



UN-convened Net-Zero Asset Owner Alliance

Annual General Meeting 2024

6–7 November 2024 | UN Palais des Nations

Agenda | Day 1

14:00–14:10 | Opening of the AGM: **UN Secretary-General António Guterres, Remco Fischer**

14:10–14:30 | Opening Remarks: **Günther Thallinger, and Jake Barnett**

14:30–15:00 | Insights on the latest science and the scientific consensus on net zero and temperature outcomes: **Jim Skea (IPCC)**

15:00–15:30 | NZAOA in the wider ecosystem: **David Atkin (PRI)**

15:30–16:00 | Coffee break

16:00–17:15 | Discussion on How NZAOA can best succeed and grow moving forward?
**Shinichiro Kashima (Nippon Life), Jean-Baptiste Tricot (AXA),
Bertrand Millot (CDPQ), Darron Scorgie (Old Mutual), Udo Riese (Allianz)**

17:15–17:45 | Closing note and key actions: **Eric Usher (UNEP FI)**

Agenda | Day 2

09:00–09:15 | Overview of the day: **Eric Usher (UNEP FI)**

09:15–10:30 | NZAOA Vision 2030: **Udo Riese (Allianz), Jake Barnett (Wespath)**

10:30–11:00 | Coffee Break

| **Policy, Engagement, and TSP: Bettina Reinboth (PRI)**

11:00–11:45 | Expanding Policy Engagement and COP 30: **Matt Holmes (Zurich)**

11:45–12:00 | Using Unique Levers for Engagement, with Asset Manager Focus:
Jake Barnett (Wespath)

12:00–12:30 | A Stable and High Ambition TSP that Allows Regional Implementation:
Jean-Francois Coppenolle (Aema)

12:30–13:45 | Lunch

Agenda | Day 2

| **Differentiating Expectations and Private Market Focus: Bettina Reinboth (PRI)**

14:00–14:45 | Transition Finance and Sector Engagement:
Udo Riese (Allianz), Bertrand Millot (CDPQ)

14:45–15:00 | Private Markets Initial Work Report-Out:
Sofia Bartholdy (Church Commissioners for England)

15:00–15:30 | Climate Solutions - Exploring Innovative Approaches:
Danielle Brassel (Zurich), Anne de Clermont (AXA)

15:30–16:00 | Coffee Break

16:00–17:45 | Bringing the Work Forward: **Udo Riese (Allianz), Jake Barnett (Wespath)**

17:45–17:50 | Closing Remarks: **Bettina Reinboth (PRI)**

Opening

Eric Usher (UNEP FI)

NZAOA Vision 2030 Discussion – Morning session

1. Write one sentence answering the following question:
What specific project did you come into this AGM or hear about yesterday that you are excited to contribute to over the next five years? (3min)
2. **Everyone read out their sentence in the small group.**
3. **Discuss as a group where you see similarities and differences.**
4. **Report out to bis group (2min)**

SG inputs for NZAOA value proposition over the next 5 years

The Alliance:

1. Gives members a feasible, credible and high-ambition framework for investment strategies that demonstrably support and catalyse economic decarbonisation
2. Provides members with a forum to learn from, engage and co-create with likeminded peers worldwide, on the regional contexts, risks, opportunities and avenues to economic decarbonisation
3. Gives members a unified voice to engage with relevant stakeholders
4. Enables members to showcase their leadership and credibility in this space

Topics for today

- 1) Expanding policy engagement – position AOA as preferred partner in the regions for regulators and policy makers
- 2) Pushing forward leadership on asset manager engagement covering private and listed
- 3) Further refinement of TSP to facilitate regional implementation and more focus on transition financing in the TSP
- 4) Initiating sectoral engagement with a clear link to “investible” NDCs and national sectorial pathways
- 5) Expanding work on target setting and implementation for private markets (beyond asset manager engagement)
- 6) Expansion of work on transition finance and climate solutions to increase capital flows

10:30 – 11:00

Coffee Break

Expanding policy engagement and COP30

Matt Holmes (Zurich)

Questions for 2025

- 1. What are the policy topics that AO should be engaged in / active on in the run up to COP 30?**
- 2. What content / material do we need to be able to engage on those topics?**
- 3. How do we broaden out the geographic/range of policymaker engagement?**

Using Unique Levers for Engagement, With Asset Manager Focus

Jake Barnett (Wespath)

Rationale for Focus on Asset Manager Engagement

Existing collaborative corporate engagement



Corporate engagement limits to addressing systemic risks

No existing model for collaborative asset owner-manager engagement

Theory of Change for Asset Manager Engagement

Role of the Net-Zero Asset Owner Alliance

Develop Best-Practices



Develop and discuss internally



Vet with broader investor community



Solicit feedback from NGO and civil society

Publish Best-Practices



Proxy Voting (Complete)



Climate Policy Engagement (Complete)



Engagement Expectations (Aim for Q3/4)

Envisioned Outcomes



Invisible hand in SAM of AMs



Market Expectations of AM's Shift



Climate Policy Alignment Improves

Role of Asset Owners

Act on Accountability

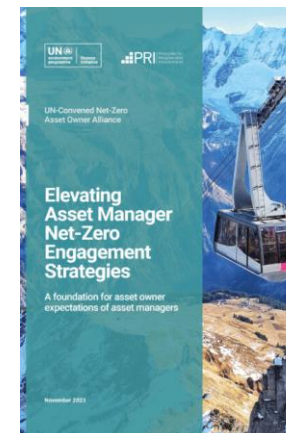
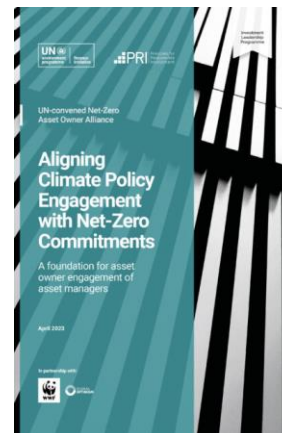
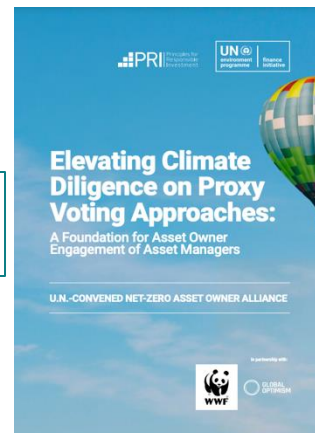
2022-2023 Publications

Foundational Document Informs 3 Sets of Best-Practices for Asset Owner-Manager Engagement

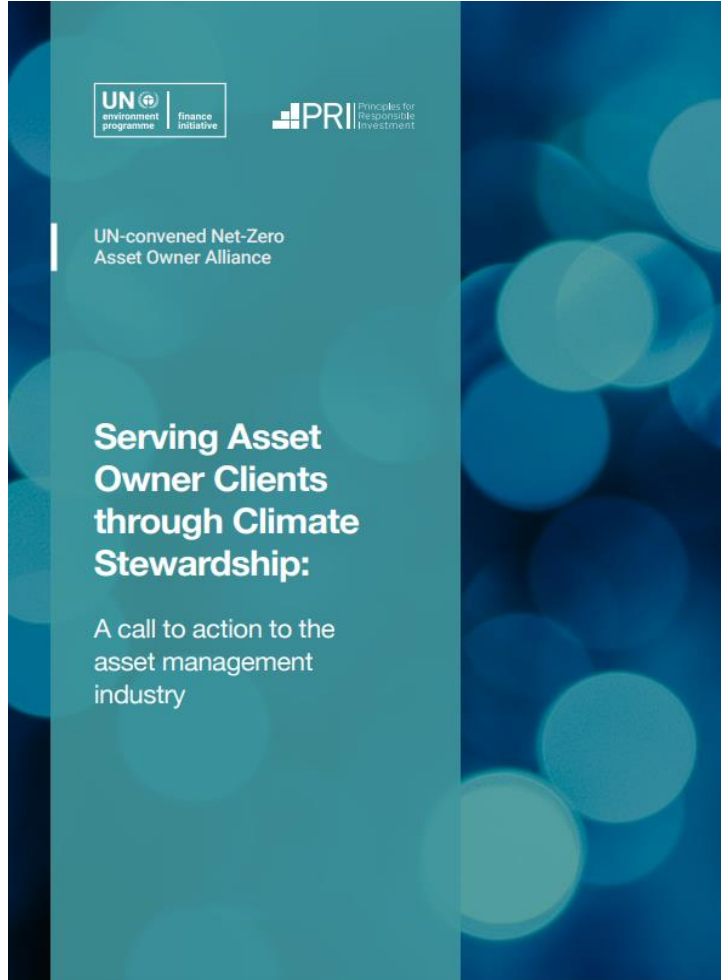
Foundational document:



Best practices guidelines:



Call to Action Published February 2024



Key messages to asset managers

- Address systemic climate risk
- Demonstrate how your aligning with asset owner's long-term interests
- This is smart long-term positioning for working with climate-concerned asset owners

Anecdotal Evidence of Influence and Leadership

Public Discourse

- Presentations and interviews, citations in shareholder resolutions, journalist articles

Peer Asset Owners

- Inclusion in trade association best-practices, reference in other asset-owner led best-practices

Asset Manager Community

- Best-practices alignment amidst some asset managers, sharpening model of collaborative asset manager engagement, useful signal for asset managers receiving ESG-pushback

AOA Membership

- Best-practices readymade for integration into SAM processes, asset manager communication and expectations, participation in Engagement Track

Looking Forward

1. Addressing Potential Credibility Gap
2. Key Focus Areas
3. Questions- Discussion or Take-Away

NZAOA Engagement Approach

Addressing Potential Credibility Gap

Credibility gap on NZAOA engagement targets

- Engagement is mandatory lever and central to NZAOA Theory of Change
- It is not supported by any type of verifiable target setting or transparent reporting

Potential Solution

- Build link to net-zero engagement approach in target setting and reporting approach
 - Can include links to existing resources for members with existing reports that cover engagement approach
 - If engagement approach emergent, assistance from Secretariat and peers to develop

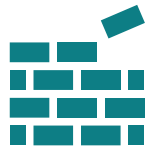
Key Focus Areas



Continuing to sharpen collaborative asset manager engagement



Building out engagement model in private markets



Strengthen resources to help NZAOA members refine and develop engagement approach- “engagement playbook” and workshops



Explore opportunities to continue to influence and lead- ex. asset manager evaluation and long-term interests paper

Questions- For Discussion and Take-Away

- **Asset Owners with Asset Managers:** What do you need to get involved?
To get direct contacts of asset managers at your org. involved?
- **Asset Owners Managing In-House:** What unique value could NZAOA add to your engagement approach?
- **Addressing Credibility Gap Thoughtfully:** How to address in practical and thoughtful way?
- **New Approaches with New Champions:** What other approaches would you want to help champion within the engagement track?

A Stable and High Ambition TSP that
Allows Regional Implementation

Jean-Francois Coppenolle (Aema)

Key concepts of TSP

- The basics : ‘Shall’ is binding whereas ‘should’ is strongly recommended
 - TSP V4: 188 ‘shall’ vs 157 ‘should’
 - Background document: 18 ‘shall’ vs 45 ‘should’
- However, TSP is scientific based and relies on key requirements that all AOs are expected to apply but allow for flexibility recognizing that:
 - AOs are at different stage of their NZ journey
 - AOs have different set of liabilities constraints
 - AOs have different investment opportunities
 - AOs decarbonization pathways may differ by region
- Therefore, ‘Follow the guidance or Explain’ is the rule (and not an exemption!) :
“Alliance members shall set targets based on the criteria outlined in this Target-Setting Protocol and shall explain any necessary deviations. »

Areas of flexibility included in the TSP

Subportfolio

- When selected, requires members to place emissions reductions targets on asset classes as per Phase In Table (as methodologies and data become available)

- Includes separate 'carve out' emissions reporting for high emitting assets with transition plan (TSP V1)

- Comply or explain available when data or other barriers exist

- Possibility of diverging and catching up

- Materiality threshold

Financing / Climate Solutions Investments

- Requires tracking of CSI amounts (variety of sectors and asset classes)

- Expects increase in climate solutions investment amounts

- Green activities (taxonomy aligned, etc.)

- TSP encourages Carbon Removals investment reporting as 'dual target' as reported in Fin Track tab

Sector Targets

- Physical intensity Targets recommended wherever possible
- Economic intensity targets allowable as needed

- Covers hard to abate sectors
- Use of variety of pathways, comply and explain use of National Pathways encouraged/foreseen esp. as more sector-level national pathways become available!

- Non covered priority sectors can be explained

Engagement

Asset Manager Engagement (*especially private assets)

Corporate Engagement encouraged, especially through CA100+

Sovereign engagement potentially foreseen (tbd)

Indicates potentially lesser-known mechanisms

How to use carve out

T102.

A note on high-emitting assets to be decommissioned (i.e. “managed phase out”)

Dedicated “phase-out” strategies of high-emitting assets, aligned with no or limited overshoot 1.5°C pathways, are supported by the Alliance. In cases where Alliance members hold or buy assets that are emission intense or in hard-to-abate sectors but have a well-defined strategy to decarbonise these assets, sub-portfolio targets may be adjusted according to these additional exposures. Adjustments can thus reflect the fact that the reduction of industrial emissions of this nature may be slower than the trajectories used to set portfolio-wide targets (which are sector agnostic planetary averages). Members **shall** transparently explain how they will integrate such phase-out strategies in their sub-portfolio targets.

Working days to submission -107								Absolute Finance (for purposes of)					
								Financed GHG Emissions ()					
	Sum of all asset classes should be equal to Total AUM		AUM Covered by Pledge (Mn USD)		AUM Covered by Subportfolio Target (Mn USD)		Automated Calculated AUM Coverage						
Please convert from domestic currency to US\$m as of Dec 31 2023		Does your organisation have exposure to the asset class?	31.12.2023	Does your organisation set a sub-portfolio target on the asset class?	31.12.2023	Percentage	Explanation	Base Year for subportfolio targets	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022
Transition Finance Co2	All asset classes	This optional row pertains to investments made under page 39 of the TSP V3 (high emitting assets purchased with the intention of decarbonising them which can be subtracted from total overall emissions).											

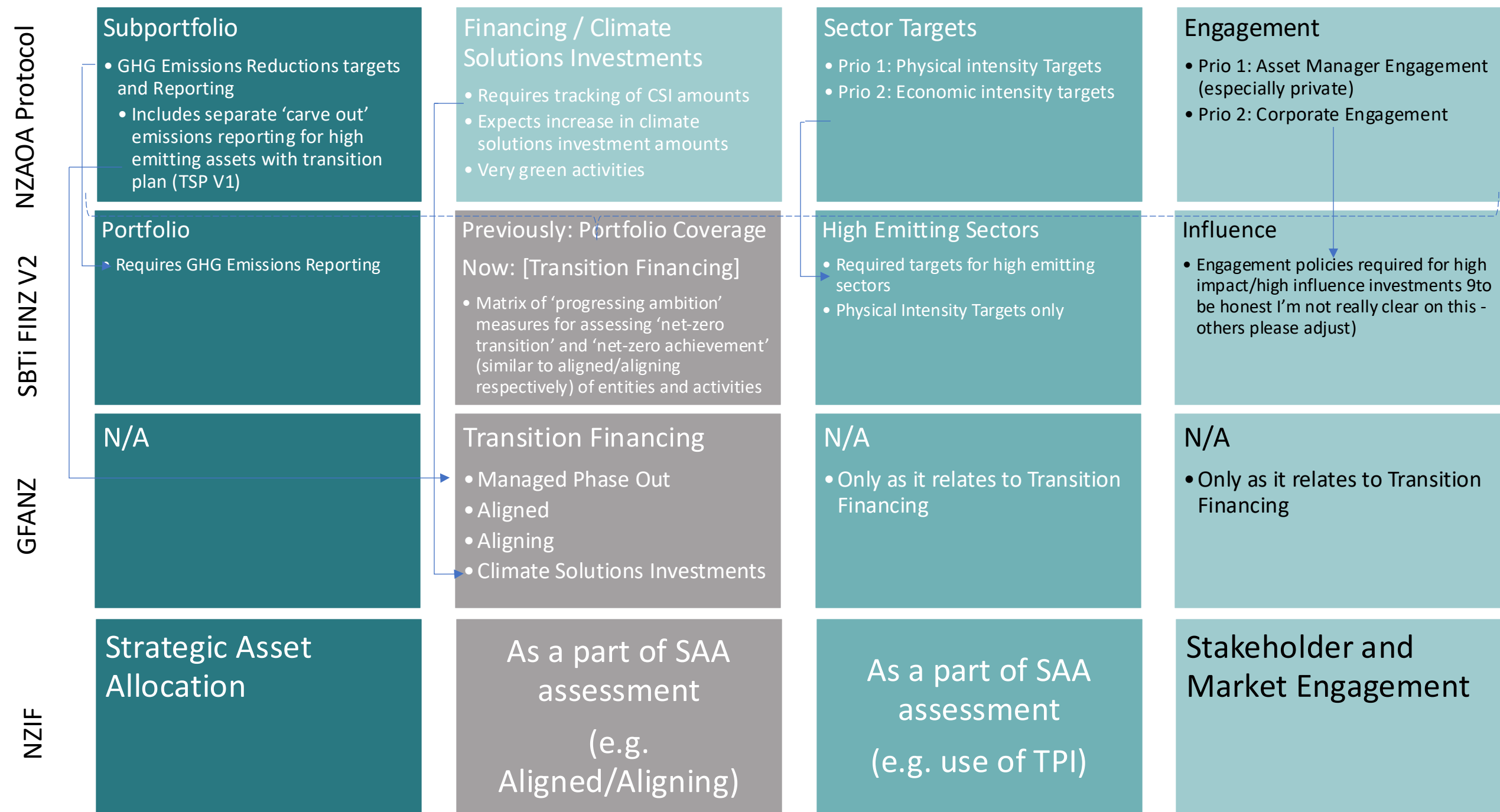
12:30 – 14:00

Group Photo and Lunch

Transition Finance and Sector Engagement

Bertrand Millot (CDPQ)

Udo Riese (Allianz)



—▶ Direct link - - - - -▶ Indirect link

*GFANZ, IIGCC uses of Aligned/Aligning differ

Overlap with TSP

- a. Sector targets – all companies in a sector need to have a credible transition plan, gradually phase-in possible [Some companies will be more aligned than others, sector benchmarks tell us how much]
- b. Financing Transition – obviously already by name covers ‘climate solutions’, but it is much a broader term
- c. Sub-portfolio targets – credible transition plan means reducing emissions in line with given scenarios
- d. Company engagement on climate can be phrased as “Please establish a credible transition plan”

Transition Finance

1) Transition Finance and target setting

- i. Do we agree on “transition finance = financing companies with a credible transition plan”
- ii. Do we need shades of grey? Ambition and credibility can vary à 2 dimensions
- iii. Do we need an own AOA view what a credible transition plan is?
- iv. Do we need to change the TSP? How? Can we combine it with a review of sector targets?

2) Fostering transition finance instruments and capital flows into transition finance – ideas?

- a. Transition finance via green bonds
- b.

Options on Advancing AOA treatment of “Transition Finance”

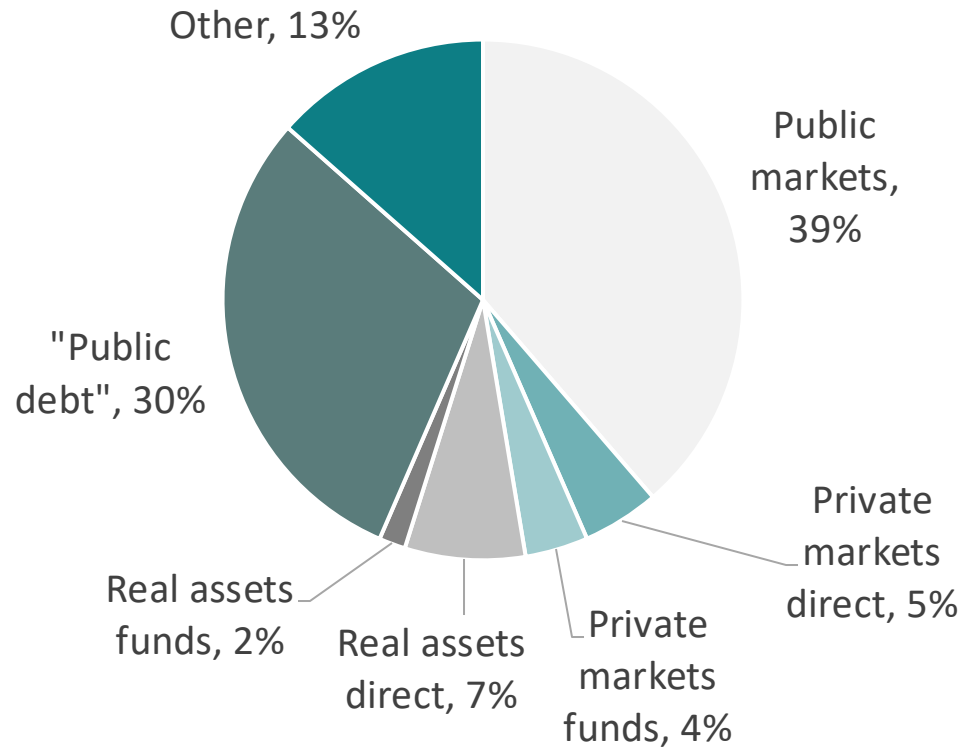
- a. Why is Transition Finance important? What do we want to accomplish with TF? How should reporting on TF be carried out (in addition to what already exists)?
- b. Is the climate solutions, sector (aligned/aligning) and portfolio carve outs for high emitting (MPO) enough?
- c. Can it cut across fitting into AOA’s existing 4 buckets? Is it a part of Sector approach? Is it in addition to deep green under Transition Financing approach? Does it need to be stand-alone?
- d. Can we simply refer to existing frameworks? SBTi, GFANZ, NZIF, TPI, ICMA, Sustainability Linked Bonds, Taxonomies, Government Sector Roadmaps
- e. Do we want to give credit for imperfect ambition levels? (Gold = 1.5, silver wb2d, bronze= 2° or much better than peer group)
- f. Track record on decarb to be included? – We do not start in year 2025 with climate discussions

Private Markets Initial Work Report-Out

**Sofia Bartholdy (Church
Commissioners of England)**

Private markets – a focus on funds

NZAOA signatory AUM per asset class



18 signatories have more than 5% allocation to direct private markets.

37 signatories have more than 5% allocation to private markets through funds – 16 members have +10% exposure.

Key considerations

Setting and implementing targets:

- Targets for private markets funds is in scope from FY2026.
- Questions about how to incorporate net zero in selection, appointment and monitoring.

Key challenges:

- Setting targets for blind pool funds
- Data availability and maturity of different parts of the portfolio

PRI in Person LP-GP discussion side event

Key take-aways:

- LPs need to be asking GPs about climate at a strategic level – link to value creation / ROI
- Needs to be flexibility for implementation within certain guardrails of convergence – principles-based rather than prescriptive
- Standardisation of data and resources / leveraging existing frameworks – PMDR and EDCI are emerging as most commonly used
- Higher barrier to public announcements and reporting when data quality is not clear
- This conversation needs to happen in deals teams, IR teams, etc. and the effort needs to be sustained and consistent, buy-in and messaging across the board

Questions for discussion

Have you started working on private markets?

What are your main challenges?

How could NZAOA best support you?

Next Steps

Target-setting guidance:

- Private markets work in Protocol WG in the MRV track

Collaborative engagement:

- Engaging private markets managers in Engagement track

Let the Secretariat know if you want to be part of one or both of the workstreams!

Climate Solutions - Exploring Innovative Approaches

Anne de Clermont (AXA)
Danielle Brassel (Zurich)

Agenda

- 1. Introduction 5'**
- 2. Discussion 25'**
 - Green Bond Focus (Collaboration & Reporting) 10'**
 - Financing the transition (CSI vs Transition Financing) 15'**
- 3. Summary and closing remarks 5'**

Poll

1. Is the majority of your reported AUM for Climate Investment Solutions in private or public assets?
 - a) Private assets
 - b) Listed (public) assets
 - c) N/A, not reporting

Poll

2. Excluding real estate, which asset class is the largest contribution to Climate Solutions Investments?
 - a) Public equity and debt
 - b) Private equity/credit direct investment
 - c) Private equity/credit through funds
 - d) Private infrastructure direct investment
 - e) Private infrastructure through funds

Poll

3. If you classify Green Bonds as Climate Investment Solutions, which frameworks are you using to define/ verify them?

Key Findings from Progress Report 2024

	USD billion	No. of members with CSI targets	Members' total AuM (USD bn)	Share of CSI
Dec 2020	87	17	2,120	4.1%
Dec 2021	253	15	6,155	4.1%
Dec 2022	380	68	8,262	4.6%
Dec 2023	555	81	9,227	6.0%

Figure 7: Growth in the Alliance members' climate solutions investments since 2020

Key Findings from Progress Report 2024

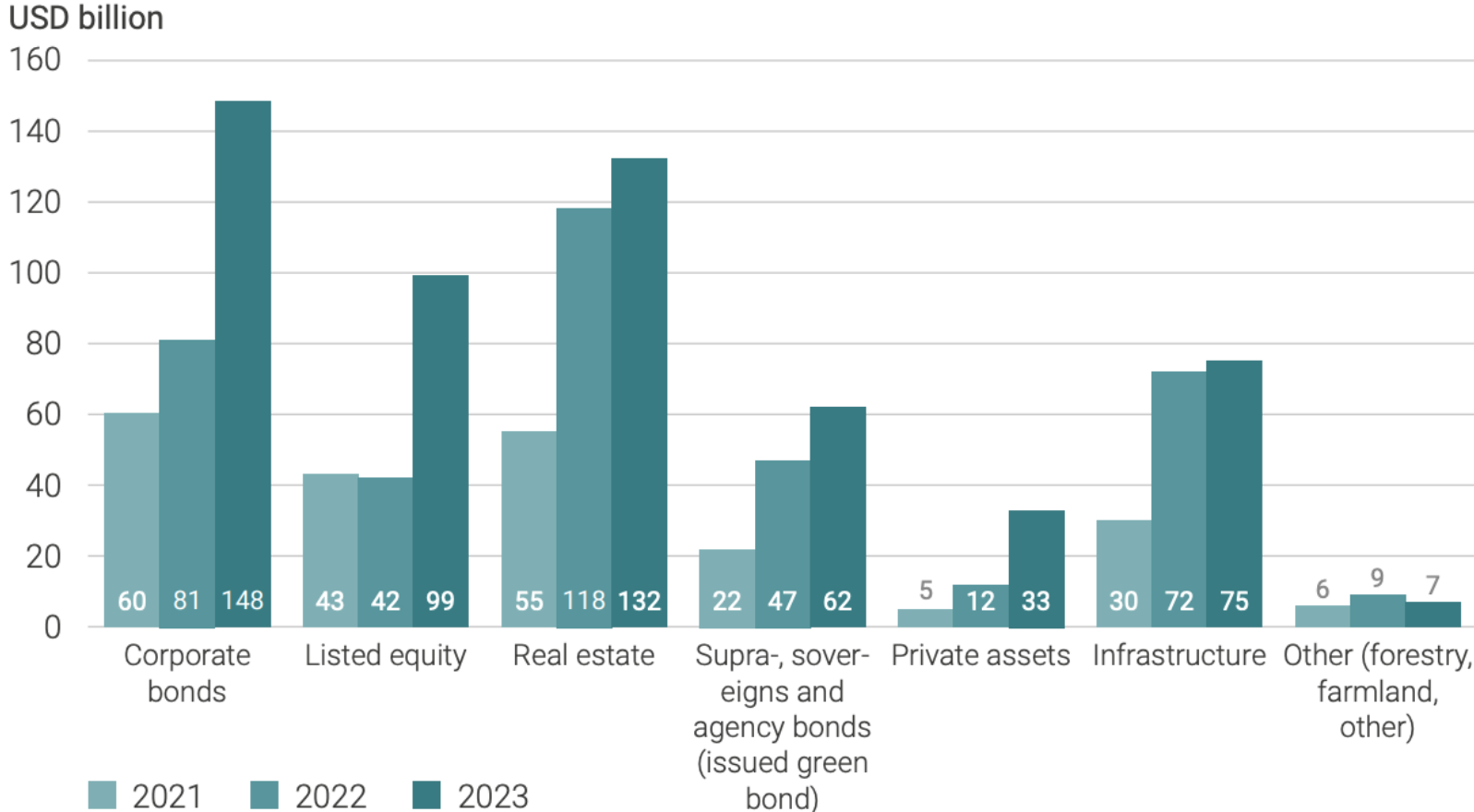


Figure 8: Spread of members' climate solutions investments across asset classes⁸

Key Findings from Progress Report 2024

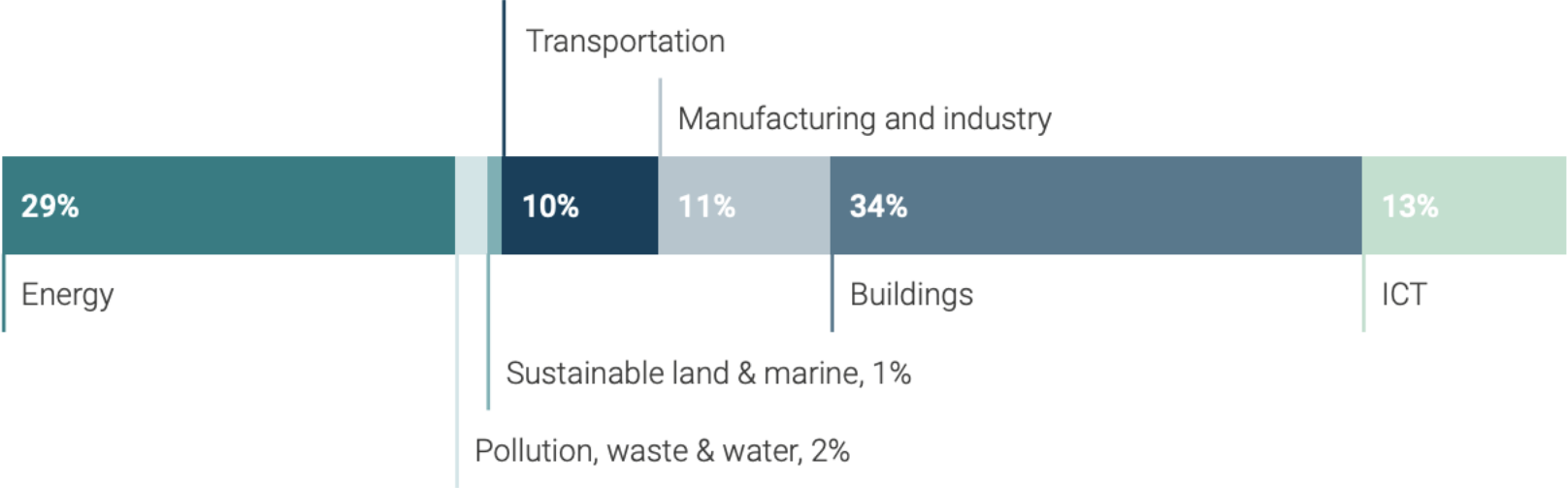


Figure 9: Percentage distribution of 2024 climate solution investments per sector¹¹

Initial Reactions to the TSP Scientific Review

- To reposition CSI reporting to communicate the positive impact achieved / in case studies
- Distinguish climate solution vs transition finance, and if we need a 5th Transition target for investing in brown-to-green assets

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3. **Summary and closing remarks** 5'

Green Bond Focus (Collaboration)

Discussion point 1:

What are some of the data challenges faced when reporting Climate Investment Solutions using recognized frameworks, such as CBI or ICMA Green Bonds Principles (or equivalent LMA Green Loan Principles)?

Prompts:

- Which data providers are you currently using?
- What challenges do you encounter with data?
- What kind of information (qualitative and/or quantitative) do you wish to see more of?
- What kind of information (qualitative and/or quantitative) do you wish to see less of?

Green Bond Focus (Reporting)

Discussion point 2:

For CSI Reporting to NZAOA, will a harmonization of the revised reporting template to existing use of proceeds categories found in ICMA Green Bond Principles, LMA Green Loan Principles, and Climate Bond Initiative's Sector Criteria (or equivalent) simplify reporting for you?

Prompts:

- Which framework are you already using?
- What emission-related data points can you retrieve with your existing database?
- What categories/dichotomies can you currently split your CSI into? (eg. climate mitigation vs climate adaptation, green vs transition)
- How are you thinking of demonstrating the positive impact of these assets? Are you able to report impact metrics?

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Financing the transition (CSI vs Transition Financing)

Discussion point 1:

Asset Owners finance not only CSI but also transition finance (financing companies transition to more sustainable practices), do we extend the transition financing chapter by including this topic more clearly?

Prompts:

- Do we complement the CSI topic with a specific point on the transition financing in the TSP?
- Do we consider sustainable investments in the Transition financing? Such as JETp financing, blended finance, other innovative structures

Financing the transition (CSI vs Transition Financing)

Discussion point 2:

What are your views on rolling out reporting and quantitative target-setting requirements for “Transition Financing” in the next 3-5 years?

Prompts:

- Are members ready to report on the financing the transition?
- Are members ready to set quantitative targets on financing the transition?

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15:30 – 16:00

Coffee Break

Bringing the work forward

Udo Riese (Allianz)

Jake Barnett (Wespath)

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NZAOA vision 2030

Facilitation: Jake Barnett & Udo Riese

Closing remarks

Bettina Reinhold (PRI)