

Institutional Asset Owners Found to be Underutilizing Stewardship and Advocacy Opportunities on Climate Policy

New analysis of the world's largest¹ insurers and pension funds (representing over \$17 trillion in assets) finds that only a limited number are utilizing their influential position to drive climate policy advocacy in line with science-based pathways to net zero, and that the majority are abdicating responsibility in this area. This is despite 22 of the 30 assessed asset owners having set a net-zero commitment.

Asset owners' long-term investment horizons and their influential position in the financial system make them potentially powerful advocates for government policy to achieve international climate goals. This is explicitly recognized by the Net-Zero Asset Owner Alliance (NZAOA), an industry initiative whose members commit to advocate for "public policies for a low-carbon transition of economic sectors in line with science." The UN High Level Expert Group on Net Zero in their November 2024 report '*Integrity Matters: The Hard Work is Now*' also stresses the importance all non-state actors should place on aligning lobbying and advocacy with 1.5°C in their net-zero transition plans.

The levers available to asset owners to affect policy change fall into two categories: their stewardship practices over investee companies' lobbying and their own direct climate policy advocacy. The former includes direct stewardship of investee companies' climate lobbying, and that done via external asset managers. The latter mechanism involves asset owners influencing climate policy themselves, either directly or via industry associations.

In this report, InfluenceMap provides the first holistic assessment of the world's largest asset owners' performance across both these areas.

The research finds there is an **overall lack of stewardship on climate policy engagement** among asset owners, with 73% scoring a D+ or below according to InfluenceMap's analysis. Generally low scores are driven by low levels of transparency on stewardship activities.

- Only 13 of the 30 asset owners assessed (43%) have mentioned policy engagement in their stewardship policies and processes. Only six have started to integrate climate-related policy engagement more systematically into their policies².
- 60% of asset owners provide either only summary statistics about engagements or no details at all about stewardship, six of which are members of the NZAOA.
- Leaders on stewardship include **Phoenix Group**, **Aegon**, and the **New York City Retirement Systems (NYCRS)**. These institutions have led collaborative engagements and filed shareholder resolutions on climate lobbying at investee companies, and have engaged with, or are monitoring, their asset managers to improve stewardship on climate lobbying on their behalf.

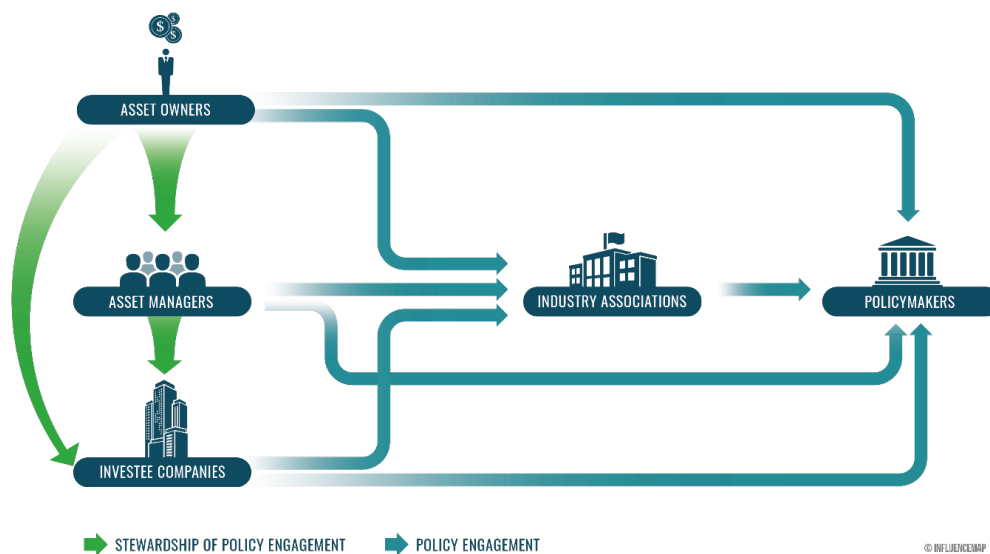
The research finds **that asset owners are not achieving their maximum direct policy advocacy potential** and that there is room for increased climate advocacy across regions and types of asset owner.

- Three quarters (76%) demonstrate policy engagement that is at least partially aligned with science-based goals. However, almost all (93%) fall under the threshold for 'strategic engagement', leaving the bulk of impactful policy engagement to the more active industry associations.
- No asset owner is fully transparent around its indirect lobbying via industry associations. Seven of the 30 asset owners assessed (23%) maintain links to industry groups whose climate policy advocacy is misaligned with science-based pathways to limit warming to 1.5°C, and who have actively obstructed climate policies for the financial sector and the real economy.
- For example, **Allianz**, **Prudential Financial**, **MetLife**, and **AIG** all retain membership to **The US Chamber of Commerce**, a group that previous InfluenceMap research has ranked as one of the most obstructive industry associations globally. This research finds that **The Chamber** has engaged in opposition to climate-related policies that its asset owner members appear to support.

- Leaders in direct climate policy engagement include the **New York City Retirement Systems (NYCRS)**, the **New York State Common Retirement Fund (NYSCRF)**, and the **California State Teachers' Retirement Systems (CalSTRS)**. All of these advocated for policymakers to protect investors' abilities to consider climate factors in decision making, supported the SEC's climate disclosure rule, and directly advocated for real economy climate policies including EPA GHG emission standards and bans on new fossil fuel infrastructure.

Overall, a core group of asset owners has emerged that show leadership on one or more of the areas of influence available to them. These include **Aegon**, **Phoenix Group**, the **New York City Retirement Systems (NYCRS)**, the **California State Teacher's Retirement System (CalSTRS)**, and the **New York State Common Retirement Fund (NYSCRF)**. These leaders show that it is possible to influence climate policy through multiple avenues and provide best practice examples for other institutions.

Asset Owners' Climate Policy Footprint



Cleo Rank, Program Manager at InfluenceMap, said:

"Although it is encouraging to see a few asset owners actively stewarding companies and asset managers on climate lobbying, and engaging in robust direct policy advocacy, these companies represent only a fraction of the sector. By failing to engage, many asset owners are ceding their influence to more actively engaged industry associations that are often advocating against meaningful change. The commitments of groups like the Net-Zero Asset Owner Alliance are at risk of being undermined if their members do not fully buy in to its recommendations."

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Notes to editors:

[1] Excluding institutions headquartered in China, due to challenges capturing corporate engagement in the country.

[2] These are Phoenix Group, Aegon, Generali, the Government Pension Fund Global (GPF) of Norway, the New York State Common Retirement Fund (NYSCRF), and the California Public Employees' Retirement Systems (CalPERS).

About InfluenceMap

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