

# Climate Finance Moral Standards for Asset Managers

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

People of faith & spirituality are invited to affirm these standards by clicking [here](#).

Religious institutions are invited to affirm these standards by clicking [here](#).

Faith for the Climate Network, Green Anglicans, GreenFaith, Hindus for Human Rights, Islamic Society of North America, Laudato Si' Movement, Operation Noah, and World Council of Churches, call on all asset managers to adopt, implement, and ensure compliance with the following standards:

- 1. Exclude across all investments any assets that include production of fossil fuels, deforestation-causing commodity production, and companies with systemic violations of Indigenous and human rights.**

Asset managers must:

- Exclude from their portfolios all companies responsible for production and expansion of fossil fuels, as named on the [Global Coal Exit List](#) and the [Global Oil & Gas Exit List](#).
- Exclude companies that refuse to implement comprehensive policies for zero deforestation.
- Exclude companies with systematic violations of human rights or that refuse to implement comprehensive policies for upholding Indigenous rights, as defined by the [United Nations Declaration on the Rights of Indigenous Peoples](#).<sup>1</sup>

- 2. Demand real decarbonization, without use of offsets, from all investee companies, not just disclosure of greenhouse gas emissions.**

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<sup>1</sup> Adapted from [Complicity in Destruction III](#).

Asset managers must:

- Make no new investments in heavily emitting companies that do not have credible short and medium-term decarbonization and anti-deforestation plans consistent with the internationally-agreed upon goal of limiting global warming to 1.5° C. Divest from such companies within three years if they have not developed such plans.
- Vote against directors on boards that have failed to take climate action consistent with the 1.5° C target and to replace them with climate-competent directors.<sup>2</sup>
- Ahead of their 2022 annual meeting, publish interim (5-10 year) climate decarbonization plans that align with the 1.5° C target, so that by 2030 100% of all assets under management (AUM) are on track to reach absolute zero emissions,<sup>3</sup> without the use of offsets,<sup>4</sup> by 2050 or sooner.

### **3. Establish policies that protect Indigenous and human rights.**

Asset managers must:

- Adopt, publicize, and enforce investment policies that require investee companies to respect Indigenous peoples' rights, including land rights and self-determination, as defined by the [United Nations Declaration on the Rights of Indigenous Peoples](#).
- Adopt, publicize, and enforce investment policies that require investee companies to maintain zero tolerance for violence against and the criminalization of Indigenous communities and land defenders as defined in the [2019 Geneva Declaration](#).
- Adopt, publicize, and enforce investment policies that require investee companies to secure Free, Prior, Informed Consent (FPIC) of Indigenous peoples and other traditional and local communities.<sup>5</sup> That means companies must provide full disclosure of all aspects of a proposed project in a manner that is understandable to the people whose consent is being sought, and inform them of the positive and negative impacts of a project before seeking consent. Consent must be freely given, without coercion, manipulation or bribes, before companies start operations. If consent is not given, operations should neither commence or continue.
- Stop all investment in companies which do not enact concrete changes in behavior in line with these policies.

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<sup>2</sup> For more, visit [majority action](#).

<sup>3</sup> 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](#).

<sup>4</sup> For more on the problems with offsets see [A dangerous distraction – the offsetting con | Policy and insight](#).

<sup>5</sup> This standard is in line with [Forests and Human Rights: Principles for Asset Managers - BlackRock's Big Problem](#).

#### 4. Invest rapidly in just climate solutions and a just transition for workers and communities impacted by the climate crisis and the fossil fuel industry.

Asset managers must:

- Develop and implement measurable plans to rapidly increase investment in climate solutions, including renewable energy, sustainable agriculture, electric transport, and energy access, at a level consistent with the internationally-agreed upon goal of limiting global warming to 1.5° C.
- Develop and implement measurable plans to invest in capital projects needed to realize the United Nations “Sustainable Development Goal #7,” which calls for access to affordable, reliable, sustainable and modern energy for all, 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 and the fossil fuel industry.

#### 5. Provide all clients fossil fuel- and deforestation-free investment options as a default.

Asset managers must:

- Make fossil fuel-free and deforestation-free investments the default options for all clients and investors across all product offerings, including in their index or passively-managed funds which make up the majority of investment offerings.

