



UN-convened Net-Zero
Asset Owner Alliance

Serving Asset Owner Clients through Climate Stewardship:

A call to action to the
asset management
industry

The UN-convened Net-Zero Asset Owner Alliance (“the Alliance”) is a member-led initiative of institutional investors with nearly USD 9.5 trillion in assets. All members of the Alliance are committed to transitioning their individual investment portfolios to net zero GHG emissions by 2050. This commitment, made upon joining the Alliance, is grounded in the scientific consensus that mitigating climate change is necessary to protect a functioning global economic system¹. Economic and societal stability is, in turn, necessary to generate the financial returns that members’ beneficiaries and clients rely on.

Asset managers are critical partners in helping asset owners address climate-related risks and opportunities. Thus, it is essential that asset managers deliver on ambitious climate strategies that guide portfolio management, public affairs, and stewardship activities like proxy voting and engagement. This applies to both private and public asset classes—requiring integrated, tailored strategies to ensure insights and activities across all asset manager functions pursue the science-based outcomes.

Implementing effective climate strategies requires a systematic approach that supports real economy decarbonisation and helps demonstrate consistent and clear actions to internal and external partners. The Alliance detailed this perspective in The Future of Investor Engagement² paper and subsequently outlined specific best practices covering proxy voting,³ policy-related dialogues,⁴ engagement practices,⁵ and private market asset managers.⁶ The principles outlined in these documents call on all asset managers to:

- **Focus on addressing the systemic risk of climate change:** Moving to outcomes-focused corporate engagement while also embracing sector/value chain engagement and policy engagement;
- **Support an improved proxy voting landscape (for public equity):** Implementing consistent, ambitious, and merit-based proxy voting policies on climate topics with timely disclosure, thereby demonstrating alignment between policies and practices;
- **Align lobbying activities with stated climate-related commitments:** Driving alignment between their own climate commitments and the direct and indirect lobbying undertaken by both their firm and the portfolio companies in which they invest;
- **Make climate engagement more systematic and transparent:** Publishing clear information on processes, policies and relevant activities for climate engagement that acknowledge challenges and opportunities encountered.

The Alliance believes the above principles will improve asset managers’ ability to win and maintain investment mandates of asset owners who recognise the risks climate change poses to their portfolios. The Alliance members call on all asset managers to integrate these best practices in pursuit of long-term economic interest for both asset owners and asset managers. Finally, the Alliance invites all asset manager readers to engage with their clients to support the transition to an economically stable and predictable, net-zero future.

Sincerely,

The Net-Zero Asset Owner Alliance

- 1 UN (2021). IPCC report: 'Code red' for human driven global heating, warns UN chief: news.un.org/en/story/2021/08/1097362
- 2 NZAOA (2022). *The Future of Investor Engagement: A call for systematic stewardship to address systemic climate risk*: unepfi.org/wordpress/wp-content/uploads/2022/03/NZAOA_The-future-of-investor-engagement.pdf
- 3 NZAOA (2023). *Elevating Climate Diligence on Proxy Voting Approaches: A Foundation for Asset Owner Engagement of Asset Managers*: unepfi.org/wordpress/wp-content/uploads/2021/04/16-Elevating-Climate-Diligence-2.pdf
- 4 NZAOA (2023). *Aligning Climate Policy Engagement with Net-Zero Commitments: A Foundation for Asset Owner Engagement of Asset Managers*: unepfi.org/wordpress/wp-content/uploads/2023/03/Aligning-Climate-Policy-Engagement-with-Net-Zero-Commitments.pdf
- 5 NZAOA (2023). *Elevating Asset Manager Net-Zero Engagement Strategies: A Foundation for Asset Owner Engagement of Asset Managers*: unepfi.org/industries/elevating-asset-manager-net-zero-engagement-strategies/
- 6 NZAOA (2022). *Call to Action to Private Market Asset Managers*: unepfi.org/wordpress/wp-content/uploads/2022/11/NZAOA_Call-to-Action-to-Private-Market-Asset-Managers_final.pdf



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