



HRH The Prince of Wales Sustainable Markets Initiative Asset Manager and Asset Owner Task Force

The Sustainable Markets Initiative (SMI) was launched by His Royal Highness The Prince of Wales at The World Economic Forum in January 2020 to mobilize business and finance leaders to accelerate the transition to a net-zero world. Brian Moynihan, Chairman and CEO of Bank of America, is co-chair of the initiative.

The SMI has formed industry-specific, CEO-level Task Forces to drive positive change to protect people and planet from the threats of climate change, including supporting nature's biodiversity.

At HRH's request and recognizing the important capital allocation role of institutional investors, Ron O'Hanley, Chairman and CEO of State Street, convened the CEOs of some of the world's largest asset owners and asset managers to form and lead the SMI's Asset Manager and Asset Owner Task Force (AMAO Task Force). The Task Force is aimed at finding scalable ways for institutional investors to facilitate the reallocation of capital toward sustainable solutions, using the two most powerful levers at their disposal: 1) capital already invested in companies; and 2) fresh capital investments directed at climate mitigation and adaptation projects.

In coordination with the other SMI Task Forces, the AMAO Task Force will focus on the following areas ahead of the 26th UN Climate Change Conference of the Parties (COP26) in November 2021:

Stewardship and Engagement: creating a detailed framework for portfolio companies in selected industries to develop disclosure transition plans to net zero in line with the COP process, which may include intermediate targets and consider capex implications.

Net-Zero Pathways for Asset Managers and Asset Owners: devising a multi-year plan for asset managers to work with their asset owner clients toward decarbonizing their portfolios, including developing strategic asset allocation guidelines advancing the goal of reaching net zero emissions across their asset base by 2050 or sooner.

To achieve these first two goals, subject to their domestic laws and regulations and on a voluntary basis, the members of the Task Force shall:

1. Engage with relevant portfolio companies (public and private) on comprehensive net-zero transition plans with science-based interim targets
2. Integrate sustainability considerations into our portfolio managers' investment risk frameworks wherever and whenever possible
3. Engage with regulators and industry standard-setters to drive convergence on climate metrics and methodologies aligned with the TCFD framework

To facilitate and accelerate the fresh capital investments needed to achieve the COP process goals, the Task Force further strives to:

Scale Sustainable Investments: working with governments and multi-lateral institutions, create more readily available mechanisms for deploying institutional capital to climate change mitigation or adaptation projects, including innovative technologies, by addressing credit enhancements, risk-sharing, and appropriate investment vehicles.

Create Transition Funds for SMI Focus Areas: identifying viable fund structures that would allow for global capital raising by mitigating legal or tax barriers and accounting for underlying political and/or manager risk.

The Task Force will provide updates throughout the year with the goal of reporting final commitments ahead of the COP26 meetings in November.

HRH The Prince of Wales said: “In order for the world to transition to a sustainable future, we must put nature, people, and planet at the heart of global value creation. Institutional investors will play a central role in allocating capital to the companies and technologies required to achieve net zero emissions, climate resilience, and greater biodiversity. I am delighted to welcome the asset owner and asset manager CEOs to our growing coalition of the willing.”

State Street Chairman and CEO Ron O’Hanley, who is leading the Task Force said: “We share HRH The Prince of Wales’ sense of urgency to find scalable solutions to the challenges of climate change. Working with the other SMI Task Forces, we believe we can create pathways that will unlock the deployment of trillions of dollars in institutional capital that will be needed in the next decade to set the world on a more sustainable and resilient path that protects both people and planet.”

AP2	HSBC Asset	Ninety One
Bank of America	Management	PensionDanmark
Merrill Lynch Asset	JPMorgan Asset	People's Pension
Management	Management	PIMCO
Brookfield Asset	Kuwait Investment	PKA
Management	Authority	Rockefeller Capital
CalPERS	Legal & General	Management
CalSTRS	Investment	Schroders
Capital Group	Management	TIAA/Nuveen
CDPQ	Macquarie	Vanguard
Fidelity International	Morgan Stanley	Washington State
Goldman Sachs Asset	National Employment	Investment Board
Management	Savings Trust	Wells Fargo Asset
Gulf Capital	New Zealand	Management
	Superannuation Fund	