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Media Briefing

Investing in Climate Chaos 2024: Institutional Investors $4.3 Trillion Deep Into the Fossil Fuel Industry

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Today, Urgewald and 17 NGO partners released the 2024 edition of *Investing in Climate Chaos,* a website that reveals the fossil fuel holdings of over **7,500** institutional investors worldwide. The investment data was retrieved in May 2024 and shows that institutional investors currently hold **$4.3 trillion** in bonds and shares of fossil fuel companies. These investments are held by pension funds, insurance companies, asset managers, hedge funds, sovereign wealth funds, endowment funds and asset management arms of commercial banks.

The NGOs' research covers institutional investors' holdings in companies featured on Urgewald's Global Coal Exit List (GCEL) and Global Oil & Gas Exit List (GOGEL). GCEL and GOGEL are public databases that provide detailed information on 2,928 companies operating in the fossil fuel sector. 2,048 of these companies are fossil fuel developers. They are exploring or developing new hydrocarbon reserves or planning to build new fossil fuel infrastructure such as pipelines, LNG terminals or coal- and gas-fired power plants. According to the data, almost **$4 trillion of the identified institutional investments are in companies which are actively developing new fossil fuel assets.**

Climate scientists have long warned that a speedy phase-out of fossil fuels is our only hope of avoiding tipping points that lead to an unmanageable climate breakdown. "If institutional investors continue backing companies that are still expanding their coal, oil and gas operations, it will be impossible to phase out fossil fuels in time. Investors need to draw a red line on fossil fuel expansion and they need to do it now," says Katrin Ganswindt, head of financial research at Urgewald.

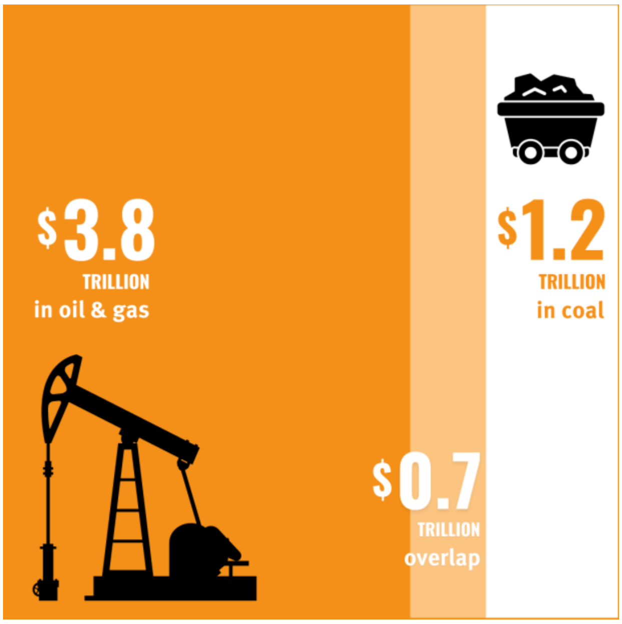
The Filthy Four

The world's 4 biggest institutional investors in fossil fuels are all headquartered in the US. First and foremost is the mutual fund company **Vanguard** with coal, oil and gas holdings of $413 billion. Vanguard staunchly refuses to adopt any fossil fuel restriction policy and consistently votes against climate resolutions in the companies that it owns. Second in line is the world's largest asset manager **BlackRock** with fossil fuel investments of $400 billion. The third biggest fossil fuel investor is **State Street** with $171 billion. It is closely followed by **Capital Group,** which holds $165 billion in coal, oil and gas companies. Collectively, these 4 asset managers hold and manage fossil fuel investments of $1.1 trillion.

A ranking of the top 30 institutional investors in fossil fuel companies is provided in the annex of this briefing. A detailed breakdown of each investor's coal, oil and gas assets can be found on the website **www.investinginclimatechaos.org**

How Much in Coal, How Much in Oil and Gas?

The institutional investments of $4.3 trillion in the fossil fuel industry can be broken down as follows: Less than one third, $1.2 trillion, are invested in bonds and shares of companies on the Global Coal Exit List (GCEL). $3.8 trillion or 88% are invested in companies on the Global Oil & Gas Exit List (GOGEL). $0.7 trillion are invested in companies listed on both GCEL and GOGEL.[1]



While the 2021 UN Climate Summit in Glasgow ended with an agreement to "accelerate efforts towards the phasedown of unabated coal", **5,260 institutional investors continue to hold bonds and shares of coal companies.** "Many of these investors claim to be engaging the industry, but their engagement efforts have negligible impact. Over 95% of companies on the GCEL have failed to set a coal exit date and 40% are still planning to develop new coal assets. Investments in these companies are blocking the energy transition," says Ganswindt.

At COP28 in Dubai, the international community agreed to "transition away" from fossil fuels, yet 96% of oil and gas producers are still exploring and developing new oil and gas reserves and the industry has increased its annual capital

[1] As some companies are active in the coal as well as the oil and gas sector, the provided investment numbers for the sectors overlap and should not be added up.

expenditure on oil and gas exploration by more than 30% since 2021. "**7,245 institutional investors** are locking us into a high-carbon future through their investments in an expanding oil and gas industry," says Ganswindt.

The Big Picture

Investors and asset managers from 10 countries are responsible for 91% of institutional investments in the fossil fuel industry. These countries are **the US, Canada, Japan, the UK, India, China, Norway, Switzerland, France** and **Germany.**

All Fossil Fuels Ranking		
Rank	**Investor Country**	**Investments** in $ billion
1	**United States**	**2,843**
2	**Canada**	**254**
3	**Japan**	**168**
4	**United Kingdom**	**152**
5	**India**	**115**
6	**China**	**87**
7	**Norway**	**86**
8	**Switzerland**	**80**
9	**France**	**71**
10	**Germany**	**70**

United States

As the world's largest capital market, the US is the elephant in the room here. US institutional investors collectively hold $2.8 trillion in fossil fuel companies in 62 countries and account for 65% of total institutional investments in fossil fuel companies. "This mirrors the complete lack of action by US regulators to effectively monitor and address the climate and transition risks of large institutional investors. This inaction lays the ground for the next economic crisis and puts the world on a fast track towards climate chaos," says Alec Connon from Stop the Money Pipeline.

Oil and gas companies account for 89% or $2.5 trillion of US institutional investors' holdings in fossil fuels. While these investments are spread all over the world, the biggest beneficiaries are domestic oil and gas companies such as **ExxonMobil**, **Chevron**, and **ConocoPhillips.** Institutional US investments in ExxonMobil alone add up to $288 billion or 10% of total US investments in oil and gas companies. Accordingly, ExxonMobil's top 5 institutional investors are **Vanguard** ($53 billion), **BlackRock** ($37 billion), **State Street** ($26 billion), **Fidelity Investments** ($17 billion), and **JPMorgan Chase** ($11 billion).

ExxonMobil extracted 1.6 billion barrels of oil equivalent in 2022, which makes the company the 5th largest oil and gas producer in the world. And to make matters worse, it spends around $1.4 billion each year to search for new oil and gas resources in 37 countries. ExxonMobil does not even pretend to have a transition plan and fiercely defends its one-track fossil fuel business model with all possible means. It recently filed a lawsuit against US wealth manager **Arjuna Capital** and the Dutch activist shareholder group **Follow This**. Their "crime" was the filing of a joint climate resolution encouraging the company to accelerate its emissions reduction plans. Although both Arjuna Capital and Follow This withdrew their shareholder proposal in February of this year, ExxonMobil went ahead with its lawsuit until it was ultimately dismissed by a US judge last month. Meanwhile, 95% of ExxonMobil's shareholders voted in favor of the company's directors at its 2024 shareholder meeting.

Canada

Institutional investors from Canada hold 6% of global institutional fossil fuel investments. They collectively invest $254 billion in fossil fuel companies in 53 countries. The biggest Canadian investors are the Royal Bank of Canada and its asset manager **RBC Global Asset Management** ($43 billion), **Sun Life Financial** ($33 billion), **Power Corporation of Canada** ($24 billion) and **Toronto-Dominion Bank** ($20 billion).

Two of the biggest fossil fuel investments of Canadian institutional investors are in the Canadian oil and gas companies **Enbridge** ($26 billion) and **Canadian Natural Resources Ltd** ($20 billion). Together, these represent 18% of Canadian institutional fossil fuel investments. Canadian Natural Resources Ltd is the world's largest producer of oil from tar sands and Enbridge is the largest transporter of tar sands oil from Canada's Alberta province. Oil from tar sands is one of the most destructive, carbon-intensive fossil fuels and its production and processing releases up to twice as many greenhouse gas emissions as conventional crude oil. If all of Alberta's tar sands were burned, global temperatures would rise by 0.4°C. This alone would take our world beyond the critical 1.5°C limit.

Japan

Japanese institutional investors hold $168 billion in bonds and shares of coal, oil, and gas companies from 49 countries. Out of this total, 52% or $87 billion is invested in fossil fuel companies headquartered in Japan.

Japan's biggest institutional fossil fuel investor is its **Government Pension Investment Fund** (GPIF), which is the world's largest public pension fund. In a supplement to its 2021 ESG report, GPIF stated "The recent extreme weather conditions seem to force us to change our views on climate change risks."[2] The GPIF's views on fossil fuels have, however, not changed and the pension fund currently holds $58 billion in bonds and shares of fossil fuel companies. As Yuki Tanabe from the Japanese NGO JACSES comments, "Japan's institutional investors are lagging far behind many of their international counterparts such as ABP in the Netherlands, the New York State Pension Fund or the asset manager Ostrum in France. 9 years after the Paris Agreement was signed, only one Japanese insurer, SOMPO, has adopted an exclusion policy for coal companies. Japanese investment managers need to realize that there are no secure pensions and investments in a world with a destabilized climate."

Other top institutional fossil fuels investors in Japan are **Mitsubishi UFJ Financial** ($19 billion), **Nomura** ($17 billion), **Sumitomo Mitsui Trust** ($17 billion), and **Nippon Life Insurance** ($12 billion).

Europe

European institutional investors collectively hold $554 billion in stocks and bonds of fossil fuel companies and account for almost 13% of total institutional investments in fossil fuels. Europe's largest fossil fuel investor is the Norwegian **Government Pension Fund Global (GPFG)** with investments of over $70 billion in companies listed on GCEL and GOGEL. Nine years ago, the GPFG was one of the first large investors to move on coal, but today it is lagging far behind many of its European peers, which have adopted far stricter policies and set dates for a complete phase-out of their coal investments. The GPFG is the 16th largest coal investor worldwide and the 7th largest institutional investor in the oil and gas industry. Its single largest fossil investment of over $6 billion is in the oil major Shell. In spite of a landmark court judgment ordering Shell to reduce its carbon emissions by 45% by 2030, the company is still exploring for new oil and gas reserves in 40 countries.[3]

Europe's second-largest institutional fossil fuel investor is the Swiss bank **UBS** ($45 billion), **LGIM** from the UK ($32 billion), France's Credit Agricole and its asset manager **Amundi** ($31 billion), Germany's Deutsche Bank with its asset manager **DWS** ($25 billion) and the German insurer **Allianz** ($24 billion). While Allianz has adopted a strong coal exclusion policy and taken first steps on oil and gas, these policies do not apply to its US-based asset manager **PIMCO,** which manages the largest share of Allianz's fossil fuel investments.

[2] https://www.gpif.go.jp/en/investment/GPIF_CLIMATE_REPORT_FY2021_EN.pdf
[3] https://www.rfi.fr/en/environment/20240403-shell-appeals-court-ruling-ordering-it-to-slash-emissions-by-2030

Detailed information on individual financial institutions' fossil fuel policies can be found in the policy trackers of Reclaim Finance at **coalpolicytool.org** and **oilgaspolicytracker.org**

A Trillion-Strong Tidal Wave or a Turning Point?

According to the London Stock Exchange Group around $3.2 trillion in outstanding debt of high-carbon companies is coming up for refinancing in the coming years.[4] The question is, will institutional investors continue snapping up bonds of companies like Saudi Aramco, ExxonMobil or TotalEnergies whose business model relies on heating up the planet? Or will pension funds, insurers and asset managers realize that these investments will produce more heat waves, more catastrophic floods, more climate disasters?

2024 is *the* year of climate finance. It was the number one topic at the UN climate meeting in Bonn in June, and it remains the biggest lift at COP29 in Baku this November. But climate finance remains a trickle in comparison to the tidal wave of trillions institutional investors could channel to the fossil fuel industry over the coming years. "2024 needs to become the turning point, the year where central banks and regulators finally act on Article 2.1(c) of the Paris Agreement and take measures to ensure that financial flows are in line with Paris instead of pitted against it. Institutional investors need to start shifting the trillions to supercharge the energy transition and not fossil fuel expansion," says Ganswindt.

Contact

Katrin Ganswindt | Head of Financial Research, Urgewald
+49-176 324 11130, katrin@urgewald.org

Dr. Ognyan Seizov | International Communications Director, Urgewald
+49-30 863 2922 61, ognyan.seizov@urgewald.org

Notes

The coal, oil and gas data for this briefing was derived from Urgewald's Global Coal Exit List and Global Oil & Gas Exit List. The financial data was collected by the institute Profundo, which used the financial databases Refinitiv and EMAXX as well as Pension Fund's own disclosures. All investor data was aggregated at parent level. For example, the data for JPMorgan Chase, includes the investments

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[4] https://www.bloomberg.com/news/articles/2024-03-20/a-3-2-trillion-refinancing-wall-looms-for-high-carbon-issuers

managed by JPMorgan Asset Management, JPMorgan Chase's own assets, and third-party assets managed by other entities of the investment bank.

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Annex: Top 30 Institutional Investors in Fossil Fuel Companies

Top 30 Institutional Investors in Fossil Fuels May 2024			
Rank	Investor	Country	Investments in US$ billion
1	Vanguard	United States	413
2	BlackRock	United States	400
3	State Street	United States	171
4	Capital Group	United States	165
5	Fidelity Investments	United States	98
6	JPMorgan Chase	United States	85
7	Government Pension Fund Global	Norway	70
8	Geode Capital Holdings	United States	67
9	T. Rowe Price	United States	63
10	Government Pension Investment Fund	Japan	58
11	Morgan Stanley	United States	49
12	Wellington Management	United States	47
13	UBS	Switzerland	45
14	Dimensional Fund Advisors	United States	45
15	Invesco	United States	44
16	Franklin Resources	United States	44
17	Royal Bank of Canada	Canada	43
18	Life Insurance Corporation of India	India	40
19	National Pension Service	South Korea	38
20	TIAA	United States	37
21	Goldman Sachs	United States	37
22	Bank of America	United States	36
23	Charles Schwab	United States	34
24	Sun Life Financial	Canada	33
25	Northern Trust	United States	33
26	Bank of New York Mellon	United States	32
27	LGIM	United Kingdom	32
28	Crédit Agricole (incl. Amundi)	France	31
29	GQG Partners	United States	26
30	Deutsche Bank (incl. DWS)	Germany	25