

Alliance Financing Transition Track

All members call

UN-CONVENED NET-ZERO ASSET OWNER ALLIANCE

17th of March 2021



AGENDA

1. **Presentation Respira** (30 minutes incl. Q&A)
2. **Sub Tracks Update**
 - I. **Vehicles/Instruments** (15 min, Lucie, Marc, Jan)
 - Blended Finance Call to Action to Asset Managers – Responses and next steps (Lucie)
 - Taskforce for Scaling Voluntary Carbon Markets (Marc)
 - Carbon Removal Instruments – brief update (Jan)
 - II. **Target Setting/Reporting** (10 min. Rebecca / Aaron)
 - (Principle based) Climate Solution Investment Reporting - Guidance
 - Workshop together with MRV Reporting Track
 - III. **Sectors/Asset Classes** (5 min. Sona)
 - Tender for a Digital Round Map – for climate solution investments
 - Sector / Asset Class Roundtables

RESPIRA



Presentation by Will Close-Brooks, Respira

AGENDA

1. Presentation Respira

2. **Sub Tracks Update**

I. Vehicles/Instruments

- **Blended Finance Call to Action to Asset Managers – Responses and next steps**
- **Taskforce for Scaling Voluntary Carbon Markets**
- **Carbon Removal Instruments – brief update**

II. Target Setting/Reporting

- (Principle based) Climate Solution Investment Reporting - Guidance
- Workshop together with MRV Reporting Track

III. Sectors/Asset Classes

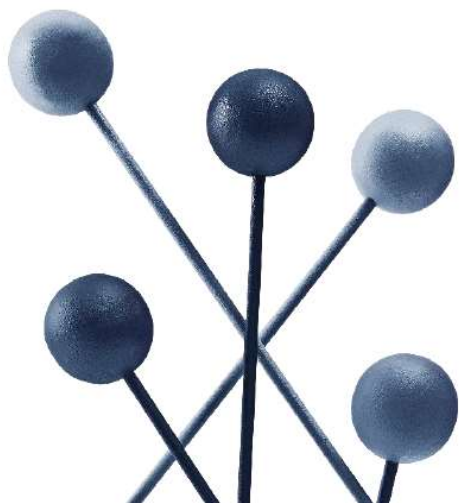
- Tender for a Digital Round Map – for climate solution investments
- Sector / Asset Class Roundtables

BLENDING FINANCE VEHICLE – CALL TO ACTION TO ASSET MANAGERS

- For now five responses
- Many other additional requests
- Evaluation template developed
- Blended Finance Team will now evaluate the responses
- The team will get back to the asset managers to discuss next steps

TASKFORCE FOR SCALING VOLUNTARY CARBON MARKETS

- Brief update



Taskforce on Scaling Voluntary Carbon Markets

Governance Working Group

Session 1, 9 March 2021

CARBON REMOVAL INSTRUMENTS

Assessment on Carbon removal instruments

- Assess pros/cons with respect to **economics (risk/return)** but also with respect to effective **carbon removal / permanence**
- **Instruments** (draft assessment – work in progress)
 1. **Cost Curve of Removal and Sequestration instruments**
 2. **New Business Models**
 3. **Assess the various instruments**
 - Buy Certificates
 - Direct investment in commodity – nature based solutions
 - Direct investment negative emission technologies
 - Synthetic Index

AGENDA

1. Presentation Respira

2. **Sub Tracks Update**

I. Vehicles/Instruments

- Blended Finance Call to Action to Asset Managers – Responses and next steps
- Taskforce for Scaling Voluntary Carbon Markets
- Carbon Removal Instruments – brief update

II. **Target Setting/Reporting**

- **(Principle based) Climate Solution Investment Reporting - Guidance**
- **Workshop together with MRV Reporting Track**

III. Sectors/Asset Classes

- Tender for a Digital Round Map – for climate solution investments
- Sector / Asset Class Roundtables

PRINCIPLE BASED CLIMATE SOLUTION INVESTMENT REPORTING

Status of Discussion:

The Sub Track is working on **guiding principles** – see current agenda proposal (draft document see UNEPFI Extranet), including planned deadlines:

1. **Executive Summary** – Guidance to AOs how to use these Principles and this Booklet (end of May)
2. **Comparison and assessment** – of Principles/Standards (mid of April) – **NEW**
3. **Mapping Asset Classes to existing principles** (end of April)
4. **Guidance for listed equity, listed bonds, private equity and debt** (also case studies in a separate document) (until mid of April)
5. **Principles**
 - I. ICMA – International Capital Market Association
 - i. Green Bond Principles
 - ii. Climate Transition Finance Handbook
 - iii. Handbook – Harmonized Framework for Impact Reporting
 - II. Climate Bond Initiative
 - i. The Standard
 - ii. Taxonomy
 - iii. Sector Criteria
 - iv. Transition Principles
 - v. LMA/ICMA - Green Loan Principles
 - III. EU Taxonomy Real Estate – Energy Performance Certificate (EPC)
 - IV. **Forestry** (mid of April)
6. **Taxonomies - NEW**
7. **Regulations**
 - I. **EU Sustainable Finance Disclosure** (Draft – work in progress) - **NEW**

PRINCIPLE BASED CLIMATE SOLUTION INVESTMENT REPORTING

- **Taxonomies/Principles compared -> high level consistent! (Draft version on Extranet)**
 - Green Bond Principles
 - Climate Bond Initiative
 - EU Taxonomy
 - PBC Green Bond Endorsed Project Catalogue - “Chinese Taxonomy”
 - MSCI internal categorization
- Next step – mapping asset classes

MAPPING OF CLIMATE TAXONOMIES

HIGH LEVEL CATEGORY	ENERGY		POLLUTION, WASTE & WATER		SUSTAINABLE LAND & AQUATIC		
Green Bond Principles	Renewable Energy	Energy Efficiency	Pollution Prevention & Control	Sustainable water and wastewater management	Environmentally sustainable management of living natural resources and land use	Terrestrial and aquatic biodiversity conservation	CI
Climate Bond Initiative	Energy		Waste & pollution control	Water	Land use & marine resources		
EU Taxonomy	D - Electricity, gas, steam and air conditioning supply		E - Water Supply; sewerage, waste management and remediation activities		A - Agriculture, forestry and fishing		H
People's Bank of China Green Bond Endorsed Project Catalogue	Clean energy	Energy Efficiency Improvement	Pollution Prevention & Control	Water-saving and non-regular water resources utilization	Green agriculture	Ecological protection and construction	G
MSCI Internal Taxonomy	Renewable Energy	Energy Efficiency	Pollution Prevention & Control	Sustainable water and wastewater management	Environmentally sustainable management of living natural resources and land use		CI

PRINCIPLE BASED CLIMATE SOLUTION INVESTMENT REPORTING

- We are planning a **reporting workshop together with the MRV track explaining the reporting template(s) and the reporting process**
- Date will be **20th of April 10-11:30am** – invite sent to all members, please let me know in case you haven't received the invite.

AGENDA

1. Presentation Respira

2. **Sub Tracks Update**

I. Vehicles/Instruments

- Blended Finance Call to Action to Asset Managers – Responses and next steps
- Taskforce for Scaling Voluntary Carbon Markets
- Carbon Removal Instruments – brief update

II. Target Setting/Reporting

- (Principle based) Climate Solution Investment Reporting - Guidance
- Workshop together with MRV Reporting Track

III. **Sectors/Asset Classes**

- **Tender for a Digital Round Map – for climate solution investments**
- **Sector / Asset Class Roundtables**

DIGITAL ROADMAP – TENDER AND NEXT STEPS

- Tender for Digital Road Map published Monday this week on Alliance website
- See tender on website or on Extranet

ROUNDTABLES

- **Real Estate internal workshop 23rd of March 3-4pm CET**
 - Discussion on most relevant questions, what need to be the next steps
 - Define who should be invited from external to get answers
- **Forestry Roundtable – kick-off collecting questions**

INFORMATION SHARING - HOUSEKEEPING

- **New file sharing tool:** <https://www.unepfi.org/alliance-extranet/> password: netzerodoc
 - Strictly confidential – only for Alliance members
 - Only download possible, no uploading
- To accommodate **different time zones –alternate the monthly calls** between
 - Wednesdays 5pm CET and
 - Wednesday 9am CET -> starting April in the morning

Any general questions / remarks / ideas?

Thank you very much! Have a great evening/day!