

# NET-ZERO ASSET OWNER ALLIANCE

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Financing Transition – All Members Call

November 16<sup>th</sup> 2022





# Agenda

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1. **Presentation** – ESG Book NZAOA’s “Climate Solution Investment Platform”
2. **IMPORTANT** – Financing Transition Track TSPv3 Section
3. **For discussion** – Track Focus Topics 2023
4. **For information** – Net-zero aligned Benchmark Discussion Paper, publication 22<sup>nd</sup> of November
5. **For information**
  - Anthropocene Fixed Income Institute’s webinar series “Structuring and Pricing Sustainability – Linked Bonds for Impact”
  - Prudential White Paper on “Just and Inclusive Transition”
  - Leadership Group for Industry Transition “A window of opportunity: five ways IFI’s can support the transition to green steel in emerging and developing economies”
  - Action plans on development bank reforms by Convergence and Deloitte/Africa Investor
6. **FinTrack Webinar Calendar**

# NZAOA “Climate Solution Investment Platform”

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What is the problem we are trying to solve?

- **Climate solutions not at scale**
- Hardly any **transparency** on climate solution investments
- **Lack of overview** of climate solution investments
- **Insufficient climate data disclosure** of companies, fund structures, investments
- For now **no platform exists** where investment solutions are displayed consistently

# NZAOA “Climate Solution Investment Platform”

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How does this tool empower transparency?

- **Non-commercial, public good**
- **No investment advice** – just displaying published data or data which is provided by asset managers and project owners
- Target is to build a **huge universe of investment opportunities** - for now ESG Book reports on 100,000 mutual funds and 7,000 ETFs. In addition the tool will cover listed equity – phase 2: private equity, infrastructure projects (starting with projects from IFC).
- Asset Managers, other platforms (like IFC or ESG Data Convergence) and project owners can **upload their investments to this platform.**

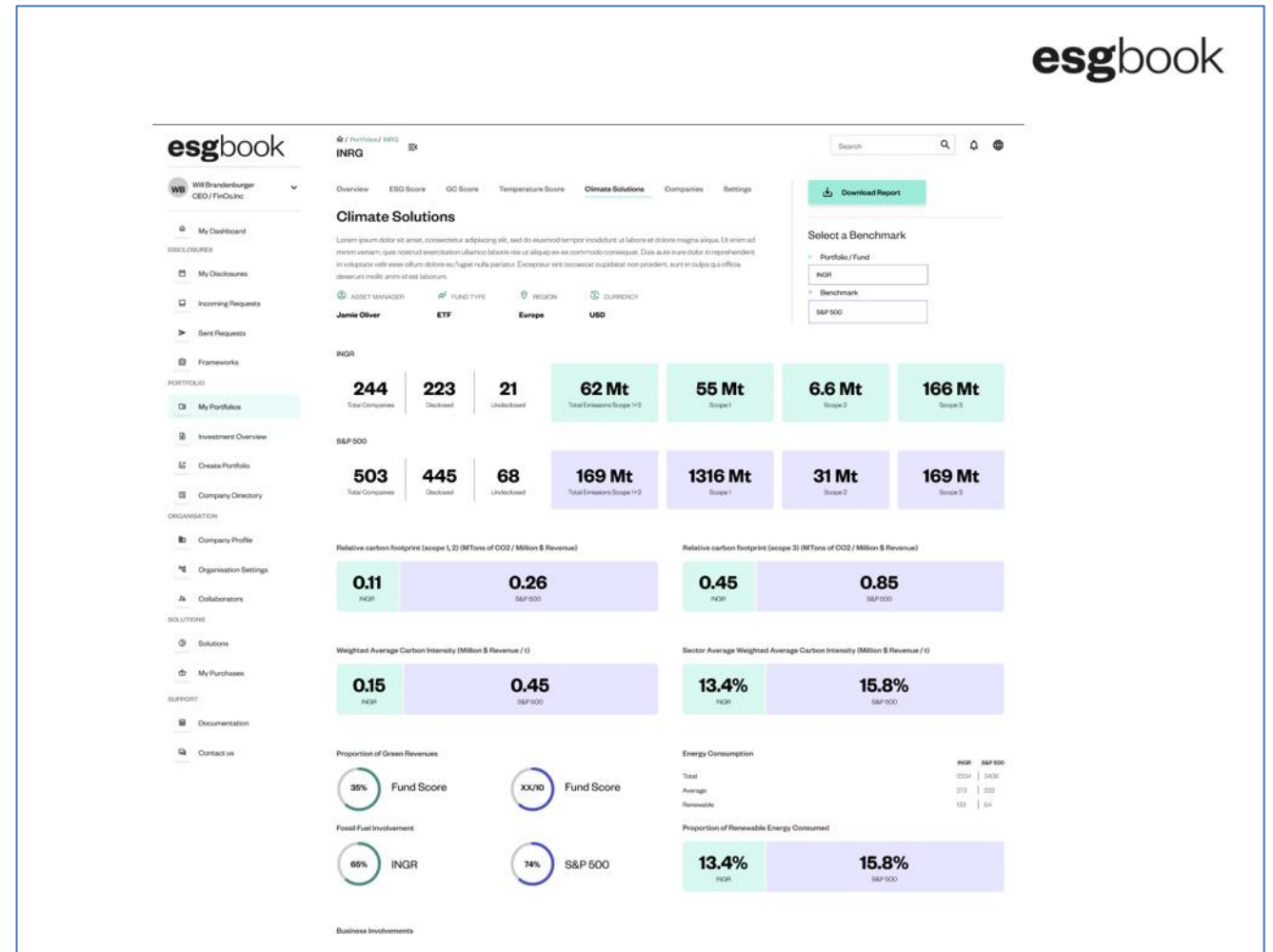
The platform can be seen as an **Engagement Tool**

# ESG Book NZAOA “Climate Solution Investment Platform”



Mathias Hambach  
James Wilcock

Please raise any feedback via this [link](#).



# Financing Transition section TSP v3

## Current TSPv2

Alliance members, independent of whether a financing transition target has been set or not, **should** report annually to the Alliance on climate solution investments tracking. All members that have set a financing transition target shall contribute to the financing transition track and sub-track work. Members may also set an individual quantitative target.

### Targets

1. **Report on progress on a climate-positive trend for all Alliance members**—an individual public quantitative progress target is optional.
2. **Contributions to Alliance’s Financing Transition sub work tracks** for example supporting activities providing larger transparency, building solutions or developing a climate solution reporting

### Reporting

- **Assets under Management** of Climate Solution Investments—portfolio revenue share in “green/brown activities” for listed or private equity/debt, EU taxonomy compliant (optional)
- **Internal reporting for public aggregation** of inventory (base year) and annual progress, as defined in the Protocol, is relevant for all members
- Report on OECD and non OECD countries (recommended)
- **Reporting on impact KPIs is recommended**—one possible KPI eg. avoided emissions for owned renewables.

## Proposal TSPv3

All members **shall report** annually to the Alliance their solution investments and it is expected that this demonstrates a positive trend in climate solution investments over time. To be able to claim a climate solution target achievement, members shall make active contributions to the Alliance’s Financing Transition working or consultation groups. In addition, it is optional for members to disclose their solution investments publicly and/or set a (public) target on climate solution investments. **in line with the Alliance commitment and reporting requirements the Alliance members shall disclose in public every 5 year on climate solutions investment growth**

### Targets

- 1 **For all Alliance members:** reporting climate solution investments to the Alliance and ideally showing a positive trend in climate solution investments over time (individual public quantitative progress target is optional)
- AND
- 2 **For Alliance members claiming climate solution target achievement:** active contributions to Alliance’s Financing Transition working or consultation groups

### Reporting to the Alliance

- Climate Solutions inventory (base year) and annual progress **shall** be reported for public aggregation, as defined in the Protocol, is **relevant for all members**
- Metric: Assets under Management of climate solution investments portfolio; for listed or private equity/debt revenue share in “green or enabling activities/products” is proposed; EU or any other taxonomy compliant (optional)
- Report on OECD and non-OECD countries (recommended)

Any objections to adjust language to “all Alliance members **shall**” report on climate solution investments to the Alliance ideally showing a positive trend over time” ? Please let us know by Monday 21<sup>st</sup> of November if you agree or not via this [link](#).

# Financing Transition Track – Focus Topics 2023

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## **Proposal - continue with the existing working groups:**

- **Blended Finance Working Group**
  - Continue Call to Action, value add for AOs
  - Action plan to reform DFIs/MDBs (supporting Convergence)
  - Discussing financing project pipelines
- **Emerging Market Transition Investment Working Group** – webinars workshops, raising awareness, knowledge sharing, etc.
- **Climate Benchmark Working Group – or consultation group (?)**
  - Engage with index providers
- **Climate Solutions Investment Platform Working Group** – as planned
- **Target Setting and Reporting Working Group**

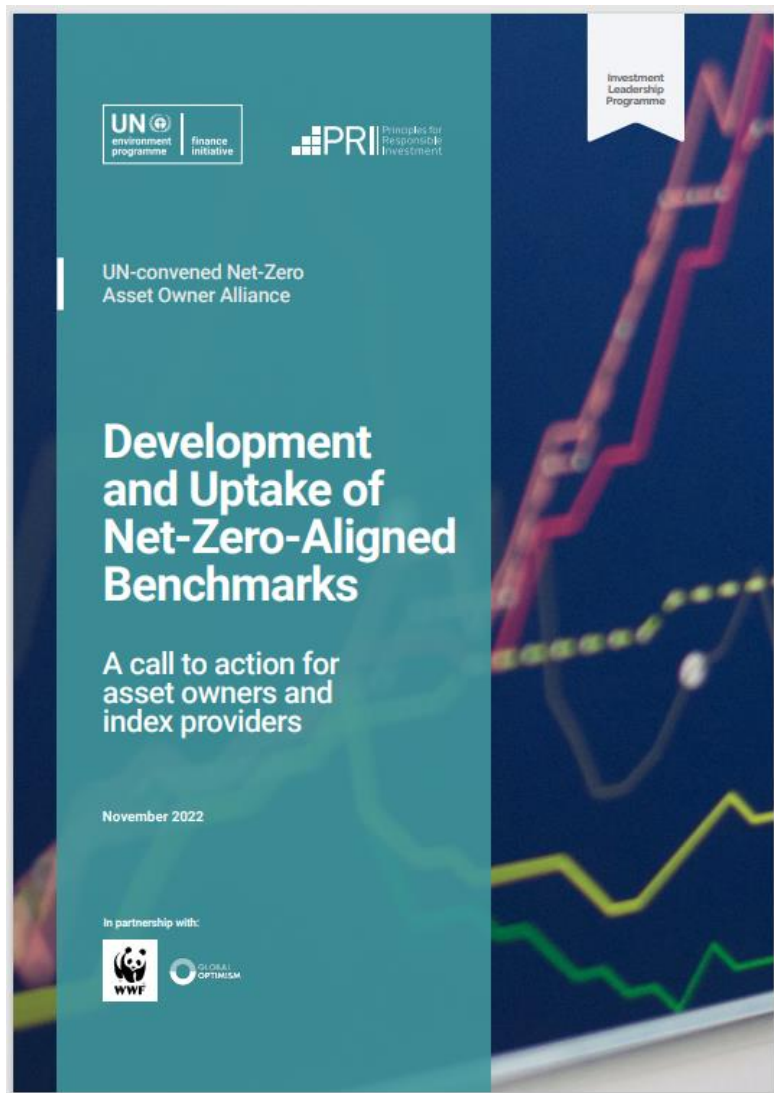
Sign-up for working group participations end of December, the NZAOA Secretariat will provide a survey

## ***New topic proposals for 2023:***

- **Finance the Transition** (together with MRV Track via Target Setting and Reporting Working Group)
  - Transition indicators
  - Responsible phase-out of fossil fuels/high emitting assets
- **Adaptation Finance** – discuss indicators (via Target Setting and Reporting Working Group)
- **Sequestration and offsetting** – knowledge building (incl. allowances), net zero strategies, general strategies (via Carbon Credit consultation working group)



# Net-zero aligned Benchmark Discussion Paper



Confidential and embargoed until 22<sup>nd</sup> of November

Huge **Thank You** to Sindhu Krishna, David Thompson, Eliya and all who contributed!

# For information

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## **ANTHROPOCENE FIXED INCOME INSTITUTE:**

We are pleased to invite you to join the Anthropocene Fixed Income Institute’s webinar series, **‘Structuring and Pricing Sustainability–Linked Bonds for Impact’**.

Sustainability–Linked Bonds (SLBs) have great potential as a tool for transition yet there is growing concern about the credibility of their targets. We aim to empower market participants to deliver SLBs that advance meaningful change, through insightful analysis and practical advice.

These technical webinars will address key challenges for practitioners and help you to apply the models developed in two AFII papers that will be shared with you upon registration. The 90-minute sessions will be interactive, providing ample opportunity to ask questions.

### **14:00 GMT, 22 Nov 2022: An option pricing approach for SLBs**

We will introduce you to the option pricing model and walk you through a Black-Scholes-based pricing approach for KPIs linked to carbon emissions. Using current case studies, we will show that a lower cost-of-capital can be achieved by issuers that choose to introduce transparent and impactful targets.

Click [here](#) to register.

### **14:00 GMT, 23 Nov 2022: Risk-neutral pricing for SLBs with application to step-downs**

We will present a simple model, correlating sustainability targets with improved credit quality, which helps investors understand fair-value pricing for step down SLBs and shows issuers how they can achieve lower yields for their financing.

Click [here](#) to register.

#### **Presenters:**

Ulf Erlandsson - Chief Executive Officer, Anthropocene Fixed Income Institute  
Stephanie Mielnik - Director, Research, Anthropocene Fixed Income Institute

#### **Moderator:**

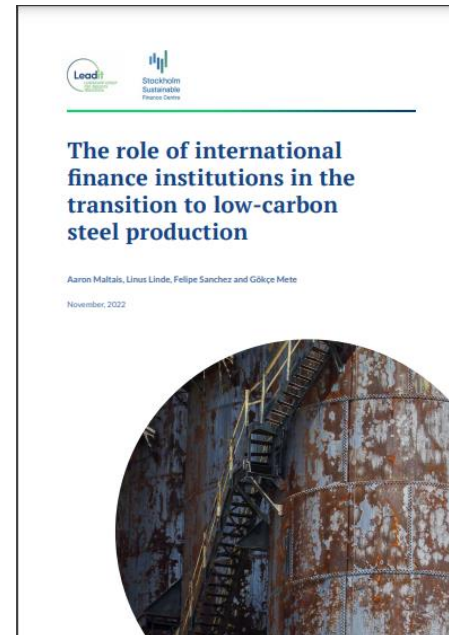
Justine Leigh-Bell - Executive Director, Anthropocene Fixed Income Institute

# For information

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Download Report [here](#)



Download Report [here](#)

# For information

## Action plans on development bank reforms by Convergence and Deloitte/Africa Investor



Download Report High Level Summary [here](#)  
Download full report [here](#)



Download Report [here](#)



# FinTrack Webinar calendar

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Date	Time	Topic	Status
16/11/22	5pm CET	Climate Solutions Platform: Mockup presentation (in the FinTrack all members call)	Invite in your calendar
29/11/22	4pm CET	PRI in Person: NZAOA side event - success over the last year, NZAOA and wider landscape, maintain credibility and engagement strategies	
15/12/22	5pm CET	Transition Finance – CBI framework and application example by CDPQ	Invite in your calendar

# FinTrack Webinar calendar - recordings

Date	Time	Topic	Status
4/5/2022	5pm CET	PRI - Net-Zero investor targets & sector pathways: One Earth Climate Model	Recording available <a href="#">here</a>
10/5/2022	4pm CET	Untangling carbon markets: How carbon allowances differ from offsets	Recording available <a href="#">here</a>
24/05/22	1pm CET	Blended Finance: Call to Action - 3 Asset Managers present their vehicles	Recording available <a href="#">here</a>
30/05/22	3pm CET	EU Climate Benchmarks with Andreas Hoepner	Recording available <a href="#">here</a>
13/06/22	4pm CET	Carbon Dioxide Removals with Carbon Direct	Recording available <a href="#">here</a>
21/06/22	4pm CET	Opportunities on the collaboration with Anthropocene Fixed Income Institute	Recording available <a href="#">here</a>
<b>27/09/22</b>	<b>4pm CET</b>	<b>Anthropocene Fixed Income Institute: Portfolio decarbonization framework</b>	<b>Recording available <a href="#">here</a></b>
<b>05/10/22</b>	<b>4pm CET</b>	<b>Scaling blended finance for climate solution investment in emerging markets</b>	<b>Recording available <a href="#">here</a></b>
<b>27/10/22</b>	<b>10am CET</b>	<b>Financing the Net Zero Transition in Emerging Markets – Africa Region</b>	<b>Recording available <a href="#">here</a></b>

# APPENDIX

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# Information sharing - Extranet

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- **New file sharing tool:** <https://www.unepfi.org/climate-change/united-nations-convened-net-zero-asset-owner-alliance/alliance-extranet/>
- Password: AOAprivate
  - Strictly confidential – only for Alliance members
  - Only download possible, no uploading