



Responsible Asset Allocator Initiative (RAAI) at the Fletcher School

12th RAAI Roundtable

KEY TAKEAWAYS

Building Climate Change Resiliency in Portfolios

**Presenting research by the Responsible Climate Asset
Allocators Lab (RCAL)***



Scott Kalb, Director, RAAI

**May 8, 2026, 2:00 – 5:00 pm
The Landmark Hotel, London**

***The Responsible Financial Benchmarking Lab (RFBL) was rebranded as the RCAL in Feb 2026**

Agenda

Time	Topic Session
14:00 - 14:30	The RAAI Leaders List and a new path forward Welcome by Scott Kalb , Founder and Director of the RAAI. Update on RAAI research and responsible investing trends by Pratyusha Joshi , Senior Research Analyst. Update on new path forward for the RAAI at the Fletcher School by Max Messervy , Senior Advisor on Growth and Strategy.
14:30 - 15:15	Building climate change solutions into portfolio allocations for higher returns and lower risks. (RCAL research) Scott Kalb will present findings from a paper he co-wrote with Paul O'Brien , former Deputy CIO of ADIA, which show that CMAs, the backbone of portfolio construction, can be adjusted for climate change impacts to make a compelling case for including climate solutions in asset allocation models. Current CMAs used to build portfolios do not reflect forward-looking climate change impacts and as a result expose portfolios to unpriced risk and damage. Investors can use tools provided by the Network for Greening the Financial System (NGFS) to price climate change risk and identify strategies to capture climate related risk premia.
15:15 – 15:30	Coffee Break
15:30 – 16:15	Mapping the impact of climate change on emerging markets and the systemic risk for global portfolios. Sahil Shah , CEO of the Tipping Frontier , will discuss his research mapping the impacts of climate change on EM economies. Sahil will make the case that some of the largest system-wide risks for global portfolios comes from climate-vulnerable, and systemically important EM economies, including India, Indonesia, Vietnam, Bangladesh, Pakistan, Nigeria, Egypt, Philippines, Brazil and parts of East and West Africa. These countries sit at the center of global food systems, manufacturing supply chains, energy and mineral supply, and future consumption growth. They also are among the most exposed to extreme heat, water stress, floods, cyclone risk, and agricultural volatility. Sahil will demonstrate how allocators can invest in resilience to reduce potential shocks, improve returns, reduce volatility, and produce stronger long-term member outcomes.
16:15 - 16:55	Asset Allocator Case Study and Discussion. Shiventa Sivanesan , Director of Investment Management and Stewardship at West Midlands Pension Fund will discuss how WMPF engages with hundreds of clients to provide transparency, clear communications and gain valuable feedback on its responsible investing program.
16:55 -17:00	Closing Remarks and Follow-up

1. Summary

New direction for the RAAI

The Responsible Asset Allocator Initiative (RAAI) is transitioning to a membership-based organization housed at Tufts University's Fletcher School with a goal of providing new and enhanced services to the global asset allocator community.

RAAI Leaders List Report reveals US allocators losing ground on responsible investing

The fourth RAAI Leaders List report, rating and ranking the three hundred largest asset allocators in the world on their responsible investing practices, reveals that responsible investing is advancing globally but unevenly and at a slow pace, with the world average score rising from a low base of 44% in 2017 to 55% today. Progress on responsible investing remains concentrated in the top two quintiles (roughly 120 asset allocators) where the average score is over 90%, while performance for the bottom three quintiles (180 allocators) appears to be stagnating at very low levels. Of particular note, US allocators have been falling behind global counterparts, with an average score of just 31%, and currently comprise 50% of the fourth and fifth quintiles.

On the other end of the spectrum, UK allocators have seen the strongest uptick in responsible investing performance, reflecting the economies of scale achieved with the development of the local government pension scheme and the positive policy environment promoted by government authorities and regulators, directly driving positive outcomes 5 6.

Adjusting CMAs for climate change to reduce risk and enhance returns

Current Capital Market Assumptions (CMAs), the backbone of portfolio construction, are dangerously backwards looking and as a result are ill-equipped to help allocators manage risks and opportunities presented by climate change.

Using Phase 5 tools developed by the Network for Greening the Financial System (NGFS), the Responsible Climate Allocation Lab (RCAL), a research arm of the RAAI, adjusted CMAs for climate change under three distinct climate scenarios and the results showed GDP growth, inflation, and interest rate expectations deteriorate for all regions (especially emerging markets) over the long-term.

This was the case under a benign climate scenario assuming global warming stays within the Paris Accord guidelines (1.5C degrees), a Disorderly scenario that is the current trajectory for global warming (2.7C degrees), and a Hot-house World scenario where temperatures reach very damaging levels (3.0-4.0C degrees). By adjusting CMAs for climate change, RCAL found that long-term portfolio returns are likely to be much lower and risks much higher than current unadjusted CMAs indicate. RCAL also found that allocators can improve portfolio returns and lower risks by adding resiliency strategies to their asset allocation models and testing them using climate adjusted CMAs.

Systemic Climate Risk in Emerging Markets

Climate-related systemic risks in emerging markets are estimated to be roughly ten times larger than direct, insured losses from climate events, operating through cascading failures in foundational systems — food, water, energy, health, and supply chains — that translate into measurable macroeconomic impacts. Key vulnerable geographies for developed market portfolios include South Asia, Sub-Saharan Africa, Southeast Asia, and China, where climate hazards threaten global commodity markets, industrial supply chains, and long-term economic productivity.

Modeling suggests these dynamics could impose a drag of 70–120 basis points per annum on portfolio growth over the next twenty to thirty years, implying a 15–35% difference in real portfolio size. A \$1.6 trillion investment opportunity exists in emerging market resilience infrastructure, offering expected returns of 8–10% for de-risked senior tranches, but collective action barriers among asset owners, asset managers, and development finance institutions must be overcome to unlock this capital at scale.

West Midlands Pension Fund, Customer Engagement Case Study

The West Midlands Pension Fund, a £23 billion UK local government pension scheme with over 360,000 members, provided a detailed case study in responsible investment communication and member engagement. The fund's experience illustrates a common challenge: while members broadly support responsible investing in principle, their awareness of what it means in practice — and of the fund's specific activities — remains limited, and member views are often polarized between those demanding strong climate action and those insisting on the primacy of returns.

The fund has responded with a structured communication strategy, including simplified content, on-site roadshows, and targeted stakeholder engagement, and is preparing to refresh its member survey to track improvements over time. The case study offers practical lessons for large allocators navigating the balance between fiduciary duty, responsible investing, and diverse member expectations.

2. RAAI Organizational Evolution - Max Messervy, Senior Advisor on Growth and Strategy

New Institutional Home

The RAAI has established a new institutional home at the Fletcher School at Tufts University, gaining access to the university's academic resources, student engagement opportunities, and research capabilities. This relocation coincides with a fundamental shift in the organization's funding model, moving away from grant-dependent operations toward

a more stable, membership-based structure better positioned to serve the evolving needs of the global allocator community and to expand its product offerings.

Proposed Membership Structure

The proposed membership structure will be funded by annual fees that will support sustainable research infrastructure and dedicated staff. Founding members will have a meaningful voice in shaping program direction through steering committees, including committees charged with reviewing and updating the Leaders List parameters and assessment criteria. A core principle of the model is that it will remain a pure peer-to-peer network, explicitly including asset allocators such as sovereign wealth funds, government pension funds, social security funds and central bank reserve funds.

Service Offerings

RAAI members will have access to a range of services, including decision-useful research on emerging issues and stakeholder management challenges, and executive education programs developed in coordination with Tufts, potentially offered in Boston or at international locations. The platform will also provide a forum for collective influence on material factors - including climate risk, social dynamics, and emerging market investments - as well as access to ten years of rating data, representing approximately ten thousand data points per report cycle, for long-term trend analysis.

Academic Resources

The Fletcher School brings considerable academic resources that will complement the RAAI's work. Dean Kelly Sims-Gallagher leads a Climate Lab focused on policy research relevant to climate risk and investment. The Digital Planet initiative, led by Bhaskar Chakravorti, tracks the impacts of artificial intelligence on employment, industry sectors, and geographies using extensive Department of Labor data. SovereignNet, led by Patrick Schena, contributes deep experience in finance and investment disciplines, as well as extensive networks, in the global sovereign fund community.

3. RAAI Leaders List: Key Findings - Pratyusha Joshi, Senior Research Analyst, RAAI

Global Performance Trends

The fourth edition of the RAAI Leaders List covers 290 asset allocators across 65 countries, collectively managing \$32 trillion in assets under management (AUM). Allocators are rated on ten responsible investing principles and thirty criteria and ranked into quintiles based on their scores. Asian allocators represent the largest share of AUM of rated allocators, at \$11 trillion, followed by the Americas at \$9 trillion and EEMEA and Europe at roughly \$6 trillion each. The performance range is striking: the top quintile of Leaders - 55 allocators -

achieves an average RAAI score of 99%, while the bottom quintile averages just 11%, with those allocators typically earning only disclosure credits for producing an annual report.

RAAI rating trends indicate that the gap between the top and bottom quintile performers is widening. While the world average responsible investing score for global asset allocators has increased to 55% from 44% ten year ago, progress has been unbalanced with the top two quintiles (about 120 asset allocators) accounting for most of the progress that has been made to date.

Going forward, advancing global responsible investing goals, for example slowing global warming, will depend greatly on the third and perhaps the fourth quintile allocators improving their practices and deploying more capital toward solutions. We expect the top two quintiles to continue to evolve and maintain their leading responsible investing practices, while the bottom quintile allocators are unlikely to make an advancements, in our view.

Regional Disparities

The United States has nine RAAI leaders, but it punches below its weight. A cluster of coastal pensions - including CalPERS, CalSTRS, SFERS, New York Common, NYCRR, and Maryland - together with Minnesota, Washington, and Colorado - consistently rank among the top performers and demonstrate steady improvement and innovation in responsible investing. However, the vast majority of US allocators rank very poorly. The US accounts for about 100 allocators in the coverage universe but forty six are in the bottom quintile with scores below 14% and a quarter are in the fourth quintile with scores of 15-34%.

The broader US picture is constrained not only by federal policies under the Trump administration designed to roll back environmental protections and initiatives but also by state-level legislation that makes it virtually illegal in twenty five states for allocators to consider climate change or DEI factors in their portfolios. As a result, other than the nine leaders and four allocators in the second quintile, the US is falling behind global peers, and is dragging down global average scores on responsible investing. The average world ex-US responsible investing score is 68% versus 55% when including US allocators.

By contrast, European allocators (including Western and Northern Europe, the UK and Global allocators like the UN) is setting the bar on responsible investing with twenty-seven asset allocators scoring as Leaders out of a total universe of seventy-seven that are rated. We note that many allocators from European countries have consistently scored as responsible investing Leaders over the last ten years but the UK stands out in the most recent RAAI report. Spurred by supportive regulation, government signaling, strong local leadership, and scaling of the recently established local government pension scheme system, UK allocators have propelled to the forefront of global responsible investing leaders, with nine out of twenty asset allocators covered scoring in the top quintile.

Methodology

The Leaders List methodology is based entirely on publicly available information — annual reports, websites, and public statements — ensuring full accountability without placing any survey burden on the allocators themselves. The RAAI research team conducts all assessments independently, and the evaluation criteria evolve over time to RAAlse the bar as market practices advance.

Performance Gaps in criteria

Allocators perform best on criteria assessing ESG integration, time horizon alignment, and concrete examples of responsible investments. The weakest performance is on criteria related to financial performance tracking of responsible investments, systemic risk integration, and impact investing. Impact scores in particular have declined due to assessment criteria that now require intentional capital deployment focused on the developing world.

4. Climate Risk Modeling and Portfolio Impacts - Scott Kalb, Director, RAAI

Temperature Trajectory Analysis

The world is currently on a warming trajectory of 2.7°C, with a 20–30% probability of reaching 3–4°C and a 12% probability of exceeding 4°C by the end of the century. Temperatures have already reached 1.5°C above pre-industrial levels, the Paris Accord level within which policy makers had hoped to contain global warming. This combination of current temperatures that have increased faster than expected and future trajectories places the planet outside the Holocene range of –1 to +1°C that sustained human civilization for the past ten thousand years. Traditional capital market assumptions are approximately 60–70% weighted toward historical data, making them poorly equipped to extrapolate outcomes in a climate-disrupted future.

Economic Impact Projections

Using NGFS Phase 5 tools to model climate scenarios by region, the Responsible Climate Allocation Lab (RCAL), a research initiative of the RAAI, finds that even at today's 1.5°C warming level, GDP growth will be lower and inflation and interest rates higher than current unadjusted CMAs suggest. Under a hot-house world scenario of 3.5°C, US GDP growth would be about 50% lower than current CMAs forecast and economic losses amounting to approximately \$600 billion. Moreover, outcomes would deteriorate further under a “bumpy transition” that factors in a slow and poorly coordinated policy response, such as we have today.

Portfolio Resilience Strategies

The impacts from climate change on the risk-adjusted returns for public equity as measured by the MSCI ACWI equity index are quite severe under all three scenarios. The impact on bonds also is negative although less severe, as modeled for the Barclays Global Aggregate bond benchmark. Private assets fare better but still are negatively impacted under all scenarios.

RCAL modeled returns and risks for a 50-30-20 asset allocation portfolio using legacy benchmarks - 50% equities, 30% fixed income, 20% alternatives – based on aggregated CMAs from the 40 largest service providers. We found that current CMAs point to returns of 6.5% per annum with volatility of 11.5%. However, after adjusting the CMAs for this portfolio using the NGFS tools under the three climate scenarios noted above, we found that annual returns fall by 20-50% while volatility rises by 10-40%.

The impacts of climate change on legacy portfolios may be severe but there is an upside case to be made. RCAL tested CMAs for portfolios that added transition and adaptation public equity, green bonds, clean tech private assets and sustainable real assets and found that the portfolio outperformed by 2.3 percentage points annually in a hot house world (a roughly 3x wealth gap over 50 years) and better even in the mildest scenario. The closing message: allocators must recognize that climate-aware investing is a fiduciary, not ideological, exercise. scrutinize the CMAs they're handed, rebuild allocation models with NGFS-style overlays.

Climate Risk Premium Tool

Using a research paper published by Melin and Zhang (*Quantifying Climate Risk Premia*, Lionel Melin, Fangyuan Zhang, Feb 2026), RCAL has developed an interactive template that allows users to quantify the climate risk premium embedded in equity markets based on their own assumptions for inputs such as risk aversion, temperature levels, policy direction, and climate damage severity. According to the base case modeled by Melin and Zhang, on top of a normal equity risk premium of 4.0%, climate risk adds an additional 1.25% annual premium. Including higher temperature or damage severity functions raises the equity risk premium substantially.

This represents the additional return investors should demand for holding equity risk due to climate change. Put another way, this is both the potential loss that investors could suffer if climate impacts materialize and appropriate steps are not taken, or the added return investors could capture through proactive positioning.

Portfolio Optimization Tool in Development

A portfolio optimization tool is currently under development. The smart template will allow users to input regional weightings, asset class allocations, and climate assumptions, to generate expected returns, volatility estimates, and wealth generation impacts across a

range of scenarios. It will also identify optimal allocations balancing traditional portfolios with climate-resilient strategies.

5. Systemic Climate Risk in Emerging Markets, Sahil Shah, Founder, Tipping Frontier

Defining Systemic Risk

Systemic climate risk encompasses the cascading effects of climate change that extend well beyond direct physical damage. While direct impacts include facility damage from floods and production downtime from heat waves, systemic impacts operate through interconnected foundational systems - electrical grids, health infrastructure, supply chains - whose failure amplifies harm across entire economies. The UN Office of Disaster Risk Reduction estimates that these systemic impacts are roughly ten times larger than the combined insured and uninsured direct losses from climate events.

Priority Geographies for Developed Market Portfolios

For developed market allocators, several geographies demand particular attention. South Asia faces extreme heat and water stress affecting 50–70% of workers in agriculture, construction, and manufacturing, and wheat and rice yield impacts there have the potential to drive global commodity inflation.

Sub-Saharan Africa is especially vulnerable because its agriculture is predominantly rain-fed, making drought disproportionately damaging, and economic losses from drought consistently exceed those from flooding. Southeast Asia, particularly Thailand, Cambodia, Vietnam, and the Philippines, contains low-lying industrial production zones at flood risk that could disrupt automotive, electronics, and industrial supply chains serving Europe and North America. China's eastern seaboard faces cyclone risk, its southern coast is exposed to flooding, and northern regions are experiencing water stress and desertification that are already driving internal migration at scale.

Transmission Mechanisms

The transmission mechanism runs from climate hazards through foundational systems, including food, water, energy, labor, transportation, and health, triggering interdependent cascades that affect macroeconomic variables such as inflation, growth, and policy responses, with pan-asset class, pan-sector, and pan-geography portfolio consequences. Food and energy shocks alone are estimated to drive episodic inflation of 1–3% and growth drags of 0.3–0.5%. Over a twenty-to-thirty-year horizon, modeling suggests a cumulative drag on portfolio growth of 70–120 basis points, translating to a 15–35% difference in real portfolio size.

Modeling Approach

The analytical framework uses an ensemble of coupled models spanning the full stack: climate models (CMIP6), hydrographical models, and epidemiological models feed into system impact models covering agriculture, water and energy, and labor productivity. Input-output models and dynamic stochastic general equilibrium models then translate real economy impacts into macroeconomic variables, with platforms such as BlackRock Aladdin converting macro inputs into factor prices and portfolio outcomes.

Investment Opportunities

A significant range of investment opportunities exists across emerging market resilience infrastructure, including climate-resilient irrigation, improved seed varieties, and cold chain storage; watershed restoration and urban water systems; distributed solar and battery installations for manufacturing clusters; and healthcare and pandemic preparedness infrastructure.

These investments can be structured as syndicated or securitized loans, anchored by long-term power purchase agreements, regulated tariffs, and municipal payments. Risk management tools include catalytic capital, first-loss tranches, multilateral guarantees, and political risk insurance. Expected returns of 8–10% for senior tranches of de-risked projects are comparable to developed market infrastructure, with the added benefit of systemic risk reduction. Total investment needs are estimated at roughly \$1.6 trillion over twenty years, with about two-thirds funded from private capital, implying approximately \$50 billion annually.

Collective Action Challenges

Translating this opportunity into deployed capital faces significant collective action challenges rooted in circular dependencies: multilateral development banks require commitment from asset owners before building project preparation engines; asset owners require fund offerings before committing capital; and asset managers require asset owner mandates before creating funds.

Structural solutions discussed include the IFC Asset Management Company model, where institutions such as KIC and ADIA and the UNJSPF anchored the ALAC fund with over \$1 billion to participate in World Bank and IFC projects, and other aggregation platforms that consolidate smaller projects into investable vehicles. Greater MDB data transparency, including release of the GEMS database demonstrating that emerging market default rates are not materially different from developed markets, would also help address persistent misperceptions about credit risk in this asset class.

An additional barrier is the sovereign credit ceiling: even well-structured, de-risked projects are typically capped by the host country's sovereign credit rating, requiring enhanced risk-sharing and credit enhancement mechanisms beyond standard guarantees. The

roundtable also addressed the question of member choice — specifically whether funds should offer climate-hedged and non-climate-hedged portfolio options to accommodate diverse member preferences.

In the US, asset allocators could be vulnerable to legal risk if they offer climate hedged solutions to their savers. On the other hand, it was noted that under UK law, asset allocators are protected if a majority of savers support a given policy, even if full consensus is not reached. Emerging regulation may go further, with fiduciary duty potentially expanded to require proper accounting for systemic climate risk. In other words this could open the possibility that savers could take legal action against their state pension funds for inadequate climate risk management.

6. WMPF Customer Engagement Case Study, Shiventa Sivanesan, Director of Investment Management

Fund Profile

The West Midlands Pension Fund manages £23 billion in assets for over 360,000 scheme members spanning local authorities, educational institutions, housing associations, charities, and contracted workers. With more than 850 participating employers, the fund faces an unusually complex stakeholder landscape that makes customer engagement a significant and ongoing operational challenge.

Responsible Investment Framework

The fund's responsible investment activities are organized around five core aims with explicit underpinning beliefs: that fiduciary duty includes ESG integration, that engagement is generally preferable to divestment, that systemic risks are best addressed through collaboration, that impact investing should be intentional, and that equity, diversity, and inclusion should be incorporated into investment processes. The framework serves both as an internal challenge mechanism, holding the organization accountable to its commitments, and as an external communication tool for engaging employers and members.

Engagement Methods

The fund engages its employer base through annual meetings and mid-year reviews, with external speakers providing context and perspective. Member engagement forums are segmented by member type (active, deferred, and pensioners), creating more intimate dialogue and enabling meaningful consultation on policy changes. Roadshows bring the fund directly to large employers on-site, increasing accessibility and reach. The investment strategy statement is formally consulted with members and employers before finalization,

and feedback on technical language and priority areas is incorporated into the final document.

Member Survey Results

A member survey distributed to all registered members generated over 7,300 responses — just under 6% of those contacted, partly reflecting the fact that fewer than half of members had registered email addresses on file. The key finding was that responsible investment is broadly important to members, who generally support ESG integration, but that members have limited knowledge of what responsible investing means in practice and limited awareness of the fund's specific activities. Views were polarized: some members demand proactive climate action, while others insist that investment returns must not be compromised.

Communication Strategy Improvements

In response, the fund developed a communication strategy focused on making complex information accessible. This includes simplified summaries of lengthy technical reports, a communications guide for engaging different stakeholder types, and basic leaflets and roadshow flyers explaining the fund's responsible investing approach and rationale. Consistent emphasis on concrete investment examples helps members understand how their contributions are being deployed.

Upcoming Survey Refresh

The fund is preparing to refresh its member survey after approximately three years, with the aim of tracking trends and measuring the effectiveness of its communication improvements. It is also building an evidence base on controversial topics — such as fossil fuel investments and defense holdings — to inform committee deliberations. This work takes place against the backdrop of evolving UK regulation: the Department for Work and Pensions is considering changes to the fiduciary duty definition that would require pension funds to account for the positive environmental impact on members' retirement environment.

7. Quantitative ESG Research: Case Study

Methodology

One delegate discussed a quantitative approach to ESG investing focused on identifying specific, alpha-generating signals rather than applying broad ideological screens. The methodology involves analyzing a large set of ESG metrics individually, controlling for region, industry, and size (and other known factors), and classifying each metric as alpha positive, alpha negative, or alpha neutral. The key finding is that while ESG indicators in

aggregate may not be generically alpha positive, a specific subset demonstrates meaningful predictive power for investment returns.

Key Findings

As an illustrative example, companies within the same industry that have relatively low emissions have consistently outperformed higher-emission peers. This outperformance is not limited to energy-intensive sectors, suggesting that the relevant metrics serve as proxies for well-run, resource-efficient businesses more generally. The selected metrics are used as alpha signals rather than ideological screens — a distinction that allows the strategy to be implemented without reference to values-based mandates.

Implementation

The strategy has been running for over two years, with sector-neutral and country-neutral tilts toward alpha-positive ESG metrics, plus risk-controlled fundamental views of the portfolio manager. It has generated out-of-sample outperformance relative to equity benchmarks while maintaining appropriate risk controls. The strategy performed well during the period of the Iran attack, reflecting its well-balanced risk profile.

Supporting Analysis

Supporting analysis has tested whether predictive power derives from capital flows or company fundamentals (earnings), finding evidence that supports fundamental-based outperformance beyond simple price effects possibly due to capital flows. Metrics are kept objective and disaggregated, expressed, for example, as the percentage of female employees, rather than as a composite ESG score, to avoid the reliability problems associated with composite measures.

8. Discussion on Geopolitical and Policy Developments

UAE OPEC Exit

Delegates discussed the UAE's recent exit from OPEC and its implications for climate change policy. It was noted this potentially signals an accelerating transition away from fossil fuels and reflects concerns that oil demand will decline more rapidly than expected, perhaps within twenty years. These trends would result in a strategy to maximize current production and convert oil assets into financial assets providing greater flexibility and a stable source of consistent and higher long-term returns. The current struggle for control of the Hormuz strait only intensifies these concerns. The UAE's own energy policy seems to reinforces this conviction, as it is the only Middle Eastern country with four nuclear power plants, built with Korean technology, and the only country that now sources 30% of its energy from nuclear power despite being the world's third-largest oil producer.

Converting oil into financial assets

Kuwait was cited as an interesting case study of converting oil into financial assets. Analysis showed that financial asset returns, particularly in the tech sector, have far outpaced returns generated from incremental revenue on additional oil production over the last ten years. This supported a strategic shift toward maximizing extraction and converting proceeds into diversified financial investments. An investment in Samsung Electronics was cited as an instructive example. Purchased at 52,121 won in 2018, the price dropped sharply to 32,000 won before recovering and surging to 250,000 won recently. Currently, analysts now forecast a price target of 2 million won. Patient, conviction-based investing in financial securities can provide a much better source of returns over time.

US Policy Contradictions

Delegates noted that in the United States, the Trump administration's combination of high tariffs, aggressive domestic oil production targets, and climate change denial has produced a notable paradox: it has pushed oil prices higher in the near term while paradoxically accelerating the economics of renewables and electric vehicles, mostly to the benefit industries in other countries. One delegate talked about the tension of local politics in the US on climate change policy. For example, in states economically dependent on coal and fossil fuels, savers livelihoods are directly tied to industries that global climate policy seeks to curtail. This creates a genuine conflict between global environmental goals and local economic interests.

China and Nuclear Energy

Delegates noted that China and the UAE appear to have the most clear-eyed understanding of the energy transition challenges among major economies, with both investing heavily in diversification and low-carbon infrastructure. China and Russia have made significant advances in fast neutron reactor technology, which can burn conventional nuclear waste, reduce radioactive half-lives, and generate electricity, research paths that France and Germany abandoned in the face of domestic opposition. Germany's decision to close its nuclear plants is now widely regarded as both an economic and geopolitical mistake; the country currently sources approximately 60% of its electricity from France's nuclear grid.

9. Action Items

Max Messervy will be responsible for finalizing the details of the membership structure and pricing tiers for RAAI founding members. Pratyusha Joshi is completing the fourth RAAI Leaders List report for publication and dissemination. Scott Kalb and Paul O'Brien will refine the climate risk premium tool and portfolio optimization template for member access, and will circulate the presentation slides from the roundtable. Sahil Shah will gather indicative interest from allocators, specifying the data, analytics, and pipeline

information they would need to evaluate systemic resilience investments. The West Midlands team (Shiv) will complete the member survey refresh and analyze trends in responsible investing awareness and preferences on controversial topics. On the multilateral development bank side, the expectation is that project preparation and due diligence processes will be developed once sufficient signals of allocator interest have been received.

10. Open Questions

Two substantive open questions arose during the end discussion of the roundtable.

The first concerned how to engage fossil fuel-dependent countries on the long-term trajectory of the energy transition — specifically, the case that fossil fuels will increasingly function as materials feedstocks rather than primary energy sources within the next fifty years. The UAE’s OPEC exit offers a compelling real-world illustration: it demonstrates that at least one major producer has reached genuine conviction that the transition is accelerating. Analytical tools such as the RCAL climate scenario models enable objective, fact-based discussions about different oil consumption and price trajectories and their portfolio implications, replacing assertion with structured scenario analysis. The key is providing analytical frameworks that allow diverse stakeholders to evaluate possible outcomes across a range of scenarios rather than arguing from fixed positions.

The second question addressed how to avoid underexposure to positive growth shocks — such as the current AI investment cycle — while simultaneously building climate risk resilience into portfolios. The proposed approach is a measured increase in emerging market allocations (for example, from 4% to 7–8% overall, comparable in scale to a single large-cap technology stock position), rather than wholesale portfolio rebalancing. This should be in addition to a healthy exposure to technology in the portfolio. Granular, AI-assisted modeling at the sector and security level allows climate beta and AI beta to be identified and managed as distinct portfolio characteristics. As one participant observed, allocators can “walk and chew gum at the same time,” constructing portfolios that reflect informed views on each theme independently.



Building Climate Change Resiliency in Investment Portfolios for Lower Risk and Higher Returns

May 8, 2026 | 2:00 – 5:00 pm | Tower Suite, Landmark Hotel, London

ATTENDEE LIST

Mr. Everaldo Franca
Consultant & CEO of PPS Portfolio
ABRAAP
Brazil

Ms. Ingrid Albinsson
Vice Chairman of the Board
AP2
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Ms. Laureen Haygarth
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Mr. Kevin Chang
MD, Head of Quant Strategy
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Mr. Tom Attwoll (Virtual)
Senior Specialist - Asset Owner, Investment Practices
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Mr. Shiventa Sivanesan
Director of Investment Management and Stewardship
West Midlands Pension Fund
UK

Paul O'Brien (Virtual)
Former Deputy CIO, ADIA
Board Member, Wyoming Retirement System
Wilson, Wyoming

Photos



Global Government Funds Roundtable, London May 7 and 8, 2026



2025 RAAI Leaders List Award Winners. (l to R) Scott Kalb, RAAI, Laureen Haygarth, Caisse des Depots Group; Timothee Pasquier, La Caisse; Shiventa Sivanesan, WMPF; Pratyusha Joshi, RAAI



RAAI 12th Annual Roundtable. (L to R) Mr. Luis Claudio Levy Cardoso, Nuclear Institute, Brazil; Lucia Amaya Martinez, Candidate for Master of Philosophy in Development, Cambridge University, Columbia; Kevin Chang, Temasek, Singapore; Pratyusha Joshi, RAAI, India; Scott Kalb, RAAI, USA; Max Messervy, Oakledge Advisors, USA; Sahil Shah, Tipping Frontier, UK; Joe Cheung, HKMA, Hong Kong; Everaldo Franca, ABRAAP, Brazil



RAAI 12th Annual Roundtable: Pratyusha Joshi, RAAI, India; Kristian Flyvholm, ISI, Denmark; Laure Philippon, Share Action, UK; Joe Cheung, HKMA, Hongkong; Shiv Sivanesan, WMPF, UK; Sahil Shah, Tipping Frontier, UK; Everaldo Franca, ABRAAP, Brazil; Lucia Amaya Martinez, Candidate for Master of Philosophy in Development, Cambridge University, Columbia; Scott Kalb, RAAI, USA; Karina Luchinkina, Board Member, Mahistralni Gazoprovody of Ukraine; Mr. Andreas Ternevall, OMERS, Canada.