



INVESTMENT CONSULTANTS WITH USD 10 TRILLION OF ASSETS UNDER ADVICE COME TOGETHER TO LAUNCH GLOBAL 'NET ZERO' INITIATIVE

- Twelve investment advisory firms are founding signatories of new Net Zero Investment Consultants Initiative (NZICI).
- Signatories make clear commitments, endorsed by the UN's Race to Zero campaign, towards the goal of global net zero emissions by 2050.

20th September 2021 – Twelve investment consulting firms, responsible for advising institutional asset owners on assets of approximately USD 10 trillion, have today launched the Net Zero Investment Consultants Initiative (NZICI). Through nine specific action points, they commit to supporting the goal of global net zero greenhouse gas emissions by 2050 or sooner.

The initiative, which has been led by some members of the Investment Consultants Sustainability Working Groups in the UK ([ICSWG-UK](#)) and US ([ICSWG-US](#)), is endorsed by the United Nations [Race to Zero](#) campaign and supported by the Principles for Responsible Investment ([PRI](#)). The twelve investment consultants are: *Barnett Waddingham, bfinance, Cambridge Associates, Cardano, Frontier, Hymans Robertson, JANA, LCP, Meketa, Redington, Willis Towers Watson and Wilshire.*



Key influencers of capital allocation: investment consultants' role in the Net Zero transition

Investment consultants play a crucial role within the savings and investment ecosystem. They provide strategic advice to asset owners, such as pension funds, sovereign funds, endowments, insurers, foundations and family offices in areas, such as investment beliefs and strategy, asset allocation, asset manager selection. They also provide broader education on the long-term investment risks and opportunities related to climate change, such as transition risk, physical risk and stranded assets risk. These firms are often the critical link between asset owners and asset managers, determining which firms and strategies are favoured for selection. Consultants also provide guidance to asset managers about ESG capabilities and climate competence, as well as advising on the development of new investment solutions.

The commitments developed for the NZICI have been designed to facilitate alignment with the UN-convened Net-Zero Asset Owner Alliance, the Net Zero Asset Managers Initiative and other signatories of the Race to Zero campaign. They will work together with other signatories of net zero initiatives as a member of the Glasgow Financial Alliance for Net Zero (GFANZ).

Clear commitments and timeframes

The NZICI sets out nine actions that investment consultants will take to support the goal of global net zero greenhouse gas emissions by 2050 or sooner, in the context of legal and fiduciary duties and specific client mandates. First among these actions: integrating advice on net zero alignment into investment consulting services as soon as possible, and within two years of making this commitment.

The commitments apply to investment advisory service and business operations. For those consultants which offer discretionary asset management services, the commitments include a pledge to align with the Net Zero Asset Managers Initiative within two years.

The nine actions are as follows:

Within our investment advisory services we will:

- 1. Integrate advice on net zero alignment into all our investment consulting services as soon as practically possible and within two years of making this commitment*
- 2. Work with our institutional asset owner clients to identify the investment risks from climate change, highlight the importance of net zero alignment and, where applicable, support our clients in developing policies that align their portfolios to a net zero pathway*
- 3. Support efforts to decarbonize the global economy by helping our clients prioritize real economy emissions reductions, reflecting the target of 50% global emissions reduction by 2030 or sooner using existing decarbonization methodologies.*



4. *Assess and monitor asset managers on the integration of climate risks and opportunities in their investment decisions and stewardship and reflect this evaluation in our client recommendations*

With respect to our fully discretionary services, we will:

5. *Align with the Net Zero Asset Manager Initiative as soon as practically possible and within two years of making this commitment*

With respect to our own business operations, we will:

6. *Set emissions reduction targets across all our operational emissions in line with 1.5°C scenarios*

Within the wider financial community, we will:

7. *Where suitable net zero methodologies do not exist, work collaboratively for the benefit of our clients to address these challenges, seeking harmonized methodologies*

8. *Engage, independently or as a group, with regulators and policymakers, to facilitate the transition to net zero carbon emissions, addressing any barriers to our clients adopting and achieving their net zero targets*

To ensure accountability, we will:

9. *Report progress by our firm against the commitments made here at least annually in public domain.*

The full commitment is hosted on the Principles for Responsible Investment website:

<https://www.unpri.org/climate-change/leading-investment-consultants-form-global-initiative-to-push-for-net-zero/8549.article>

Quotes are included below from signatory firms, PRI and Race to Zero

Alex Pocock, Head of Investment Consulting at **Barnett Waddingham**: 'A systemic change like net zero can only be achieved by working together with other organisations - to go further and faster to build a sustainable future. For Barnett Waddingham, sustainability is about moving forward and meeting the needs of the present without jeopardising future generations. Joining this initiative means cementing our commitment to working with others across our industry and beyond to solve the complex, systemic problems of climate change. Collaboration is absolutely key and this initiative demonstrates our collective commitment for the future; none of us can be 'net zero' alone.



David Vafai, CEO at **bfinance**: “We believe that global investment consultants, working closely with our asset owner clients, have a vital part to play in the transition towards a resilient Net Zero economy and we are committed as a firm to making a difference. This initiative is an important milestone for us: we are making some significant changes to policies and processes as we look to deliver on commitments. A number of our clients are already very advanced in addressing issues such as portfolio carbon intensity, temperature alignment and investment opportunities relating to the energy transition.”

David Druley, CEO at **Cambridge Associates**: “Earlier this year, Cambridge Associates proudly announced its global carbon neutral accreditation. As investors and stewards of long-term capital, it is also essential that our commitment to sustainability reach beyond the walls of our firm and permeate directly across our work with clients. We are lucky to already be working with several clients that are leading on the full spectrum of what needs to be done from decarbonization to investing in real world solutions and are looking forward to utilizing this expertise across our broader client base.”

Keith Guthrie, Deputy CIO at **Cardano**: “The challenge with getting to Net Zero is that it’s a collective action problem. Net Zero is not properly priced in markets, which is why it warrants attention – in other words, markets are financing investments that remain profitable in the short-term, but are inconsistent with long-term environmental goals aligned with Net Zero. The focus on Net Zero across the investment-value chain including advisors allows us to move the market-as-a-whole, and that’s why it’s helpful to set that out in writing in the form of a commitment. In other words, this is a step beyond financial risk / return characteristics, to focus on driving real change in the global economy. At Cardano, we support the Paris Climate Agreement of limiting global warming to +1.5°C versus preindustrial levels. We do this by committing our investment portfolios to net zero carbon emissions by 2050. We support global emissions reduction of 50% by 2030, with baseline year 2019. This informs our asset-class decarbonisation targets. This is our default position – in our fiduciary management, our advice and our liability driven investments. It’s for these reasons, we strongly endorse the launch of the Net Zero Investment Consultants Initiative.”

Andrew Polson, CEO at **Frontier**: “Collective action is vital in meeting the objectives of the Paris Agreement. By joining the Net Zero Investment Consultants Initiative, Frontier is proudly and publicly committing to develop capabilities to support our clients align their investment strategies to a 1.5C degree future, while also achieving their performance objectives. While accomplishing net zero is daunting, it is critical so we are determined to play our part in contributing to reducing real world emissions alongside like-minded investment consultants and asset owners.”

Simon Jones, Head of Responsible Investment at **Hymans Robertson**: “In joining our peers to make this net zero commitment, we are sending a clear message about the role the financial services industry has to play in addressing climate change. The NZICI recognises that investment consultants are both educators and influencers and we can help ensure our clients take actions that create real world change. Our commitment builds on the climate pledge we made at the start of 2021, to integrate the consideration of climate risks into our research, advice and services. Having already invested in developing both our people and the tools available to support the advice they give, we will continue this thereby ensuring that our



clients are properly equipped to address the risks and opportunities that the transition to a net zero economy will inevitably bring."

Jim Lamborn, Chief Executive Officer at **JANA**: "JANA is proud to be a part of the Net Zero Investment Consultants Initiative (NZICI). JANA's mission statement is that, together, we have the opportunity to impact millions of people. However, achieving the UN's SDGs will require sustained international collaboration. This is why global initiatives like the NZICI are so critical. We are proud to be involved with the NZICI and look forward to working with others in the investment community to work towards meeting our universal goal of a global net zero greenhouse gas emissions by 2050 or sooner."

Clay Lambiotte, Head of Investment at **LCP**: "LCP puts sustainability at the heart of how we operate, and how we support, serve and inspire our clients. Net Zero is ultimately about protecting everyone's future, so working together with our clients and their investment managers is a critical part of that vision. We are therefore pleased to be supporting the Net Zero Investment Consultants Initiative from the outset. As part of that commitment we will be proactively raising net zero alignment with our investment clients and supporting them with practical solutions to address the associated climate risks and opportunities."

Sarah Bernstein, Managing Principal at **Meketa Investment Group** and Chair of the **Investment Consultants Sustainability Working Group – U.S.**: "Given the urgency with which climate change must be tackled, investment consultants such as ourselves want to provide investment advisory services to support asset owners as they seek to implement investment strategies to help limit global warming to a maximum of 1.5 °C in accordance with the Paris Climate Agreement, and work to reduce our own corporate carbon footprint. We are very pleased to be a founding member of the Net Zero Investment Consultants Initiative. We expect our commitment to drive the development of consulting practices that will ensure an informed assessment of risks and opportunities related to transitions to net zero in the real economy are provided to Meketa clients."

Fiona Reynolds, CEO for the **Principles for Responsible Investment**: "We welcome the establishment of the Net Zero Investment Consultants Initiative. The initiative underlines the growing awareness that a move to net zero must be realised at every stage and level of the investment process. Investment consultancies have a key role to play in facilitating this shift, by working with their clients to help embed ESG considerations throughout their investment activity. The scope and influence of the founding partners behind the initiative is extensive and sets the tone for the rest of the sector. We encourage other investment consultancies to consider their involvement in positively affecting the shift to net zero and to come together to support this vital work."

Mitesh Sheth, CEO of **Redington**: "We are delighted to join with leading firms across the Investment Consulting industry in committing to delivering net zero advice to our clients. This reflects our own commitment earlier this year to make net zero our default advice, and our ongoing efforts to embed climate change issues into our assessments of fund managers' investment approaches and stewardship. The world economy faces a major transition and we acknowledge our role, and our clients' roles, in helping deliver the change that is needed."



Nigel Topping, High Level Champion for Climate Action at **UN Climate Change Conference (COP26)**: “We are delighted to announce the launch of Net Zero Investment Consultants Initiative. Assisting and advising asset owners to meet net zero goals through investment choices is crucial in meeting the collective decarbonisation targets. This commitment also cements their role in holding asset managers accountable on stewardship and product innovations. As part of GFANZ, we look forward to working together to make the investment process align to net zero.”

Luba Nikulina, Global Head of Research at **Willis Towers Watson** and Co-Chair of the **Investment Consultants Sustainability Working Group – UK**: “The global transition to a net zero economy means asset owners have to develop their understanding of climate risks, think about changing pathways for their assets and exercise their stewardship rights. Investment consultants play a vital role in supporting asset owners on this journey and helping them increase their level of climate ambition. I am delighted to work together with other NZICI members to make this industry wide transition quickly, effectively and sustainably. We are proud to partner with the Race to Zero and the Principles for Responsible Investment to achieve better alignment across all stakeholders in the investment industry. It is only by working together that we can create a sustainable future for us all.”

Daniel E. Ingram, Senior Vice President, Chair of ESG and Diversity Committee at **Wilshire**: “Helping clients navigate the risks and opportunities unique to their portfolio and investment strategy to improve outcomes is an important part of our pedigree. As proud signatories of new Net Zero Investment Consultants Initiative (NZICI), we are signalling our commitment to help clients invest for a better future. We’re honoured to collaborate with our peers on this initiative where, as stewards in the institutional advisory space working together, we can significantly magnify the impact we’re able to make individually to benefit investors industry wide.”