



The Strategic Advisory Committee (SAC) of the Transition Pathway Initiative (TPI) comprises asset owners, asset managers, and partner organisations of the TPI. One of the SAC's roles is to offer reflections and insights to investors and the wider market on materials and analysis produced by its academic partner, the TPI Centre, part of the Grantham Research Institute on Climate Change and the Environment at the London School of Economics (LSE).

In September, the TPI published its State of Transition Report 2024. The publication of the report provides us as independent SAC members with the opportunity to reflect on how TPI's analysis supports our respective goals of understanding and supporting the transition to a low-carbon economy in line with our fiduciary and other duties.

The breadth and depth of the TPI data continues to grow. The TPI Centre at LSE now assesses the Management Quality of more than 1,000 of the world's highest-emitting public companies, together with FTSE Russell as data partner, and the Carbon Performance of more than 500 companies in 11 high-emitting sectors. In addition, the TPI Centre assesses the top 30 corporate bond issuers, based on the market value of issued debt, in the electricity and oil & gas sectors, and 26 major international banks and 12 US regional and custodian banks.¹ The TPI Centre outputs are recognised as providing an independent, academically rigorous analysis of companies' climate transition.

Alongside the growth in coverage, TPI's analysis allows investors to better understand the context within which companies operate and the drivers of performance. For example, the cross-reference between country-specific analysis (from the [Assessing Sovereign Climate-related Opportunities and Risks \(ASCOR\)](#) project) with TPI data gives investors greater insight into regional variations in performance, and how regional factors shape company performance.

What do these developments mean for investors? Ultimately, they mean that investors are much better equipped to integrate climate-related risks and opportunities into their investment research and company engagement processes. Here are just a few examples of where we see the State of Transition Report highlighting the benefits of TPI:

¹ On 7 October 2024, the TPI Centre also published the [State of transition in the banking sector 2024](#).

- The combination of Carbon Performance and Management Quality scores gives investors a more robust snapshot of a company's readiness to transition compared to some singular metrics, like disclosed emissions.
- TPI's analysis helps investors assess the credibility of companies' commitments to net-zero or decarbonisation targets, highlighting companies that appear to be delaying taking action, or where the high-level commitment is not supported by substantive action.
- TPI's regional analysis (e.g. the insights from ASCOR and national/regional benchmarks for sectors such as electricity) gives investor insight into the extent to which national policy priorities and needs shape corporate decisions. It also allows investors to better understand the extent to which company action is aligned with national policy goals.
- Because TPI data underpins the [Climate Action 100+](#) Disclosure Benchmark, investor engagement based on TPI data is clearly aligned with the requests being made by the key global investor engagement programme on climate change, thereby reinforcing and enhancing the effectiveness of these engagement efforts. As of mid-2024, [over 150 investors worldwide](#), representing approximately US\$80 trillion in combined assets under management and advice, had pledged support for TPI.²
- TPI outputs and resources allow investors to credibly track and report on the effectiveness of their engagement, and on the trends in their portfolios (e.g. in terms of management quality, in terms of alignment with net zero goals).
- TPI has helped sharpen investor policy engagement, by providing insights into the types of government policy measures that drive improvements in management quality and carbon performance.
- TPI has also helped strengthen investor engagement by allowing investors to test some of the assumptions that have underpinned investor engagement, e.g. the extent to which good management quality is correlated with emissions reductions over the short-, medium- and long-terms, or the extent to which national policy conditions shape company practices and performance.

One of our critical roles as the SAC is to continually press the TPI Centre at LSE to develop its analysis with current priorities, including encouraging TPI to increase the number of Carbon Performance assessments, and encourage greater analysis of the factors that drive performance at the country level. While there is always more that can be done, subject to funding, we are also clear that there is much that is being done and can be done with TPI's current data and

² Assets Under Management (and Advice) are subject to market-price and foreign-exchange fluctuations. As the sum of self-reported data by TPI supporters, they may double-count assets.

analysis. We encourage all investors to explore the wealth of data on TPI's website and to read the investor case-studies that show how our supporters are using TPI to drive real value for their members or clients by helping reduce global greenhouse gas emissions in line with the Paris Agreement.

Notes: The current members of the TPI Strategic Advisory Committee are as follows:

Jake Barnett	Wespath (Chair, TPI SAC)
Adam Gillett	Railpen
Akaash Sachdeva	HESTA
Annie Kropinova	CaSTRS
Bruce Jackson	USS
Chris Rule	Local Pensions Partnership
Chris Van Der Merwe	Brunel Pension Partnership
Cynthia McHale	Ceres
Dani Siew	Investor Group on Climate Change
David Russell	Chair of TPI, Ltd.
Ed Baker	LGPS Central
Faith Ward	Brunel Pension Partnership
Frances Deakin	Local Pensions Partnership
Jaakko Kooroshy	FTSE Russell
Jasna Selih	Principles for Responsible Investment
John Hoepfner	Builders Vision
Lucian Peppelenbos	Robeco
Magdalena Håkansson	AP1
Michael Weston	CaSTRS
Richard Proudlove	Investor Group on Climate Change
Rory Sullivan	Chronos Sustainability
Simon Atherton	Phoenix
Stephen Barrie	Church of England Pensions Board
Teju Akande	Border to Coast Pensions Partnership
Thibaud Clisson	BNP Paribas
Tim Smith	Norges Bank Investment Management
Valerie Kwan	Asia Investor Group on Climate Change

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