Climate Finance Moral Standards for Asset Managers

These standards have been developed in collaboration and consultation with numerous ethical climate finance experts and leading international climate, Indigenous, and human rights NGOs.

GreenFaith, World Council of Churches, Laudato Si’ Movement, Operation Noah, Islamic Society of North America, Green Anglicans, and other NGOs to be announced call on all asset managers to adopt, implement and ensure compliance with the following standards:

1. **Exclude across all investment offerings that include fossil fuels, deforestation-causing commodity production, and companies with systemic violations of social, environmental, and human rights.**

   Asset managers must:
   
   - Exclude from their portfolios companies on the [Global Coal Exit List](#) and the [Global Oil & Gas Exit List](#).
   - Exclude companies with systematic violations of social and environmental rights and human rights or that refuse to implement comprehensive policies for zero deforestation and for respecting Indigenous rights.

2. **Demand real decarbonization, not just greenhouse gas emissions disclosure; avoid use of offsets.**

   Asset managers must:
   
   - Make no new investments in heavily emitting companies that do not have credible short term plans to phase fossil fuels and deforestation out of their portfolios, and to commit to divestment from such companies within three years if these companies do not have Paris-compliant plans.
   - Vote against directors on boards that have failed to take climate action consistent with the goals of the Paris Agreement and to replace them with climate-competent directors.
   - Ahead of the 2022 AGM season, publish interim (5-10 year) climate decarbonization targets that align with a 1.5°C timeline, such target to include 100% of AUM by 2030 are on track to reach zero emissions, without the use of offsets, by 2050 or sooner.
   - Follow the recommendations of the IPCC and IEA to ensure a 1.5°C future by excluding companies that fail to meet emissions reduction targets without relying on carbon offsets or unproven carbon capture technology.

---

1 Adapted from *Complicity in Destruction III*.
2 For more, visit [majority action](#).
3 The concept of any one company achieving “net zero” emissions removed from the context of global emissions is counter-productive and opens the door for improbable carbon accounting and assumptions which enable continued emissions. Companies should aim to achieve “zero first,” meaning they should aim to reduce emissions to an absolute zero by 2050. For more, see [The BlackRock’s Big Problem Campaign’s Position on BlackRock’s 2030 Interim Climate Targets - BlackRock’s Big Problem](#).
4 For more on the problems with offsets see [A dangerous distraction – the offsetting con](#).
3. **Protect Indigenous and human rights.**

- Adopt and publicize investment policies on forests, land, and the human rights of Indigenous peoples and local communities which, at minimum, include respect for Indigenous peoples’ rights, land rights, and self-determination; consultation and consent (including Free, Prior, Informed Consent or FPIC) of Indigenous peoples and other traditional and local communities; exclusion of investee companies if engagement does not result in concrete changes in company behavior and operations; zero tolerance for attacks against land defenders; and zero deforestation.\(^5\)
- Adopt policies requiring investee companies to report on any and all existing or planned operations impacting Indigenous and tribal peoples, and that before any such operations are carried out, that FPIC processes are carried out. Consent must be freely given, without coercion, manipulation or bribes, before companies start operations, with communities having the right to oppose a project and prohibit its development.
- Companies must provide full disclosure of all aspects of a proposed project or activity in a manner that is accessible and understandable to the people whose consent is being sought, and inform community members of the positive and negative impacts of a project before seeking consent. If consent is not given, operations should not continue.\(^6\)

4. **Invest in just climate solutions and a just transition for workers and impacted communities.**

Asset managers must:

- Develop and implement measurable plans to invest in climate solutions, including renewable energy, sustainable agriculture, electric transport, and energy access.
- Develop and implement a plan to contribute significantly to capital expenditures via their investments to realize UN SDG7, achieving universal access to modern forms of energy, consistent with no investment in fossil fuels.
- Measure and maximize job creation and a just transition through their investments for workers and for frontline, low-income, and other communities heavily impacted by the climate crisis.

5. **Use fossil fuel- and deforestation-free funds as default investments.**

Asset managers must:

- Make fossil fuel- and deforestation-free funds the default option for all clients and investors across all product offerings - actively and passively managed.

---

\(^5\) This standard is in line with [*Forests and Human Rights: Principles for Asset Managers - BlackRock’s Big Problem*](#).

\(^6\) *Ibid.*