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Media Briefing

Investing in Climate Chaos: NGOs Release Data on Fossil Fuel Holdings of 6,500 Institutional Investors

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One week after the NGO report *Banking on Climate Chaos* revealed the banks financing coal, oil and gas companies, new research shines a spotlight on the **investors** behind the fossil fuel industry. The *Investing in Climate Chaos* website features over 6,500 institutional investors whose holdings of bonds and shares in fossil fuel companies total **US$ 3.05 trillion**. The website is a joint project of Urgewald and more than 20 NGO partners. It provides a detailed breakdown of each investor's holdings in upstream oil and gas producers and companies operating along the thermal coal value chain.[1]

"At a time when the UN warns that greenhouse gas emissions must be cut in half by 2030, pension funds, insurers, mutual funds and asset managers are still gambling away our future by sinking money into the world's worst climate offenders. By publishing our research online, we want to empower clients, regulators and the public to hold these institutional investors accountable," says Katrin Ganswindt, Energy and Finance Campaigner at Urgewald.

Two thirds of the identified fossil fuel investments, **US$ 2.13 trillion**, were in oil and gas companies. The researched oil and gas company universe was, however, limited to 685 upstream oil and gas producers drawn from Urgewald's Global Oil and Gas Exit List (GOGEL). In 2021, oil and gas companies produced 56 billion barrels of oil equivalent. If production remains at this level, it would exhaust our entire carbon budget for 1.5°C within the next 15 years. To make matters worse, 95% of these companies are still exploring or developing new oil and gas fields.

[1] The financial databases Refinitiv and EMAXX as well as Pension Fund's own disclosures were used to identify holdings in around 1,700 fossil fuel companies. Investment values are as reported in financial databases in January 2023, but filings can be older than that and may have changed since. Green bonds were not taken into account for this research. For a detailed explanation of the methodology, see: https://investinginclimatechaos.org/methodology

Around one third of the identified fossil investments, **US$ 1.03 trillion**,[2] were in companies on Urgewald's Global Coal Exit List (GCEL). The GCEL includes over 1,000 companies and their subsidiaries. Their activities range from coal mining, trading and transport to the conversion of coal to liquids, the operation of coal-fired power stations and the manufacturing of equipment for new coal plants. 37% of total coal investments identified by the NGOs' research, almost US$ 385 billion, went to coal developers. Despite the decision to "phase down" coal at COP26 in Glasgow, these companies are still building new coal power plants, mines or coal infrastructure.

"Investing in fossil fuel expansion in the midst of a climate emergency is madness. But that is exactly what the bulk of the world's institutional investors are doing, when they buy newly issued bonds or shares of companies pursuing a fossil expansion agenda," says Ganswindt.

The Terrible Two

The two biggest fossil investors identified in the NGOs' research are **Vanguard** (US$ 268 billion) and **BlackRock** (US$ 262 billion). Together, the two US-based asset managers account for 17% of all institutional investments in fossil fuel companies.

"If it is bad for the environment, it is bad for retirement. Vanguard's retirement schemes are built on investments that jeopardize our future," comments Doug Norlen from Friends of the Earth US, a partner of the Vanguard-SOS campaign.

Out of the 200 coal, oil and gas companies in which Vanguard holds shares and bonds, its biggest single investment (US$ 34 billion) is in ExxonMobil, a company that has done more than any other to obstruct the adoption of effective climate policies.[3] ExxonMobil is also one of the most aggressive oil and gas developers: it is currently exploring or developing new oil and gas fields in 40 countries. Vanguard's CEO, Tim Buckley, has made abundantly clear that he has no intention of putting restrictions on investments in climate-destructive business models. Consequently, Vanguard dropped out of the Net Zero Asset Managers Initiative in December 2022.

The number two in the NGOs' ranking, BlackRock, is a member of the Net Zero Asset Managers Initiative and claims to be a sustainability leader, but its fossil portfolio barely differs from Vanguard's. The oil and gas companies in BlackRock's portfolio

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[2] Several companies are listed on both GCEL and GOGEL. Due to this overlap, the separate investment values for GCEL and GOGEL companies should not be added up. The correct figure for total fossil investments identified by our research is US$ 3.07 trillion.
[3] "The 50 Most Influential Companies and Industry Associations Blocking Climate Policy Action Globally," InfluenceMap, November 2021.

account for 66% of the world's annual hydrocarbon production, and its single largest fossil investment position is also ExxonMobil. In regards to coal, BlackRock adopted a policy in 2020 that excludes active investment in companies which derive over 25% of their revenues from coal mining. However, BlackRock still refuses to make a similar commitment for coal power companies or to adopt exclusions for companies developing new coal assets. As a result, BlackRock remains the world's largest investor in coal developers.

23 Institutional Investors Account for Half of the Problem

50% of the total institutional investments in fossil fuel companies are held by just **23 investors**, out of which 18 are US-based. Among these are global investment managers like State Street and Capital Group, holding companies like Berkshire Hathaway, pension providers such as TIAA, and asset management arms of banks like JPMorgan Chase and Bank of America. While State Street warns on its webpage that "Greenland is losing billions of tons of ice every day" and states "climate change is a shared crisis in which everyone has a responsibility to act,"[4] it fails to connect the dots between its own investments in fossil fuel companies (US$ 133 billion) and the melting ice. And Capital Group, which is the largest institutional investor in Canadian Natural Resources – the world's biggest tar sands producer – cheerfully claims to be having "a positive impact on our associates, communities and the planet."[5]

[4] https://www.statestreet.com/in/en/asset-manager/insights/climate-change-tools-and-tactics
[5] https://www.capitalgroup.com/advisor/pdf/shareholder/ITGEBR-081-1021544.pdf

Top 23 Fossil Fuel Investors

	Investor	HQ Country	Investment in $ M
1	**Vanguard**	United States	267,741
2	**BlackRock**	United States	261,658
3	**State Street**	United States	133,103
4	**Capital Group**	United States	105,677
5	**Public Investment Fund**	Saudi Arabia	92,537
6	**Fidelity Investments**	United States	82,018
7	**JPMorgan Chase**	United States	47,816
8	**Government Pension Investment Fund**	Japan	46,408
9	**Berkshire Hathaway**	United States	46,267
10	**Geode Capital Holdings**	United States	43,990
11	**Government Pension Fund Global**	Norway	40,700
12	**Wellington Management**	United States	36,001
13	**T. Rowe Price**	United States	34,877
14	**TIAA**	United States	31,801
15	**Franklin Resources**	United States	31,615
16	**Dimensional Fund Advisors**	United States	30,342
17	**Morgan Stanley**	United States	29,596
18	**Life Insurance Corporation of India**	India	29,540
19	**Invesco**	United States	28,339
20	**Northern Trust**	United States	26,410
21	**Bank of America**	United States	26,310
22	**Bank of New York Mellon**	United States	26,066
23	**Qatar Investment Authority**	Qatar	25,470
	TOTAL		**1,524,282**

The 5 non-US institutions among the world's top 23 fossil investors are the Life Insurance Corporation of India and the public pension and investment funds of Japan, South Korea, Norway and Qatar. All of these are public entities, with a long-term mandate to secure the prosperity of their nation's citizens. The Norwegian Government Pension Fund aims to provide security for Norway's future generations and South Korea's National Pension Service (ranked 25th) aims to "contribute to people's happiness over generations."[6]

"Climate change poses an existential threat to future generations. Public pension funds, like ours in South Korea, should be the first investors to drop fossil fuel investments," says Sooyoun Han, from the South Korean NGO Solutions for Our Climate.

[6] https://www.nps.or.kr/jsppage/english/main.jsp

The Country Perspective

When viewed through a country lens, US investors account for 64% of institutional investments in fossil fuel companies covered by the NGOs' research. Aside from the fact that the US is the biggest oil and gas producer globally, it is also the world's dominant capital market. Fossil fuel companies from all over the globe raise capital here for their expansion plans. "Changing the investment policies of US institutional investors and banks is crucial for the global climate fight. It will play a key role in determining how much additional global warming we face," says April Merleaux from Rainforest Action Network in the US.

Institutional Investments in Fossil Fuels by Country Headquarters

Country / Region	Investment in $ M	Percentage of Total
USA	1,962,908	64%
Europe*	374,877	12%
Canada	142,866	5%
Japan	125,738	4%

***including EU and non-EU countries**

If Europe were a country, it would be the world's second largest source of institutional investments in the fossil fuel industry. Institutional investors from the United Kingdom alone account for fossil fuel investments of almost US$ 100 billion. The largest UK investor in fossil fuels is the insurer Legal & General with investments of US$ 18 billion. Second in the European country ranking is Norway (US$ 59 billion), thanks to its Government Pension Fund, whose fossil investments of US$ 40.7 billion make it Europe's single largest institutional investor in fossil fuels. Next in the European country ranking is Switzerland (US$ 58 billion), whose largest fossil investor UBS already held fossil shares and bonds worth US$ 20.7 billion before it took over Crédit Suisse. Fourth in line is France (US$ 46 billion), where Crédit Agricole with its asset manager Amundi holds fossil shares and bonds in value of US$ 21.3 billion. Germany (US$ 46 billion) holds 5th place in Europe. Its largest fossil investor is Deutsche Bank with its asset manager DWS, which holds US$ 17.6 billion in coal, oil and gas companies.

After the US and Europe, Canada is the third largest source of institutional investments in the fossil fuel industry with a total of US$ 143 billion. Canada's largest fossil investor is the insurance provider Sun Life Financial. Fourth in the worldwide ranking is Japan with fossil investments of US$ 126 billion. With shares and bonds in value of US$ 46.4 billion, Japan's Government Pension Investment

Fund is the country's largest investor in fossil fuel companies. The coal companies in its portfolio account for over 30% of the world's annual thermal coal production.

"Foreign companies like TotalEnergies, Eni and ExxonMobil are flooding Africa with new oil and gas projects that impoverish our communities, destroy our environment and destabilize the world's climate. It is time for institutional investors, especially from North America and Europe, to wake up. Your money is fueling the reckless expansion of dirty energy sources all across our continent," says Diana Nabiruma from the Africa Institute for Energy Governance in Uganda.

Investing in Climate Failure Today, But Promising Net Zero Tomorrow

Over 40% of institutional investments in fossil fuel companies are in the hands of members in one of the net zero alliances convened by the "Glasgow Financial Alliance for Net Zero" (GFANZ). Hope is rapidly dimming that these alliances could mainstream impactful new policies in the financial sector – policies which recognize that fossil fuel expansion is incompatible with limiting global warming to 1.5°C. The first oil and gas position paper issued by one of the GFANZ alliances only asks its members to stop direct investments in most new fossil fuel projects –it does not call on them to stop investing in **companies** which are at the forefront of oil and gas expansion.[7] "Net zero commitments for tomorrow have zero traction if institutional investors continue backing the companies behind today's fossil fuel expansion," says Paddy McCully, senior analyst with Reclaim Finance.

The March 2023 IPCC synthesis report warns that the window of opportunity to secure a livable future is rapidly closing. "What our climate needs is bold action and not baby steps. The *Investing in Climate Chaos* website is a tool for citizens' movements, customers and regulators to hold institutional investors accountable. Pension funds, insurers, asset managers and sovereign wealth funds must pull the plug on companies whose fossil expansion plans are foreclosing our future," says Ganswindt.

View the *Investing in Climate Chaos* website: investinginclimatechaos.org

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[7] https://reclaimfinance.org/site/en/2023/03/29/asset-owner-alliance-takes-great-leap-backward-with-feeble-oil-and-gas-position/

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The coal, oil and gas data for this briefing was derived from Urgewald's own databases Global Coal Exit List and Global Oil & Gas Exit List. The information is sourced from companies' own reporting, NGO information and the Rystad database. The financial data was collected by the institute Profundo, which used the financial databases Refinitiv and EMAXX as well as Pension Fund's own disclosure.

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