Investors and Asset Managers Cannot Afford to Turn Their Backs on Climate Commitments

A statement from leading impact investing foundations on the defections of several major financial institutions from Climate Action 100+

Climate risk is financial risk, a reality acknowledged by investors, asset managers, businesses, and regulators across the globe. As institutional investors, we are concerned by the recent departures of several large asset managers\(^1\) from Climate Action 100+, an essential investor-led initiative improving corporate accountability on climate risks in our investment portfolios.

The authors of this statement are leading foundations committed to practicing and promoting the principles of impact investing – investing for measurable and positive social, economic, and environmental impact alongside financial returns.

Many of our institutions are leveraging our endowment assets alongside grantmaking dollars to support climate action. The climate crisis poses systemic risks that threaten the economy at large and, most importantly, our communities. If left unchecked, climate change could cost the global economy $178 trillion over the next 50 years.\(^2\) We cannot afford to ignore these realities. Therefore, we call on these financial institutions to demonstrate how they are addressing climate risk and living up to pre-existing commitments to tackle the scope and scale of climate risk from the largest corporate greenhouse gas emitters.

Unfortunately, this news comes at a time when fundamental free market principles are being threatened, including the freedom of investors to consider all relevant factors, including climate risks and impacts. It is imperative that investors and major financial institutions remain firm in their climate commitments rather than bowing to harmful chilling effects on responsible investment practices.

Indeed, the work of the Climate Action 100+ members is more important than ever, as more and more investors, workers, and consumers are demanding transparency and action from companies to address climate risk. Climate Action 100+ continues to grow in investor support, and the majority of companies engaged through this effort have made significant commitments to reduce their greenhouse gas emissions in the next few decades.

Addressing the climate crisis and its economic implications will require robust action across all sectors. In the private sector, greater transparency and accountability across the capital

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\(^1\) On February 26, 2024, Climate Action 100+ announced the departures of JP Morgan Asset Management, State Street Global Advisors, and PIMCO, as well as the downsizing of BlackRock’s participation to BlackRock International.

markets is essential. Major financial institutions and asset managers must take seriously their fiduciary duty to assess and mitigate climate-related risks on behalf of their investors. We call on these institutions to recommit to their climate pledges and to their engagement with the corporate sector. Together, we must lay the foundation for a more sustainable, resilient, and thriving economic system.

**Statement Signatories:**

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