



Investment
Leadership
Programme

UN-convened Net-Zero
Asset Owner Alliance

Target Setting Protocol

Third edition

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In partnership with:



6. Climate solution investment targets

Alliance Financing Transition work track's overall strategy and overview, and Climate Solution Investments target

The Alliance's work and overall efforts are on investment portfolio alignment to net-zero and financing the transition. This track focuses on enlarging the scale, pace and geographic reach of net-zero aligned investments via providing higher transparency, de-risking of higher risk related climate solution investments ('technologies of tomorrow' and investments in non-OECD countries), supporting finance the transition in the emerging economies and knowledge sharing and building. Investing in climate solutions is one aspect of this effort. This is the focus on investing in "green".

In addition, the objective of the track is to support the growth in climate solution investments within the Alliance members' investment portfolios.

In this Protocol, the Alliance track explicitly considers transition enabling investments as high impact investments which substantially contribute to the transition. The goal is to equip members with best practices to invest in and shape a just transition for a sustainable, and net-zero economy.

Because asset owners have a fiduciary responsibility to achieve a given level of risk/return, climate solution investments are required to be as economically viable as other investments. The Alliance therefore strives to collaborate with all stakeholders e.g., public finance institutions like DFIs and MDBs, policy makers, asset managers and other stakeholders to work on de-risking mechanisms and enlarging the supply of climate solution investment opportunities.

Definition of “climate solution investments”

To enable consistency across the Alliance membership, a definition for “climate solution investments” has been established taking into account publicly available definitions:

Climate solution investments are investments in economic activities considered to contribute to climate change mitigation (including transition enabling) and adaptation, in alignment with existing climate related sustainability taxonomies and other generally acknowledged climate related frameworks.⁴⁵

In order to be considered climate solution investments, asset owners shall conduct a credible assessment that the economic activities contributing to the objectives of the investment do not cause significant harm to people and the environment.⁴⁶

Climate solution targets and reporting

Climate solution investment targets ensure that Alliance members use the resources and capacities available to them to grow net-zero solutions also in their investment portfolio. Alliance members are asked to build on their network of governments, asset managers, industry, and other stakeholders to contribute to this overarching target. Asset owners shall support the growth of climate solution investments as defined above, in line with and supportive of the domestic context and aspirations of national governments. Many national governments are working on taxonomies and reporting requirements, as well as enhancing the useability of NDCs and other national climate plans, which is a positive development. Such collaboration among policy and industry bodies is important.

All members **shall** report annually to the Alliance Secretariat 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 investment 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.

45 The Alliance will provide respective guidance for its members via a separate internal document

46 In line with existing applicable frameworks for example EU Taxonomy