

NZAOA AGM Outcomes Document

Summary: The Net-Zero Asset Owner Alliance (NZAOA) Annual General Meeting contained extensive valuable discussion on multiple topics, with full notes from the AGM available upon request to NZAOA members from the Secretariat. Analysing the discussion, key outcomes identified by the Secretariat and SG Reps were:

- 1) An agreement on the overall value proposition of the NZAOA
- 2) Identification of key strategic topics to be taken up as we move towards 2030 target
- 3) Specific projects to be taken up by work leads as 2025 work plans are developed.

Value Proposition: The SG Reps prepared a value proposition that was shared with AGM attendees for review and discussion. The result of that discussion was the below value proposition, which can be considered the shortened “pitch” for the NZAOA to different stakeholders both internal and external.

- a) Gives members a feasible, credible and high-ambition framework for investment strategies that demonstrably support and catalyse economic decarbonization.
- b) 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 decarbonization.
- c) Gives members a louder unified voice to engage with relevant stakeholders.
- d) Enables members to showcase their leadership and credibility in this space.

Strategic Topics: Throughout days 1 and 2, there was extensive conversation covering challenges and opportunities associated with multiple strategic topics. Some highlights of those discussions that the NZAOA will continue to discuss as SG Reps, track leads, and broader membership are:

a) How to Support “Real-World” Decarbonization

There was strong support for further strengthening the NZAOA’s focus and support of real world decarbonization. This includes building on the credibility and trust built in the last five years to influence and message to different stakeholders on the importance of action to move toward net-zero. There was recognition that this likely requires Principals activating broader organizational resources and a continued generation of buy-in and commitment of resourcing from NZAOA members. There was also some discussion of the complexities of supporting this decarbonization, which included conversation on:

- i. There is an unresolved question on how to drive real world decarbonization. Members recognize that a pure portfolio decarbonization will not necessarily lead to changes in the real world. Such an effect would require a lot more AuM, and a concerted and long-lasting campaign to divest from certain activities.
- ii. Members discussed that a different approach to real world decarbonisation may lie in the “net-zero alignment” of investee companies and portfolios. Rather than basing investment decisions on current emissions, a credible transition plan of companies can be a

strong indicator of future emission reductions and offers a topic to engage companies and AMs on.

b) Regionalization, TSP, and Recruitment

- i. The regional perspectives shared by SG reps emphasized the need for nuance on multiple topics including transition finance, adaptation and solutions-oriented financing, and recognition of different regulatory and policy perspectives. Such a regionally differentiated approach is also embedded in the Paris Agreement (“common but differentiated responsibilities”). This conversation was reinforced in future conversations related to the TSP which included calls for flexibility in the TSP plus (1) targeted enhancements of the TSP (e.g., clarifying the inaccessibility of a “follow the guidance OR explain” model to a more inclusive and realistic “follow the guidance AND explain” framing that encourages explanation) and, (2) complementing of the TSP with suitable extensions (e.g., conditional target setting) while keeping the overall ambition.
- ii. The second point was discussed as a potential to help recruitment in North America, Asia and Africa is needed in the next 5 years. It was also stated that this recruitment needs peer to peer engagement (best conducted by principals supported by their teams to explain details).

c) Policy Engagement

The broader group recognized that policy changes are key for global decarbonization and that the NZAOA should explore how to strategically be more active in policy maker/regulator engagement. There was also a caution from members relating to being mindful of sensitivities particularly with regards to the perception of involvement in policies of democratically elected governments. It was generally understood that effective policy work needs senior management involvement, including driving consensus across teams like public affairs in member organizations.

d) Engagement

There was general support for the asset manager engagement work of the Engagement Track, with an emphasis on expanding engagement efforts in private markets.

e) Transition Finance

There was an interest in transition finance which included a desire to further define shared terms, with differentiation between finance intended to actively support solutions-focused investments (climate solutions), finance intended to support just transition especially in emerging markets (just transition finance), and investments with assets with higher current emissions with which we can engage to encourage transition to a lower emission future (hard to abate finance). Both approaches were generally supported, with a desire for development of frameworks and terminology that build on external frameworks and facilitate collaboration.

Specific Projects: At the end of the AGM, we challenged members to discuss a specific area of greatest interest with the task of identifying specific “Who, What, By-When” that would inform workflow for the coming years.

- 1) 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 intersessional and COP30

- 2) Asset Manager Engagement- Pushing forward leadership on asset manager engagement, with specific focus on strengthening private markets engagement.
 - **What?** Move private markets industry to align with net-zero standards generally, not on a case-to-case manager engagement basis.
 - **Who?** Engagement Track work on asset manager engagement with a focus primarily on fund investing and in collaboration with MRV Track work on TSP
 - **When?** In first half of year 2025 work on understanding the right asks and issues then establishing clarity on targets. Based on vision, work over next 1-2 years on creating tools and questionnaires for members, refreshing call to action papers.

- 3) TSP Refinement- Facilitate regional implementation and more focus on transition financing in the TSP
 - **What?** Long-term goal is to have a solid approach in the TSP, with clearer definitions of transition finance as described above helping to guide this focus.
 - **Who?** Protocol Working Group within MRV.
 - **When?** Integrates in the next MRV track workplan; Included in next TSP (latest 2026 Q1/Q2).

- 4) Private Markets- Expanding work on target setting and implementation for private markets (beyond asset manager engagement)
 - **What?** Long term- 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? (to be clarified)** Potential formation of MRV working group and working with other initiatives in the field, including collaboration with engagement track.
 - **When?** Short term (6-12 months), Long term (12-28 months)

- 5) Transition Finance- Expansion of work on transition finance and climate solutions to increase capital flows
 - **What?** Five-year objective: increasing capital flows to climate solutions and transition finance in order to achieve real economy impact. Intermediate step: understanding key blockers investors are currently facing, plugging this into policy engagement and TSP.
 - **Who? (to be clarified)** 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)
- 6) Sector Targets- Initiating sectoral engagement with a clear link to “investible” NDCs and national sectorial pathways
- **N/A:** This topic was not self-selected by members so was deemed not to be a high priority for members relative to other topics

Next-Steps: As we look ahead to next-steps, it will be important to consider how to move this work forward as a collaborative building on the momentum from the AGM. Some distinct take-aways for this work not contained above include:

1. Integration Into Work-Plans: Track leads and the SG Reps will work to integrate the insights from the AGM into work-plans for 2025.
2. Explore Opportunities to Re-Structure Work: There are some areas where it may make sense to restructure tracks- for example in re-thinking how to clarify “Transition Finance” and where it sits within the NZAOA work. These topics will be taken up by SG Reps in the new year.
3. Activating Entire Organization and Recruitment: This is a remit primarily of the principals of the organization and will be taken up by the SG Principals in the new year.
4. Exploring Opportunistic In-Person Gatherings: There was a wide-spread appreciation for the value of this in-person gathering. There was strong interest in taking advantage of opportunities for ad-hoc gatherings as side-events at conference. The Secretariat will help support this function.
5. Continuing AGM Gatherings: In closing, there was strong interest in repeating this more in-depth AGM gathering. This might not be possible every year but should happen no longer than every two years.