

# NET-ZERO ASSET OWNER ALLIANCE

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Financing Transition – All Members Call

March 1<sup>st</sup> 2023



# Agenda

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1. ***Presentation*** – Track Vision for 2023
2. ***Presentation*** – Feedback from AOA survey
3. ***For discussion*** – Outreach for discussion topics on specific WGs
4. ***For information*** – EMTI Discussion Paper on Responsible Corporate Engagement in Emerging Markets
5. ***For information*** – Updated Climate Solution Investment Reporting Guidance Booklet
6. ***For information*** – PRI’s Executive Response on IOSCO Consultation on Compliance Carbon Markets (CCMs) and Voluntary Carbon Markets (VCMs)
7. ***FinTrack Webinar Calendar***

# Vision for 2023 (1/2)

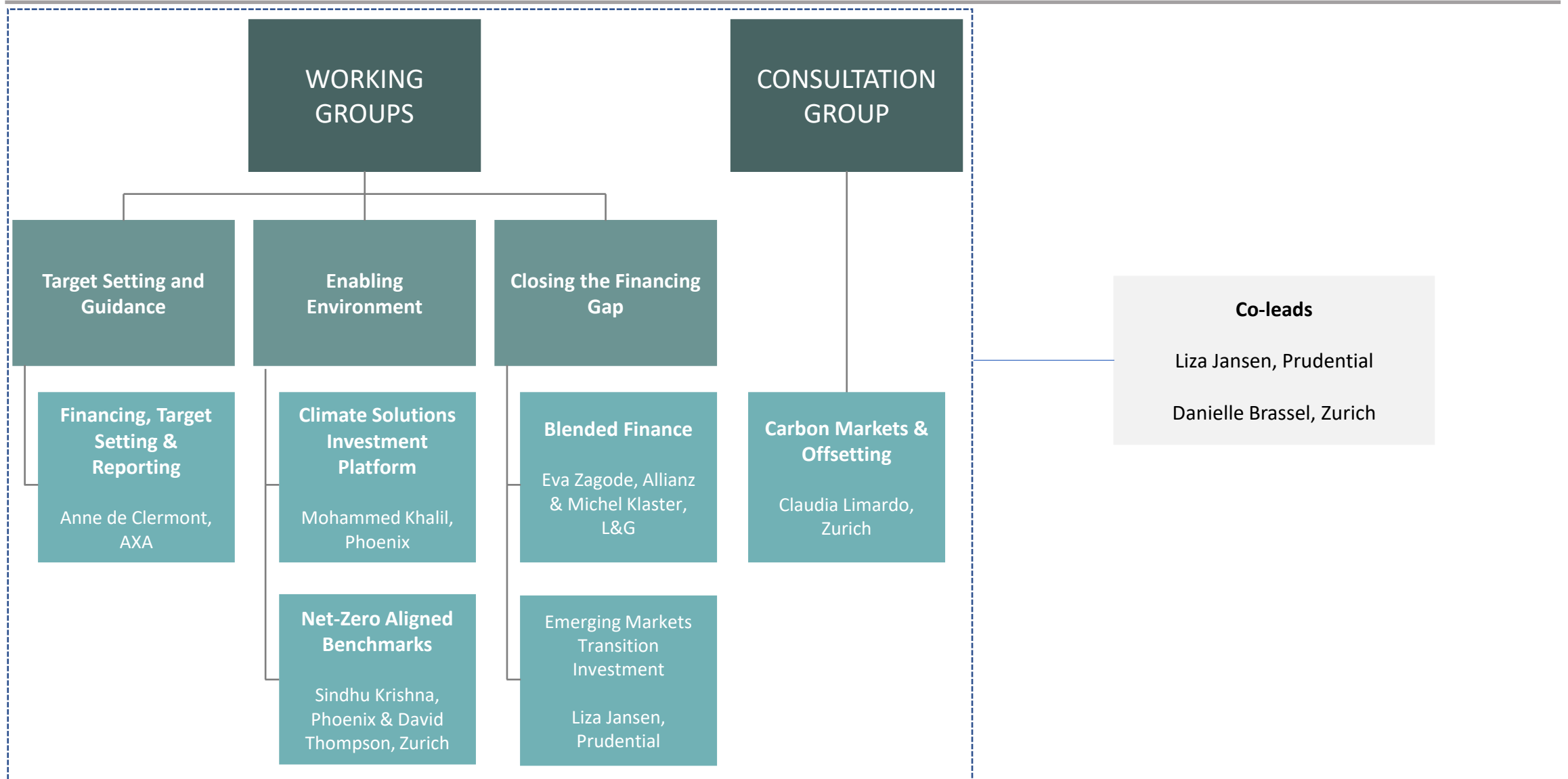
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## Vision Financing Transition Track

The track focuses on enlarging the scale, pace and geographic reach of financing the energy transition through knowledge building and engaging with relevant stakeholders by:

- Providing guidance on 'green', 'transition' and 'net-zero aligned' investing that supports target setting and transparency on financing climate solutions;
- Creating an enabling environment to finance the transition through engaging with service providers to develop tools and instruments that support investment portfolio steering and transparency; and
- Contributing to financing the transition in emerging markets through de-risking activities and identifying and addressing barriers.

# Vision for 2023 (2/2)



# Feedback on AOA survey

## What worked well:

**Financing Transition Track (FinTrack) has had an active role in supporting the NZAOA, achieving useful outcomes.**

- ✓ **EMTI:** webinars, workshops;
- ✓ **Blended finance:** position papers, workshops, high-level events, calls to action;
- ✓ **Net-zero aligned benchmarks:** discussion paper; and
- ✓ **Climate Solution Investment Platform:** ESGBook working towards test phase in Q1 2023.
- ✓ **Highlights**
  - Calls with providers have been helpful for understanding the current landscape;
  - blended finance, climate benchmarks, and carbon removals are relevant for the NZAOA; and
  - Clarity on definition of climate solutions has been helpful.

**Thanks to Elke and sub-track leads**

## Areas of improvement

- ✓ **More member contribution** and active participation in the tracks;
- ✓ **Balance participation** to acknowledge the scarcity of member resources;
- ✓ **Better understanding of central initiatives** (e.g. GFANZ, JET-P, CFLI, FAST-Infra) and policy activities to:
  - ✓ identify investment potentials for members and to engage policy makers
- ✓ **Stronger reflection and transparency** on how the different initiatives within the FinTrack can help members reach net zero by 2050
- ✓ **Ensure consistency with regulatory standards** in terms of defining what “financing transition” means, e.g., the EU Taxonomy
- ✓ **Align work with other Tracks**

## Future priorities

- ✓ **Define a clear strategy**
- ✓ **Greater clarity on what is considered a climate solution**
- ✓ **Improve the methodology** to attribute portfolio investment to the climate solution categories
- ✓ **Assess, review and incorporate** HLEG recommendations relevant for FinTrack:
  - ✓ Rec. 3 – Voluntary carbon markets
  - ✓ Rec. 5 – Phasing out of fossil fuels and scaling up renewable energy
  - ✓ Rec. 7 & 9 – Just transition
- ✓ **Identify and promote focus areas** for financing the transition outside blended finance
- ✓ **Building out shared knowledge** and deal flow
- ✓ **Importance of nuclear energy**
- ✓ **Deep dive on different regulatory standards** for different solutions
- ✓ **Continued focus on** climate solutions/transition enablement/adaptation investments

# Outreach for Discussion Topics: Target Setting & Reporting / Carbon Markets a& Offsetting

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## **Welcome new leads:**

- Anne de Clermont (AXA) – New lead for the Financing, Target Setting & Reporting WG
- Claudia Limardo (Zurich) – New lead for the Carbon Markets and Offsetting CG

## **Please reach out to propose topics and/or contribute to:**

- Financing, Target Setting & Reporting Working Group; and
- Carbon Markets and Offsetting Consultation Group.

## **We are still looking for co-leads**

- Financing, Target Setting & Reporting WG; and
- Carbon Markets and Offsetting CG.

# EMTI Discussion paper

In 2022 the EMTI project organised two round-table discussions. The second discussion, held last October, focused on responsible and effective engagement in EMDEs and resulted in the second paper in the Code Red! series.

The paper which will be published on 8 of March lays out guiding principles and provides practical recommendations for asset owners, asset managers and regulators.

## Guiding principles for responsible and effective engagement in emerging markets include:

- 1** Establishing a local approach;
- 2** Integrating the Paris Agreement 'common but differentiated responsibilities' principle into engagement;
- 3** Building trust by undertaking ongoing engagement;
- 4** Sharing knowledge between global and local investors; and
- 5** Developing flexible engagement asks, which consider feasibility of ambitious target setting.



# Updated Climate Solution Investment Reporting Guidance Booklet

**The updated version contains guidance around Transition Finance, Transition Enabling Finance, and Adaptation finance, including:**

- EU taxonomy
- ASEAN taxonomy
- Singapore taxonomy
- Japanese guidance
- Climate Bonds Initiative framework

The Booklet can be downloaded from the AOA Extranet under the FinTrack section – February materials - [link](#)

# PRI's Executive Response on IOSCO CCMs and VCMs

The response included contribution from the Carbon Markets & Offsetting Consultation Group, Climate Policy Team, and the Policy team – to access the full response

## Key recommendations regarding CCMs are

- ✓ **PRI Executive broadly agrees with the principles and recommendations in the consultation**
- ✓ **Improving the design of CCMs**
- ✓ **The linking of compliance carbon markets has potential benefits, such as increased liquidity and price stability, but it should not be rushed**
- ✓ **The linking with voluntary carbon markets is not recommended at this stage**
- ✓ **PRI Executive encourages and supports the close collaboration of IOSCO and its members with national climate and environment ministries**

## Key recommendations regarding VCMs

- ✓ **Distinguish between market integrity and climate policy integrity**
- ✓ **Companies and financial institutions should be focused on reducing their own and their supply chain emissions directly**
- ✓ **IOSCO to continue to raise awareness and build capacities among its members to create transparency and help ensure integrity of the carbon market**



Download  
Response [here](#)

# FinTrack Webinar calendar 2023

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## Upcoming

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Date	Time	Topic	Status
08/03/2023	4pm CET	Asset-owner workshop on transition plans and bond instruments	Register <a href="#">here</a>

*This asset-owner workshop will provide a deep dive into the world of low-carbon transition finance and discuss:*

- **What do we mean by transition: Defining transition sectors/activities and what is a credible transition.**
- **Transition finance instruments: Intro to transition bonds and Sustainability-linked bonds.**
- **Case studies: transition bonds, transition plans and sustainability-linked bonds.**
- **Climate Bonds' certification for transition finance**

### Speakers:

- **Anna Creed, head of Thought-Leadership**
- **Fabrizio Palmucci, Senior Advisor at CBI**
- **Matthew MacGeoch - SLB & Transition Analyst**

## Recordings

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Date	Time	Topic	Status
09/02/23	4pm CET	Transition Finance – CBI framework and application example by CDPQ	Recording available <a href="#">here</a>

# 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