

NZAOA AGM 2024

Secretariat note summary

Day 1

Opening of the AGM

High Level Intervention

- The UN Secretary General highlighted the Alliance's success, urging members to prioritise NDCs, advance transition plans by COP30 and strengthen collective action.
- [Video Link](#)

Opening remarks

- The strength of the UN-convened Alliance was emphasised, bringing together experts across a range of finance and climate spaces, to drive global systemic change.
- The Alliance's commitment is rooted in the TSP, which has built credibility and trust over time. Further areas to continue exploring include AM engagement, private markets, regional developments, which can feed into wider real economy change.
- The world is moving towards net-zero capitalism, as the NZAOA continues partnerships with more institutions acting on climate change.

Setting the scene

- The AGM agenda was outlined. Day 1 intended to cover the NZAOA high-level strategy for Vision 2030 and value proposition. Day 2 was to translate the set strategy into specific work that the Alliance is placed to carry forward.

Insights on the latest climate science

Scientific Update

- Video provided a scientific consensus on net-zero and temperature outcomes, outlining different scenarios if global temperatures limited or exceeded 1.5C by 2100. It was emphasised that abrupt change and extreme ambition is still within reach.

Discussion: NZAOA's impact beyond investment portfolios

- Member discussion exploring how the Alliance can go beyond divestment/exclusion/engagement for real world change.
- Debate arose around investors' role to allocate capital and to continue decarbonising portfolios, while others argued for investors to focus on real world emission reduction.
- Common understanding was reached that the economy is misaligned. Members acknowledge that there are multiple ways to achieve decarbonisation, and the Alliance ultimately has shared goals.

NZAOA strategic direction – Vision 2030

NZAOA in the wider ecosystem

- The world is in a different place than it was five years ago. The emerging headwinds are a sign that we are doing something and creating change.
- We should focus on leveraging our influence and our members' actions are directly correlated to the impact we can achieve.
- The core value in the NZAOA is the leverage we have in expressing our collective voices of asset owners together as an alliance.
- Policy engagement is one of the levers we can use to focus our efforts on going forward – by creating a platform for knowledge-exchange on best practices among peers and through external speakers. The policy track can empower members to advise policymakers (including G7 governments) on ways to crowd in the private finance sector and decarbonize the economies. In addition, for effective engagement, commitment and actions need to come from the C-suite/principals level.
- Engagement with asset managers should continue to be emphasized among members. Materials on best practices are available through the Engagement Track. Members can rely on tools like InfluenceMap and collaboration with the wider financial ecosystem players such as insurers and banks to ensure investee companies follow through on their net zero commitments.

Regional perspectives and NZAOA's value proposition

Asia perspective

- To reduce emissions in Asia, we need to focus on Transition Finance. Coal remains necessary for energy security reasons.
- There is a lack of regional harmonization on regulations in reporting, deforestation, etc. Regional flexibility is desirable.
- To extend the membership, perhaps there could be a runway or a light version of the membership before an AO fully joins the Alliance.

European perspective

- There is a need to master new regulations, acknowledge the contingency and consequences, and bring more people to the table.
- Private assets in Europe call for engagement with asset managers individually and collectively. It is good to be decisive and create momentum, followed by engagement.

North American perspective

- Pension plans have different structures and models – in-house active management vs externally managed assets and operate in complicated political environments.
- Two out of the four largest oil and gas producers are US and Canada.
- Most Canadian investors have an approach to transition, while in the US, it is risky to make a statement to join the Alliance.

Africa perspective

- The focus for Africa should be on “solutions rather than mitigation”.
- Emission reduction is not the priority; Adaptation and economic development is.
- Some markets like Kenya and Nigeria made voluntary ESG disclosure guidelines beyond TCFD and GRI. Data availability is an issue.

Discussion on NZAOA’s value proposition

- The Alliance goal is to create a strategic angle on capital allocation and not become a compliance “tick-the-box” exercise.
- **Regionalization:** we need to respect regional differences, develop a more granular perspective of decarbonization in the emerging markets, and consider anchoring the TSP according to national pathways with a net zero target after 2050 (i.e., China, India)
- **Transition Finance:** when explained in the right way, it opens opportunities in terms of economic growth and job creation. Blended Finance is necessary to push for energy transition, especially in emerging markets.
- **Beyond decarbonization:** To focus on principles, and recognize investments made to scale the climate solutions
- **The four points on NZAOA value proposition:**
 - Meaningful investment strategies for real world impact (i.e., transition finance)
 - Best practices sharing and collaborations with relevant stakeholders
 - A unified voice for engagement
 - A credible voice on climate

Closing note and key actions

- While we anchor goals to global emissions reduction, we should also specify targets, communication and onboarding to cater to regional differences.
- Real-world impact can be fostered through collaboration. Growth needs to happen in those regions where most needed.
- Key actions:
 - Build on regionalization capabilities
 - Leverage on best practices and peer knowledge sharing
 - Develop in-house policy expertise
 - Communicate how the TSP can be utilized

Day 2

Welcome and Overview of the Day

- What was heard on Day 1 included a clear steer that NZAOA should remain a high mission alliance and that members are interested in affecting real-economy change. Internal topics of discussion include policy engagement, regionalisation (of both commitments and of activities), and transition finance.
- Principles for having a productive discussion were shared with members.

NZAOA Vision 2030

- What specific project are members excited to contribute towards over the next five years? TSP to embed flexibility and regional differentiation, defining NZAOA's collective voice on transition finance, asset manager assessments and systematic engagements, addressing the knowledge gap around green bond principles, mapping exercise of nature and biodiversity initiatives, engaging a wide group of stakeholders. Even more specific: organizing a conference with policymakers in Q1 2025 and adding Q&A feature to the Alliance's Extranet.

Policy, Engagement and TSP

Expanding Policy Engagement and COP 30

- Framing: member example with the following lessons. set clear objectives and find how they align with the government's goals, don't conduct one-time engagements and bring the global perspective and investor clout to the conversation.
- Key policy topics for members: renewable energy, tropical deforestation, blended finance, green growth, transition investing in emerging markets, turning NDCs into transition plans.
- Discussions on regional policy engagement: important to reach China/India; carbon pricing as a potential topic; and affecting change at sub-regional levels.
- Internal "policy": reducing the reporting burden for members (between PRI, NZAOA, and mandatory reporting) should be a priority. Filter public consultations to respond to.

Using Unique Levers for Engagement, With Asset Manager

- The NZAOA focuses on asset manager engagement because there are already corporate engagement initiatives on climate, there are limits to corporate in addressing systemic risks, and so there is a unique gap for collaborative asset owner–asset manager engagement in the field. "The Future of Investor Engagement" is the key publication.
- Key issues around engagement for the NZAOA: potential lack of credibility—both from lack of participation and lack of transparency/robustness around engagement target setting. Proposed potential solution: building in a link to net-zero engagement approach within Alliance member target setting and reporting.

- Key focus areas going forward for the Track will be: Sharpening collaborative asset manager engagement; Building out engagement models for private markets; Building up resources for members through the “engagement playbook” and workshops; Influencing and leading external asset manager evaluation and finalising the long-term interest paper
- Key questions for members to reflect on: (for asset owners with asset managers) What do you need to get involved?, What unique value could NZAOA add to your engagement approach if you do asset management in-house? How should NZAOA address the credibility gap in a practical and thoughtful way? What other approaches would you want to help champion within the engagement track?

A Stable and High Ambition TSP that Allows Regional Implementation

- TSP Flexibility and Compliance: “comply or explain” can be challenging; discussion on the proposal to set targets coverage based on the presence of an asset in a portfolio ($\pm 5\%$). Proposal to have a guidance document with high level overview and a detailed TSP document, almost in Q&A form. Developing specific strategies for high emitting assets and increasing clarity on potential requirement exceptions.
- ‘Comply or explain’ discussion: ‘Shall’ requirements should be systematically discussed in the member organisation. Members said the wording ‘comply or explain’ is suboptimal, but the intention is not strict adherence to the TSP but to develop solid reasoning for why one may not be able to ‘comply’ with all aspects. Some members find the ‘shall’ requirements in the TSP extremely useful to drive things forwards internally.
- Discussion around member scrutiny: members may lack government support and find themselves having to ‘explain’ themselves a lot, which might be injurious to their reputation. Should there be a minimum compliance threshold mechanism to address scrutiny risks?

Differentiating Expectations and Private Market Focus

Transition Finance and Sector Engagement

- Opening: Different initiatives have come up with varied frameworks for transition finance (and different coverage). The overlap with Alliance’s TSP is all implicit for now. Sector targets, specifically, need to be rendered more attractive. A question could be whether sector and climate solutions targets could be combined.
- Discussion: Most members agreed that there is a need for a distinction between financing companies in high emitting sectors and climate solutions investment. Target high-emitting sectors should still take into account differences in regions. Metrics are key: counting emissions for high-emitting sectors would miss the point; instead: governance, strategy and CAPEX. Important to also segregate between asset classes. Support for a narrower definition that focuses on products.

- Further discussion: support to turn the conversation back to risk and link the climate strategy to engagement teams. If purpose of transition finance is solutions, then use of proceeds is very relevant. Note on the importance on ratcheting up stringency/ambition for transition finance. Support for a principle-guided approach; flexible enough that different institutions could implement it (including asset managers). NZAOA should not develop a completely new framework (the aspiration is interoperability).

Private Markets Initial Work Report-Out

- Members need most help in funds rather than direct investment, more signatories have over +5% of allocation to funds in their portfolios
- Key challenges: blind pool funds; financial data availability and maturity/quality differences; difficult to get specific private market teams engaged; most GPs do not understand how 1.5 alignment would work in the context of their portfolios; LPs/GPs do not necessarily have the sufficient pipeline to develop new products.
- Needs: more information gathering exercises required; improving credibility of plans with GPs, NZAOA can provide a platform to facilitate asset owner-asset manager engagement and reduce need for ESG questionnaire. Work streams: target setting guidance and collaborative engagement track.

Climate Solutions - Exploring Innovative Approaches

- Members seek better clarification of what constitutes a climate solution, and what constitutes transition finance. Are they defined by sectors or activities, at firm/issuer level or asset/project level?
- Key challenges: clarifying climate solutions (Climate solutions can be a sub-set of transition finance, but not all transition finance is climate solutions), difficulty quantifying an ambitious yet realistic target
- Needs: more deep research dives into fair share (i.e., IEA) and total addressable market, clear definitions of private vs public finance to calculate the fair share, the need for knowledge building on investment financing needs by technology

Bringing the Work Forward

Report out from 6 topic discussions

Expanding policy engagement – position the Alliance as preferred partner in the regions for regulators and policy makers. What? Improving the wider architecture of public finance; NDC implementation, Interoperability of reporting frameworks **Who?** On the ground members to lead engagements and collaborate with the Policy, Fin, and Engagement Tracks **When?** First, looking at internal processes and links with external regulations; then engaging on 2025-2030 NDCs implementation; and engaging with international targets/architecture through events Bonn intersessionals and COP30

Pushing forward leadership on asset manager engagement covering private and listed assets

What? Move private markets industry to align with net-zero standards generally, not on a case by case basis **Who?** Engagement Track on asset manager engagement (mainly through funds) MRV Track revising content within TSP **When?** First, understand the right asks and issues; then, establishing clarity on targets; followed by setting guardrails for common vision; end goal: creating tools and questionnaires for members, refreshing call to action papers for operationalisation

Further refinement of TSP to facilitate regional implementation and more focus on transition financing in the TSP **What?** long term goal to have a solid approach in the TSP **Who?** Protocol working group within MRV **When?** Integrates in the next MRV track workplan; Included in next TSP (2026 Q1/Q2)

Expanding work on target setting and implementation for private markets (beyond asset manager engagement) **What?** Long terms: Provide clarity on target setting within MRV on direct investments and funds; Coordinate data collection. Short term: Survey members to scope focus and priorities, and integrate materiality; Webinars on existing frameworks for all members; leverage on existing data infrastructure and initiatives **Who?** Potential formation of MRV working group and working with other initiatives in the field **When?** Short term (6-12 months), Long term (12-28 months)

Initiating sectoral engagement with a clear link to “investible” NDCs and national sectorial pathways **What?** **Who?** Policy and Fin Track **When?** not a high priority for members relative to other topics

Expansion of work on transition finance and climate solutions to increase capital flows **What?** Five year objective: increasing capital flows to climate solutions and achieving real economy impact. Intermediate step: understanding key blockers investors are currently facing, plugging this into policy engagement and TSP. **Who?** FinTrack with links to policy. **When?** taking stock and mapping out available frameworks to leverage (six months); establishing common language/definitions (12 months); refine climate solutions within TSP (2 years); increasing NZAOA capital flows (five years)