posted on corporate websites such as company policies, statements, and press releases.

RESPOND is part of WWF-Singapore's Asia Sustainable Finance Initiative (ASFI), a multi-stakeholder alliance, established to bring together global industry, academic, and science-based resources to support financial institutions in the region in implementing ESG best practices. For more information on ASFI and how it can support banks, investors and regulators in the region, see Asia Sustainable Finance Initiative in the latter sections of this report.

In addition to assessing the E&S integration of asset managers, WWF-Singapore has added sector-specific assessments for energy transition and seafood to the RESPOND framework in 2023.

SUMMARY RESULTS

TRANSFORMING PLANS INTO REALITY WITH MEANINGFUL ACTIONS

Achieving sustainability goals is a journey. While commitments towards a sustainable and low-carbon future are made by most asset managers, areas such as developing policies on key issues, investing in human capital and improving alignment with sustainability ambitions require more attention.

The 6 Pillars (6Ps) within the RESPOND framework have been organised into three stages, namely Ambition, Approach and Action (3As) in this report:

1 **Ambition** (Purpose and Policies): Purpose refers to the alignment of an asset manager's strategy with a resilient and sustainable future, which includes the relevance of sustainability in the organisation's strategy and investment beliefs and industry collaboration and participation. A clear Purpose sets the path ahead for the asset managers to follow. Subsequent to the articulation of their sustainability goals (Purpose), it is pertinent for asset managers to connect their internal Policies with their public statements.

2 **Approach** (Processes and People) : Processes include the use of ESG factors in stock selection and screening and undertaking relevant research and engagements around sustainable portfolio development. To align operations with their policies, asset managers can make ESG considerations central to their engagements and expectations of investee companies. Furthermore, the development of internal capacity and incentives is critical, as detailed in section 4.2 of this report.

3 **Action** (Product and Portfolio): The Product pillar looks into the availability of ESG-aligned products as well as ESG information in their client reporting. On the Portfolio side, asset managers need to track the ESG performance of their funds, develop tools and metrics to assess the outcomes and impacts of their investments, and provide coherent disclosures. This is elaborated in section 4.3 of the report.

However, the 3 stages are not part of a waterfall model, and asset managers should focus on the 3As/6Ps simultaneously. Currently, the gap (27%[1]) between Ambition and Action is rather distinct in Asia. European asset managers, though ahead in their journey, have a similar trend too (an 11%[2] gap between Ambition and Action).

1 Methodology: {Average (Purpose +Policy)} - {average (Product+Portfolio)}
2 Methodology: {Average (Purpose +Policy)} - {average (Product+Portfolio)}

	Pillar	Europe	Japan	China	Asia (Ex Japan and China)
Ambition	Purpose	96%	97%	47%	67%
	Policies	69%	38%	16%	28%
Approach	Processes	95%	84%	31%	45%
	People	68%	49%	24%	30%
Action	Product	87%	64%	20%	29%
	Portfolio	57%	67%	4%	12%
	Overall	78%	63%	22%	34%

Table 1: Average scores of asset managers categorised by regions/countries

REGIONAL PERFORMANCE

	Europe	Japan	China	Asia (Ex Japan and China)
2022 Overall Average Score	77%	62%	22%	34%
2021 Overall Average Score	74%	59%	29%	31%
Change (2022-2021)	+3%	+3%	-7%	+3%

Table 2: Change in average scores as per regions/countries over previous assessment

****variation in 2022 mean scores for Europe and Japan due to rounding***

Overall, Europe continues to be a leader, scoring almost 77% on average in the framework, a 3% improvement. However, progress on sustainability disclosures and integration of ESG factors is unequal across regions. Asia (ex Japan & China) which consists of Singapore and India have shown considerable progress in enhancing their minimum score for responsible investment policies (Indicator 2.1), with a year-over-year improvement of 43%, and an average improvement of 7%. Japan has taken the lead in issue-specific policies (Indicator 2.2), with a 9% increase in minimum score and a 3% increase in average score.

In terms of governance (Indicator 4.1), Japan and Asia (ex. Japan and China) have shown sizable average improvements of 12% and 7% respectively. Moreover, Asia (ex. Japan and China) improved its minimum score by 14%, indicating an overall strengthening in governance within the region. An average of 8% improvement was observed amongst European asset managers. Moreover, Japan has shown substantial progress in metrics and targets (Indicator 6.2), with an average improvement of 34%, in comparison to Europe's 9% year-over-year progress.

Chinese asset managers have to invest more attention in setting higher standards, as their overall average score declined by 7% on a year-on-year basis. The decline is across the 3As, including an 11% decline in the relevance of sustainability in the organisation's strategy and investment beliefs (Ambition), a 30% average decline in active ownership (Approach) and a 10% average decline in disclosures (Actions).

YEAR ON YEAR CHANGE (2022 SCORE - 2021 SCORE)

1.1 RELEVANCE OF SUSTAINABILITY IN THE ORGANISATION'S STRATEGY AND INVESTMENT BELIEFS

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	0%	0%	-33%	0%
Average	-2%	0%	-11%	0%

1.2 INDUSTRY COLLABORATION AND PARTICIPATION

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	-29%	0%	-15%	15%
Average	-2%	-3%	-17%	2%

2.1 RESPONSIBLE INVESTMENT POLICIES

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	0%	0%	0%	43%
Average	1%	-6%	3%	7%

2.2 ISSUE-SPECIFIC POLICIES

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	-5%	9%	0%	0%
Average	0%	3%	0%	2%

3.1 RESEARCH, STOCK SELECTION AND MONITORING

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	11%	-11%	-11%	11%
Average	0%	-5%	-13%	8%

3.2 ACTIVE OWNERSHIP

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	0%	-13%	-25%	25%
Average	1%	-8%	-30%	-2%

4.1 GOVERNANCE

	Europe	Japan	China	Asia
Min Score	0%	14%	-14%	14%
Average	8%	12%	0%	7%

4.2 SKILLS

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	0%	0%	-20%	0%
Average	2%	0%	-6%	0%

4.3 INCENTIVES

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	0%	0%	0%	0%
Average	23%	6%	0%	0%

5.1 PRODUCT AVAILABILITY

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	0%	0%	0%	0%
Average	6%	0%	0%	10%

5.2 CLIENT ENGAGEMENT

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	0%	0%	0%	0%
Average	0%	0%	-25%	-7%

6.1 RISK ASSESSMENT

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	0%	0%	0%	0%
Average	6%	0%	0%	21%

6.2 METRICS AND TARGETS

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	10%	60%	0%	0%
Average	9%	34%	0%	-2%

6.3 DISCLOSURE

	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	2%	3%	-10%	0%
Average	10%	15%	-10%	2%

FINDINGS AND RECOMMENDATIONS

ASSET MANAGERS NEED TO PRIORITISE THE MANAGEMENT OF NATURE-RELATED RISKS

Climate and nature-related risks permeate almost every sector. Climate breakdown and nature loss are highly correlated. Both magnify each other and reinforce systemic financial risks. While climate change is a key factor that drives biodiversity loss, destroying ecosystems diminishes nature's capacity to regulate greenhouse gas emissions and defend against extreme weather events, thereby intensifying climate change and amplifying the susceptibility to it. Similarly, the solutions to each can help solve the other.

Biodiversity has been declining at alarming rates. The WWF 2022 Global Living Planet Index reported an average 69% decline in wildlife populations since 1970. However, our societies depend on nature and the services it provides such as food pollination and climate regulation.The transformation of the three economic systems that contribute to nearly 80% of nature loss, such as food, infrastructure, and energy, can result in a nature-positive economy that unlocks business opportunities worth USD 10 trillion. Hence, it is crucial to prioritise the protection of biodiversity and ecosystems as an essential component of climate-resilient development. The threats posed by climate change to these vital components and their role in both adaptation and mitigation underscore their importance.

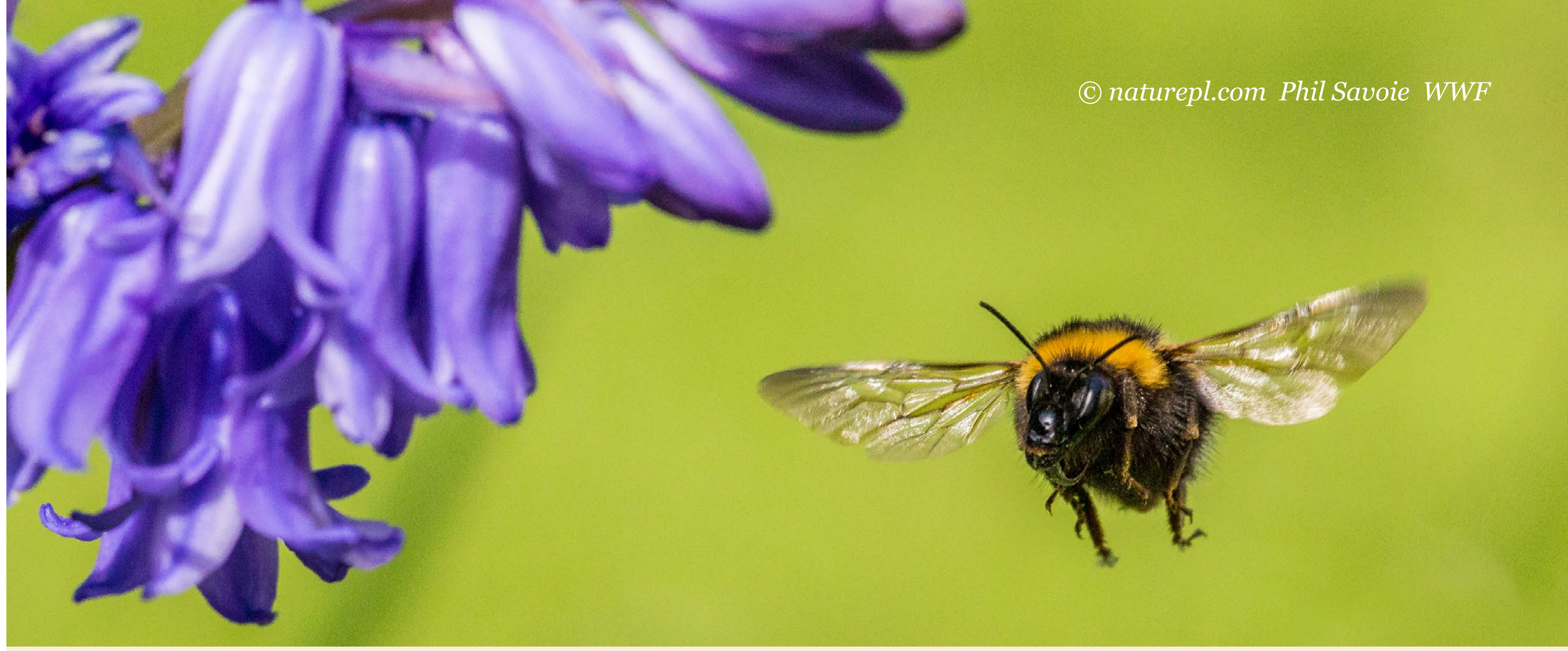
As the most populated continent, Asia is also a hotspot of biodiversity and many local communities depend on biodiversity for their livelihoods. Based on the IPCC WGII report, the ongoing global warming will result in irreversible loss of coral reefs, biodiversity and habitat loss, along with an increase in floods and droughts in Asia.

Although many of the assessed asset managers are increasingly recognising the importance of nature-related risks by incorporating risks such as water and deforestation/biodiversity loss into the investment decision making process, this is not reflected in their actions through voting policies and establishing proactive expectations of their investee companies. Forestry and land use is the second highest emitting sector and the biggest driver of biodiversity loss due to habitat destruction. It is an opportunity for investors to manage GHG emissions through investment opportunities in natural climate solutions and stewardship.

	Europe	Asia
Recognition of nature-related risks	73%	33%
Setting nature-related risks expectations on investee companies	21%	0%
Establishing guidelines on the nature-related issues which they will vote	33%	0%

*Data above represent 2022 assessment scores

Table 3: Management of nature related risks by asset managers in Europe and Asia



RECOMMENDATIONS:

1 **Set a clear direction of travel:** To be adequately prepared for the impending wave of nature-related standards and reporting, asset managers must acknowledge the increasing prominence of biodiversity risks. This can be actioned through the integration of nature-related impacts, dependencies, risks and opportunities into all financial decision making, covering governance, strategies, risk management, and metrics and targets. Various critical initiatives and frameworks are in progress to support this, including the development of the TNFD framework, the inclusion of nature into International Sustainability Standards Board (ISSB) disclosure standards, the recently updated GRI Biodiversity Standard, and an extension of CDP's climate questionnaire to include biodiversity-related questions.

2 **Incorporate water risk into voting policies and expectations of investee companies:** With half of the world's population potentially living in areas facing water scarcity as early as 2025, the impact of water on sectors such as agriculture & energy cannot be underestimated. Water risk is garnering moderate attention amongst the assessed asset managers, with more Asian asset managers setting investment policies that factor water risks. However, none of the Asian managers have developed voting guidelines or set expectations on investee companies with regards to water risks.
All asset managers need to take more proactive steps to set voting guidelines on water risk-related issues and include explicit expectations on investee companies to understand their water risk and practise water stewardship.

3 **Drive leadership in oceans, seas and marine resources :** Healthy ecosystems are critical to the provision of various goods and services by our oceans. Aquaculture accounts for about 50% of the world's fishery production and is growing fast. Sustainability in fisheries has been a growing issue due to overfishing, pollution, and habitat destruction caused by fish farms. Despite its nascency in investments, asset managers are encouraged to step up by identifying the risks and impacts of their investments, formalising actionable policies and ensuring investee companies are addressing the risks in this space.

OPPORTUNITIES ABOUND FOR INVESTMENT IN HUMAN CAPITAL

	People	Europe	Japan	China	Asia (Ex. Japan & China)
a)	Governance	68%	63%	19%	29%
b)	Skills	67%	52%	47%	49%
c)	Incentives	70%	17%	0%	0%

*Average scores for asset managers under Pillar 4 (People) of the RESPOND Framework

Table 4: Average scores of asset managers under "People" pillar of the Framework

The framework breaks down the People pillar into 3 indicators, Governance, Skills and Incentives. The Governance indicator looks at the presence and quality of oversight management structures within the asset management firm and reviews how the board level is engaged with sustainability issues.

Effective sustainability governance encompasses factors such as board-level oversight for responsible investments, sustainability audits, and recruitment criteria. It plays a pivotal role in enabling firms to align their operations with sustainable practices and manage ESG risks. In terms of governance, Europe takes the lead (68%) while Japan (63%) are ahead of China (19%) and the rest of Asia (29%).

Transparency of individuals responsible for responsible investing oversight and oversight has continued to remain high (98% in 2021 and 2022). Further, most asset managers also have dedicated ESG specialists (93% in 2022 vs 95% in 2021) through in-house personnel or specialist stewardship services. However, we have observed some regional and implementation variations.

With the evolving sustainability landscape, asset managers need to invest in upskilling their employees. Capacity building for portfolio managers has regressed (65% in 2022 vs 70% in 2021). Currently, only 23% of asset managers provide training to senior management and 20% to board members.

In tandem with stronger sustainability governance and strengthening staff knowledge, performance incentives can encourage greater integration of sustainability within business processes and investment decisions.

While 70% of asset managers in Europe have ESG metrics included in their staff's KPIs, Asian asset managers are still in the early stages of implementing this. Japan (13%) is ahead of China, India, and Singapore, where asset managers scored 0% for linking sustainability with performance incentives.

RECOMMENDATIONS:

1 **Governance, Skills and Incentives as a continuum:** A robust governance structure sets the foundation for improved compliance with relevant laws, regulations and regulatory standards, better risk management and a clear decision-making process through well-defined roles and responsibilities and communication lines. Training employees on relevant sustainability topics helps to create a culture of sustainability within the organisation, equip staff to understand how their actions impact the environment and society and make decisions that align with the organisation's sustainability goals.

In addition, the integration of climate targets and metrics into incentives can motivate employees to take actions that support the organisation's sustainability goals. This can create a sense of ownership and commitment to sustainability goals among employees, which can help to drive sustainable behaviour.

2 **Make sustainability an appointment criterion for senior management:** The Board of Directors plays a vital role in ensuring the long-term success of the organisation by providing strategic direction, oversight and accountability and risk management, amongst other responsibilities while the Board's Audit Committee provides independent oversight of an organisation's financial reporting, internal control processes and risk management. However, only a small number of asset managers assessed include sustainability as a criterion in the Board's Audit Committee (5%) and Board's Nominating Committee or in the appointment of new directors (8%).

The inclusion of sustainability in the criteria used to select new directors is important as it enhances board diversity and improves decision-making to align with the organisation's sustainability goals. Moreover, with sustainability experience factored in for the Board's Audit Committee can fundamentally and further help to address sustainability risks, support compliance, and improve transparency.

IMPROVE TRANSPARENCY TO FACILITATE INFORMED DECISION-MAKING

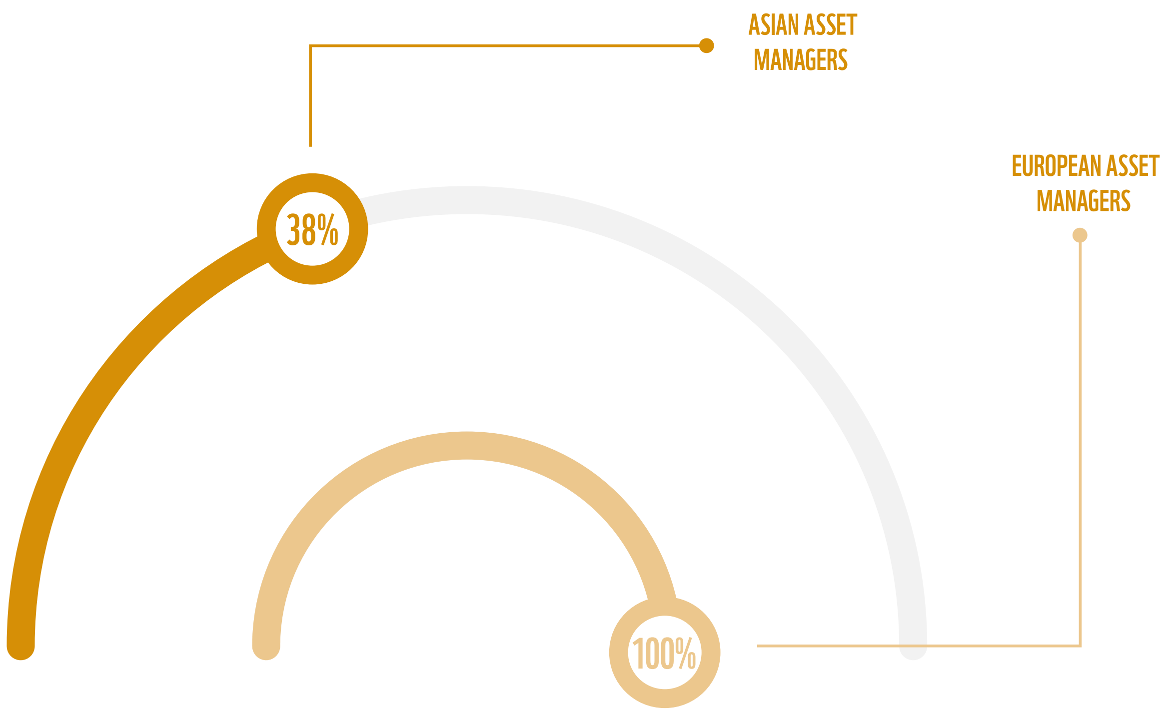
Disclosure	Europe	Japan	China	Asia (Ex. Japan & China)
Min Score	22%	33%	0%	0%
Max Score	83%	89%	11%	44%
Average	65%	62%	2%	13%

Table 5: Disclosure scores of asset managers categorised by regions/countries

Currently, 74% of asset managers report on their responsible investing actions at least annually. However, the split between Europe and Asia is striking. While all European asset managers report on responsible investing actions, only 38% of Asian asset managers do so. A similar trend is seen for alignment with TCFD recommendations, where only 33% of Asian asset managers undertake the same.

Voting records of asset managers are a helpful reference for understanding how asset managers translate their sustainability commitments to actions. It is noteworthy that 29 out of the 40 (73%) asset managers disclosed their full voting records. However, this comprises 22 European asset managers and 7 Asian asset managers. Further, only 4 of 18 Asian asset managers (3 Japanese and 1 Indian) share the rationales of their votes on ESG-related resolutions.

THIS MEANS 100% OF EUROPEAN ASSET MANAGERS DISCLOSE THEIR FULL VOTING RECORDS, WHILE ONLY 38% OF ASIAN MANAGERS DO SO.



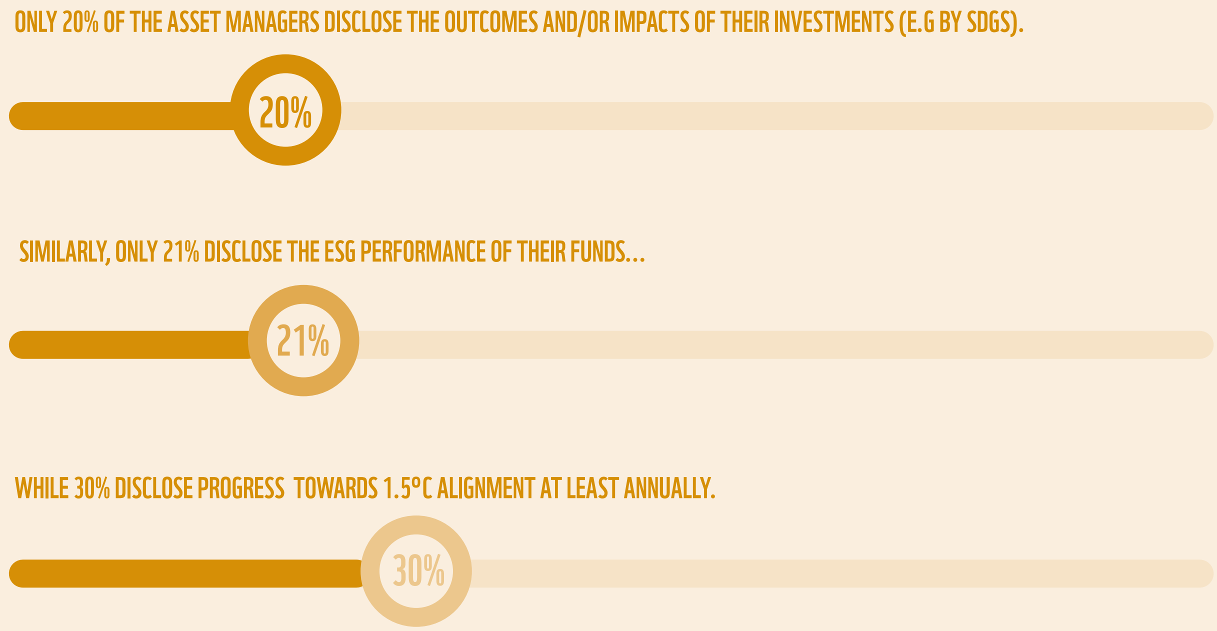
RECOMMENDATIONS:

1 **Asia to invest in improving responsible investment disclosures:** Asia still lags behind in disclosing details of responsible investing actions. Given that disclosures are on a voluntary/comply or explain basis, it is an opportunity for asset managers to start early and manage the learning curve.

2 **Enhance accountability and transparency:** This year has seen a threefold increase (from 4 in 2021 to 12 in 2022, including 4 Asian companies vs 1 in 2021) in disclosing the asset managers' progress towards 1.5°C alignment. It is important for an asset manager to be transparent in their progress towards a Paris-aligned pathway as it demonstrates accountability on the actions the asset manager is undertaking, provides transparency to their clients and stakeholders on how their investments are contributing to climate action and reflects their commitment to sustainability.

3 **Improve disclosures with respect to portfolio impact:** Presently, only 20% of asset managers disclose the outcomes and impacts of their investments, including their alignment with SDGs. Further, only 30% of asset managers reveal their progress towards aligning with the 1.5°C target annually. Therefore, asset managers should make greater efforts to disclose the impact of their investments. This becomes even more pressing with the SFDR Level 2 coming into enforcement in January 2023.

IN TERMS OF IMPACT DISCLOSURES:



CONCLUSION

Creating resilient business models and supply chains that support long-term value creation requires the development of strategies to prevent and mitigate climate and nature-related risks. While many asset managers have made commitments and plans to address these risks, there is an urgency for them to align their sustainability priorities with credible actions that deliver measurable impact. However, this transition will require a significant shift in mindset and approach from asset managers. They will need to move beyond a focus on short-term financial returns and embrace a long-term perspective that takes into account the risks and opportunities associated with the natural loss, energy and climate crisis.

Asset managers are custodians of large amounts of capital and must demonstrate proactive stewardship through engagement in constructive dialogues with their investee companies on sustainability issues, encouraging the adoption of more sustainable practices and voting against shareholder proposals which do not bring about positive change. In particular, Asian asset managers need to increase the pace of their actions in order to realise long-term sustainability targets and development goals and deliver positive and sustainable real-world outcomes.

We strongly encourage all asset managers to raise the bar as active responsible investors to act in the best interests of their clients, society and the environment as they build climate resilient portfolios. While asset managers are responding to market disruptions, energy shocks and economic instability, staying laser-focused to build a collective sustainable future has never been more important in ensuring a lasting and thriving planet.

APPENDICES

ID	NAME	AUM (USD $B)	REGION	HQ COUNTRY
1	Aberdeen Standard Investments	618	Europe	
2	Aegon Asset Management	331	Europe	
3	Allianz Global Investors	622	Europe	
4	Amundi	2039	Europe	
5	APG Asset Management	588	Europe	
6	Aviva Investors	272	Europe	
7	AXA Investment Managers	954	Europe	
8	Baillie Gifford	254	Europe	
9	BNP Paribas Asset Management	612	Europe	
10	DWS Group	950	Europe	
11	Fidelity International	613	Europe	
12	HSBC Global Asset Management	571	Europe	
13	Legal & General Investment Management	1600	Europe	
14	M&G Investments	349	Europe	
15	NN Investment Partners	271	Europe	
16	Nordea Asset Management	255	Europe	
17	Ostrum Asset Management	402	Europe	
18	Pictet Asset Management	612	Europe	
19	Robeco	186	Europe	
20	Schroders	939	Europe	
21	UBS Asset Management	1200	Europe	
22	Union Investment Group	438	Europe	
23	Sumitomo Mitsui Trust Asset Management Co., Ltd.	572	Japan	
24	Mitsubishi UFJ Trust and Banking Corporation	618	Japan	
25	Nomura Asset Management Co., Ltd.	609	Japan	
26	Asset Management One Co., Ltd.	524	Japan	
27	China Life Asset Management Company Limited	594	China	
28	Nikko Asset Management Co., Ltd.	283	Japan	
29	Eastspring Investments	254	Asia (Ex. Japan & China)	
30	E Fund Management Co., Ltd.	303	China	
31	Bosera Funds	222	China	
32	China Asset Management Co. Ltd.	259	China	
33	China Southern Asset Management Co. Ltd.	250	China	
34	Fullerton Fund Management Company Ltd.	35	Asia (Ex. Japan & China)	
35	Harvest Fund Management	203	China	
36	Kotak Mahindra Asset Management (Singapore) Pte. Ltd.	53	Asia (Ex. Japan & China)	
37	Lion Global Investors Limited	53	Asia (Ex. Japan & China)	
38	SBI Funds Management Private Limited	67	Asia (Ex. Japan & China)	
39	UOB Asset Management Ltd.	38	Asia (Ex. Japan & China)	
40	UTI Asset Management Company Limited	282	Asia (Ex. Japan & China)	

WWF RESPONSIBLE INVESTMENT FRAMEWORK

PURPOSE

1. RELEVANCE OF SUSTAINABILITY IN ORGANIZATION'S STRATEGY AND INVESTMENT BELIEFS	1	Does the AM publicly articulate its beliefs regarding sustainability or ESG in its investment beliefs or elsewhere?
	2	Does the AM publicly acknowledge that sustainability or ESG factors impact its investment performance, return objectives or risk management?
	3	Does the AM publicly recognize that climate change poses long-term risks to business and society?
	4	Does the AM publicly recognize that nature loss poses long-term risks to business and society?
	5	Does the AM make reference to the SDGs?
	6	Does the AM engage stakeholders, including communities and civil society, and disclose a list of stakeholder groups engaged?
2. INDUSTRY COLLABORATION AND PARTICIPATION	7	Is the AM a signatory of the PRI?
	8	Is the AM a signatory to any national stewardship code in a region in which it operates, and/or does it subscribe to the ICGN Global Stewardship Principles?
	9	Is the AM a supporter of The Investor Agenda and/or a signatory to Climate Action 100+ and/or CDP's Non-Disclosure Campaign?
	10	Does the AM participate in any collaborative initiatives such as the Institutional Investors Group on Climate Change (IIGCC), Asia Investor Group on Climate Change (AIGCC), UNEP FI, CDP or the Sustainable Blue Economy Finance Principles?
	11	Does the AM publicly support the TCFD recommendations?
	12	Does the AM advance the sustainability or ESG agenda by driving awareness through thought leadership, events or research?
	13	Does the AM support or engage on public policy interventions that support the shift to a sustainable economy (e.g. carbon pricing, mandatory ESG disclosures for listed companies, etc.)?

POLICIES

3. RESPONSIBLE INVESTMENT POLICIES	14	Does the AM have a responsible investment policy or equivalent section in its investment policy?
	15	Does this policy cover all listed equities funds and geographies?
	16	Does the AM periodically review its responsible investment policies?
	17a	Does the AM disclose its engagement policy or guidelines?
	17b	Does the AM's engagement policy include guidance (guidelines) on engagement with policymakers and on how alignment between its influence as an organization is aligned with its position on sustainable finance?
	18	Does the AM disclose its proxy voting policies or guidelines?
	19	Does the AM explain how it applies relevant national stewardship code(s)?
4. ISSUE-SPECIFIC POLICIES	20a	Does the AM have a policy or statement explaining that climate change is incorporated into investment decision-making?
	20b	Does the AM expect all portfolio companies to align to the TCFD recommendations?
	20c	Does the AM expect all portfolio companies to set science-based targets?
	20d	Does the AM's voting policy have a statement on how climate-related issues will be voted?
	21a	Does the AM have a policy or statement explaining that water risk is incorporated into investment decision-making?
	21b	Does the AM expect all companies to understand their water risk and practise water stewardship?
	21c	Does the AM's voting policy have a statement on how water risk-related issues will be voted?
	22a	Does the AM have a policy or statement explaining that deforestation and biodiversity loss are incorporated into its investment decision-making?
	22b	Does the AM expect all companies to obtain certification from or otherwise support relevant multi-stakeholder sustainability standards (e.g. ASC, MSC, RSPO, FSC, SuRe, etc.) to address deforestation and biodiversity loss?
	22c	Does the AM's voting policy have a statement on how deforestation or biodiversity issues will be voted?
	23a	Does the AM have a policy or statement explaining that the sustainable use of oceans, seas and marine resources is incorporated into investment decision-making?
	23b	Does the AM expect all portfolio companies to obtain certification from or otherwise support relevant multi stakeholder sustainability standards (e.g. ASC, MSC, SuRe, etc.) to ensure the sustainable use of oceans, seas and marine resources?
	23c	Does the AM's voting policy have a statement on how issues pertaining to the sustainable use of oceans, seas and marine resources will be voted?

4. ISSUE-SPECIFIC POLICIES	24a	Does the AM have a policy or statement explaining that labour standards are incorporated into its investment decision-making?
	24b	Does the AM expect all portfolio companies to adhere to international labour standards as outlined by the International Labour Organization's Fundamental Conventions?
	24c	Does the AM expect all portfolio companies to commit to increasing diversity on their management teams and/or boards? (e.g. gender)
	24d	Does the AM's voting policy have a statement on how labour-related issues will be voted?
	25a	Does the AM have a policy or statement explaining that human rights are incorporated into its investment decision-making?
	25b	Does the AM expect all portfolio companies to adhere to the UN Global Compact?
	25c	Does the AM's voting policy have a statement on how human rights-related issues will be voted?
	26a	Does the AM disclose sector policies for high risk/impact sectors?
	26b	Does the AM disclose a sector policy covering investments in the fossil fuels sector?
	27	Does the AM disclose exclusion policies for certain issues, sectors or companies?
	28	Does the AM disclose the names of excluded companies?

PROCESSES

5. RESEARCH, STOCK SELECTION AND MONITORING	29	Does the AM research global and regional ESG trends and identify how these can be applied to the investment process?
	30	Does the AM disclose its source(s) of obtaining ESG data and research?
	31	Does the AM apply screens by any ESG issues or criteria?
	32	Does the AM's ESG analysis lead to quantitative adjustments in stock selection or portfolio construction processes (i.e. adjusting company valuations or portfolio weightings)?
	33	Does the AM employ science-based tools, methodologies or criteria to assess portfolio companies' risks or opportunities?
	34	Does the AM expect companies to assess and report on ESG issues?
	35	Does the AM proactively monitor and review the ESG performance of portfolio companies?
	36	Has the AM defined key metrics for monitoring ESG performance of portfolio companies (e.g. greenhouse gas emissions, water consumption, training hours, supply chain audits)?
	37	Does AM periodically audit its responsible investment policies and processes?
	38	Where companies fall short of expectations, does the AM attempt to introduce measures requiring time-bound action plans to meet these?

6. ACTIVE OWNERSHIP	39	Has the AM engaged with companies on ESG issues (e.g. climate change, water risk, deforestation and biodiversity loss, labour rights, human rights) in the last reporting year?
	40	Does the AM disclose how it prioritizes issues and companies for engagement?
	41	Does the AM use engagement outcomes to feed into the investment decision-making process?
	42	Has the AM participated in any collective engagements on ESG issues in the last reporting year?
	43	Does the AM disclose its role in the collaborative engagement in which it participates?
	44	Is there a mechanism for escalation if engagement fails (e.g. shareholder resolutions, divestment)?
	45	Has the AM voted in support of ESG resolutions in the last reporting year?

PEOPLE

7. GOVERNANCE	46	Does the AM state who is responsible for responsible investment oversight and implementation?
	47	Is there board-level responsibility for responsible investment?
	48a	Is there board-level responsibility for climate risk, e.g. is climate risk management included in the board mandate?
	48b	If the AM has committed to reach net zero by 2050 or sooner, is the board responsible for tracking progress against decarbonisation targets?
	49	Do the terms of reference of the board's nominating committee or the criteria used in appointing new directors cover a requirement to consider sustainability?
	50	Do the terms of reference of the board's audit committee or the criteria used to cover a requirement to consider sustainability?
	51	Does the AM have a commitment to increase diversity at the board/senior management level, and/or for portfolio managers/investment team? (e.g. gender)
8.SKILLS	52	Does the AM have dedicated responsible investment specialists via either in-house personnel or specialist stewardship services?
	53	Does the ESG team have a role in portfolio review and/or investment committees?
	54	Does the AM provide training on ESG for portfolio managers?
	55	Does the AM provide training on ESG for senior management (e.g. investment committee, CEO, CIO)?
	56	Does the AM provide training on ESG for board members?
9. INCENTIVES	57	Does the policy covering the remuneration of executive directors include a requirement to consider sustainability?
	58	Are ESG metrics part of KPIs or other staff performance metrics?
	59	Is fixed or variable remuneration of senior management and/or portfolio managers linked to ESG?

PRODUCTS

10. PRODUCT AVAILABILITY	60	Does the AM offer listed equity funds focusing on any specific ESG themes (e.g. climate change, deforestation, water, human rights) or apply any best-in-class screens?
	61	Does the AM disclose the percentage of total assets under management invested in ESG products?
	62	Does the AM use any performance benchmark that integrates ESG (including passive ESG index tracking)?
11. CLIENT ENGAGEMENT	63	Does the AM discuss responsible investment approaches and preferences for responsible investment products with clients?
	64	Does the AM include ESG information in its client reporting?

PORTFOLIO

12. RISK ASSESSMENT	65	Does the AM routinely assess the ESG risks (general) to its portfolio?
	66	Does the AM conduct climate risk assessments or scenario analysis (e.g. PACTA) at the portfolio level?
	67	Does the AM disclose the key features of the conducted scenario analysis, including selected scenarios and actions taken to address identified risks?
13. METRICS AND TARGETS	68	Does the AM calculate and disclose its carbon footprint or intensity at the portfolio level?
	69	Does the AM disclose other metrics and targets used to assess and manage the ESG impacts of its portfolio beyond carbon (e.g. water risk, deforestation, human rights, etc.)?
	70	Has the AM committed to reach net zero emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C?
	71	Has the AM set science-based targets for decarbonisation and calibrated its activities on low overshoot 1.5°C scenarios that do not rely on excessive carbon dioxide removal technologies and hence require a global reduction in CO_2 of approximately 50% by 2030?
	72	Has the AM set a combination of short-term targets and milestones?
14. DISCLOSURE	73	Does the AM report on responsible investment actions at least annually?
	74	Does the AM publish a TCFD report or align its public reporting with the TCFD recommendations?
	75	Does the AM disclose engagement activity (no. of engagements) aggregated by ESG issue?
	76	Does the AM evaluate and disclose progress made across all engagements?
	77	Does the AM disclose its full voting records?
	78	Does the AM share the rationales of its votes on ESG related resolutions?
	79	Does the AM disclose the outcomes and/or impacts of its investments (e.g. by SDGs)?
	80	Does the AM disclose the ESG performance of its funds?
	81	Does the AM disclose progress towards 1.5°C alignment at least annually?

ASIA SUSTAINABLE FINANCE INITIATIVE (ASFI)

The Asia Sustainable Finance Initiative (ASFI) was established by WWF-Singapore to bring together global industry, academic, and science-based resources to support financial institutions in Asia in understanding and incorporating material ESG risks and opportunities into financial decision making. It aims to harness the power of the finance sector to create low-carbon, climate resilient and nature-positive economies that deliver on the Sustainable Development Goals (SDGs) and the Paris Agreement.

ASFI works across six focus areas, including standards, research and tools, engagement, green financial solutions, regulations and guidelines and capacity building. Some of the key ASFI initiatives include the benchmarking tools RESPOND, SUSBA, and SUSREG, as well as ASFI Academy, which focuses on technical capacity building for finance sector professionals in Asia.

ASFI Academy is a suite of e-learning courses developed by WWF-Singapore and the ASFI Knowledge Partners, designed to upskill financial professionals with the knowledge and skills required to support sustainable financial decision making. The current curriculum includes introductory level courses on sustainable banking and investments, as well as more in-depth sector specific courses covering key issues in sustainable finance in the Agriculture, Forestry and Fisheries, Infrastructure and Energy sectors. Translated courses are also available to allow increased penetration to our target markets in the region.

For more information visit www.asfi.asia/asfiacademy or email us at academy@asfi.asia.

WWF | ASFI ASIA SUSTAINABLE FINANCE INITIATIVE

WWF

Working to sustain the natural world for the benefit of people and wildlife.

together possible™ panda.org

354 Tanglin Road #02-11, Tanglin Block Tanglin International Centre Singapore 247672
Tel. +65 6730 8100

For contact details and further information, please visit our international website at wwf.panda.org