



UN-convened Net-Zero
Asset Owner Alliance

NZAOA 2025 Progress Report

November 2025

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Abbreviations and acronyms

AuM	Assets under Management
CDR	Carbon Dioxide Removal
COP	Conference of the Parties
CSI	Climate solutions investments
DFI	Development Finance Institution
EMDEs	Emerging Markets and Developing Economies
GHG	Greenhouse Gas
IPCC	Intergovernmental Panel on Climate Change
KPIs	Key Performance Indicators
LSEG	London Stock Exchange Group
MDB	Multilateral Development Bank
NDCs	Nationally Determined Contributions
NZAOA	Net Zero Asset Owner Alliance
TSP	Target Setting Protocol
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar



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Executive Summary

Since founding the UN-convened Net-Zero Asset Owner Alliance (NZAOA) in 2019, signatories have set and have been working towards their climate targets. Indicators of progress are summarized below and discussed further in this Report.

Continued positive stakeholder engagement

Engagement with the broader economic ecosystem in addressing systemic climate risk is a responsible investment approach utilized by NZAOA signatories. Signatories met their engagement targets—78% were reported as fully achieved—and saw tangible results of continued positive investor engagement.

Engagement efforts have focused on portfolio decarbonization to enable long-term sustainable returns by addressing climate risks. Engagement with the investor ecosystem has focused on mobilizing asset managers as a channel for driving corporate action. NZAOA has been developing increasingly systematic and robust approaches to ensure that asset managers fulfill their critical role in supporting signatories to manage their climate risks. NZAOA has also engaged policymakers, both globally and in Emerging Market and Developing Economy (EMDE) contexts, to integrate investor perspectives and catalyze private finance for climate action, including through contributions to the Sharm El-Sheikh Dialogue and the Baku to Belém Roadmap to \$1.3 trillion.

NZAOA's approach is reinforced by “Addressing Climate impacts: an overview of NZAOA asset owners’ long-term interests and responsibilities”. Engagement with the investor ecosystem is expected to expand into areas that could benefit from further development, such as private markets. This approach across the investment chain—from asset owners to asset managers to companies—is central to NZAOA’s vision to ensure long-term stable economic returns, which are heavily endangered by elevated climate risks. In parallel, NZAOA will continue working with Development Finance Institutions (DFIs) and Multilateral Development Banks (MDBs) to create de-risking structures that can unlock investment opportunities in EMDEs.

Scaling climate solutions investments

NZAOA notes a growing focus on investing in climate solutions, which play an important role in multiple aspects: decarbonizing signatories’ portfolios, portfolio diversification, and supporting the broader transition to a low-carbon economy—all of which lead to more sustainable returns. Since inception, an increasing number of signatories have decided to report Climate Solutions Investments (CSI), with total investments reaching \$743 billion in December 2024, equivalent to 8% of signatories’ total Assets Under Management (AUM).

Decarbonization as a tool to ensure long-term sustainable returns

The average financed greenhouse gas (GHG) emissions across NZAOA signatories' investment portfolios have decreased another 6% on average since last year, in line with 1.5°C pathways. NZAOA signatories have demonstrated the feasibility of transitioning investment portfolios to align with net zero GHG emissions by 2050, aligning to limit global temperature rise to 1.5°C above pre-industrial levels, as outlined by the Paris Agreement and the Intergovernmental Panel on Climate Change (IPCC). NZAOA notes that signatory portfolio decarbonization should be seen in the context of different regional emission reduction trajectories. As climate risk escalates at an ever-increasing rate, NZAOA signatories manage the long-term climate risks through setting individual 2030 targets as well as deploying additional levers.

Policy advancements can play a decisive role in further enhancing the enabling environment for low carbon business models and opportunities. To further support systemic change, NZAOA will continue engaging with regulators and policymakers to address barriers to climate solution investment and increase the flow of capital. A key priority is the creation of clear, credible, and investable transition plans and pathways that enable long-term investors to confidently allocate capital to climate solutions in line with their best interests.

NZAOA 2025 Progress Report confirms that companies can deploy solutions that contribute to the transition to a low-carbon economy and achieve long-term sustainable returns. With growing momentum in climate solutions, stronger engagement across the investment chain, and new tools emerging for areas like private markets and transition finance, NZAOA is well-positioned to build on its achievements and help address systemic climate risk in the real economy for the benefit of signatories' stakeholders, including beneficiaries.



Introduction

Copernicus Climate Change Services confirmed 2024 to be not only the warmest year on record globally, but a year in which the average global temperature exceeded 1.5°C above its pre-industrial level. 2024 also broke records in terms of natural disasters losses, with estimates in the range of \$230-368bn (Aon, 2025; GCA, 2025), as global warming is increasing the frequency and intensity of weather events. According to the IPCC (2023) there is a “rapidly closing window of opportunity to secure a livable and sustainable future for all” and all pathways limiting global warming require “deep and, in most cases, immediate greenhouse gas emissions reductions in all sectors this decade”.

The individual signatories’ commitment to transition portfolios to net-zero GHG emissions by 2050, with the expectations that governments will follow through, continues to be advanced by a large and representative group of asset owners. The total number of signatories to NZAOA totaled 87 as of September 2025, representing combined AUM of \$9.2 trillion (see Annex Figures A.1 and A.2).

NZAOA value proposition

Leverage credible framework

Provides a feasible, credible and high-ambition framework to adapt and formulate their individual investment strategies to enable long-term sustainable returns by addressing climate risks.

Engage with peers

Provides signatories with a forum to learn from and engage with like-minded peers worldwide, on the regional contexts, risks, opportunities and avenues to economic decarbonization.

Shape global dialogue

Amplifies signatories voices in engagement with relevant stakeholders, while respecting each signatory's independent perspective.

Demonstrate leadership and build credibility

Highlights signatories’ individual commitments to responsible investing, positioning them as credible leaders in managing climate risk and developing their individual strategies.



1. Status of individual NZAOA signatories' first intermediate targets

Key takeaway: NZAOA signatories continue to pursue portfolio emission reductions with 1.5°C pathways, while also meeting intermediate targets and thereby delivering on the first climate commitment milestone.

Absolute financed GHG emissions of signatories have continued to decrease both at the total aggregated level and across reporting cohorts. In 2024, absolute financed GHG emissions of the signatories dropped to 220 million tons of carbon dioxide equivalent (tCO₂e), down from 230 million tCO₂e in 2023 (Figure 1). This continues the year-on-year downward trend observed in the previous year, despite an increase in the number of signatories reporting their financed emissions.¹ Figure 1 presents aggregated financed GHG emissions data collected by NZAOA from signatories, covering the period December 2018 to December 2024 and broken down by reporting cohorts². The cohort breakdown illustrates that absolute financed emissions have also been decreasing.

1 NZAOA's Commitment Document includes that asset owners should publicly disclose their emissions reductions. Three signatories did not report financed emissions this year. To provide a coherent reporting in Figure 1, the signatories' data for 2023 is taken as their data for 2024.

2 A reporting cohort represents all signatories that use the same base year for their target setting; for example, all signatories setting targets using 2018 as base year form the 2018 cohort.

Emissions reductions

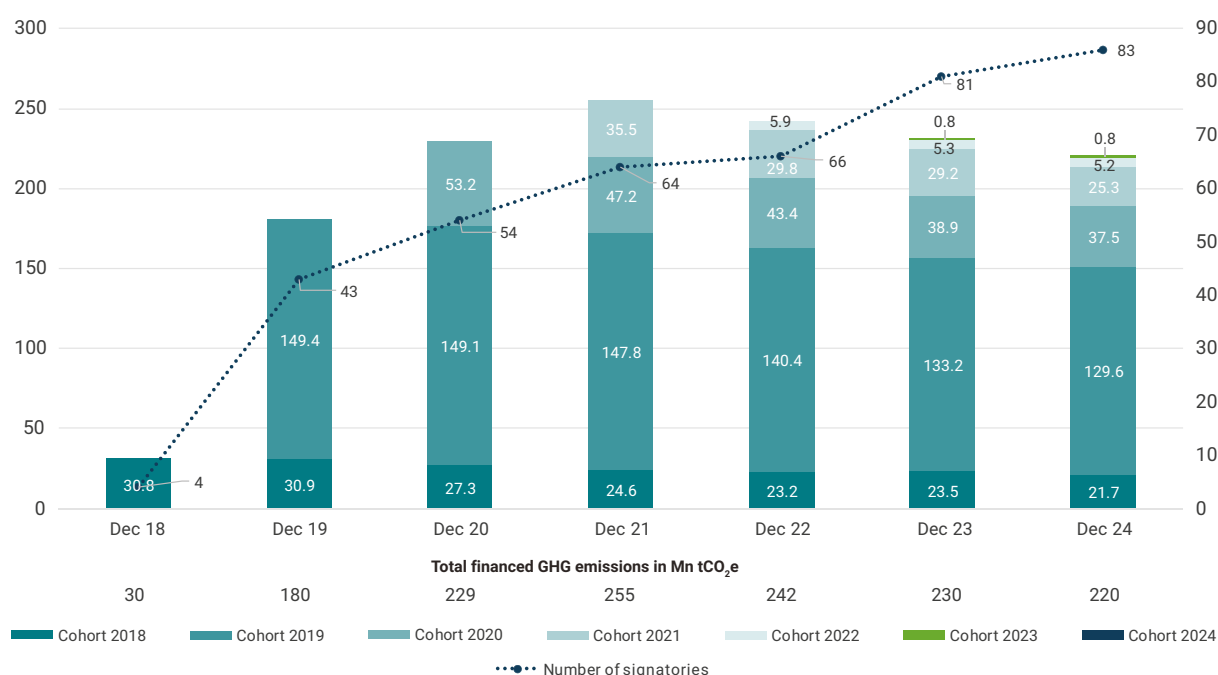
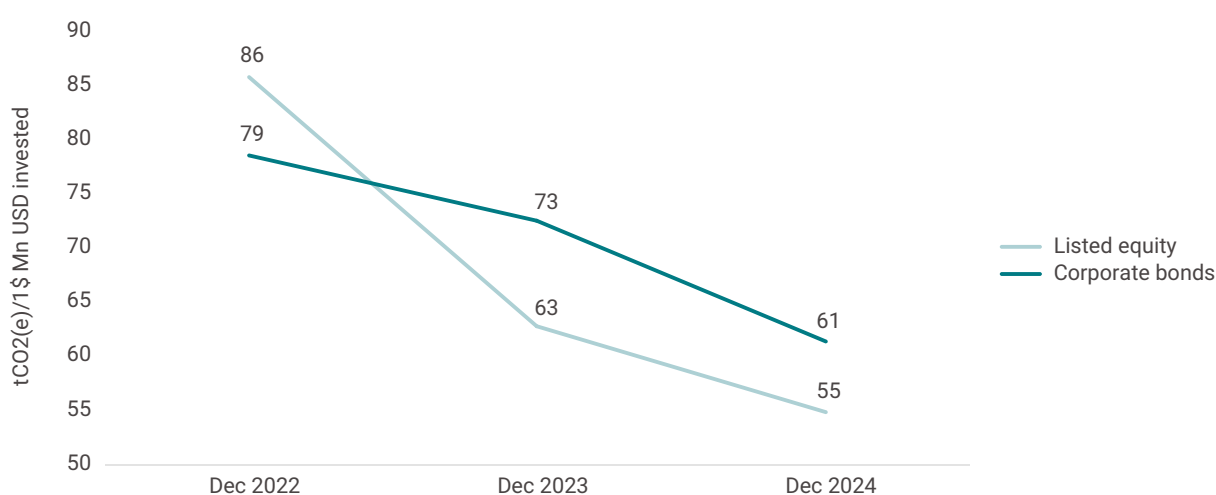


Figure 1: Absolute financed GHG emissions (12/2018–12/2024) of NZAOA signatories, excluding Sovereign Debt (million tons of carbon dioxide equivalent)³

Analyzing the emission intensity of key asset classes shows a similar decarbonization trend. The carbon intensity of listed equities and corporate debt of all signatories⁴, weighted by the AUM in scope of sub-portfolio targets, decreases over 2022–2024 (Figure 2). Since 2022, the carbon intensity of listed equity had declined from 86 to 55 tCO₂e per \$1 million invested by December 2024. A similar pattern is observed in corporate debt, where intensity fell from 80 to 61 tCO₂e/\$1million invested over the same period.

Carbon Intensity Trends



³ Emissions estimates reported to the NZAOA may be updated for previous years based on better available data or change in calculation methodology.

⁴ Where emissions coverage data is available.

Figure 2: Trend of carbon intensity of the signatories over the last three years for listed equities and corporate debt

Signatory portfolio decarbonization should be seen in the context of different regional emission reduction trajectories, and in the absence of policy advancements, sufficient decarbonization is unlikely to be within reach as the investable low carbon universe is not growing fast enough.



NZAOA recommends signatories set three types of targets in line with the Target-Setting Protocol (NZAOA, 2024). Engagement is a responsible investment approach utilized by all signatories. In addition, signatories can use the methodologies shared by NZAOA to set targets in at least two of the remaining three categories: sub-portfolio targets, sector targets, and climate solution investments (CSIs). On the first target achievement milestone, NZAOA notes that a large share of signatories have reported meeting targets they set across the four possible dimensions. Details on Climate Solution Investments are summarized in Chapter 2 and on Engagement in Chapter 3.

On the first comprehensive assessment of target achievement, NZAOA reports that nearly all signatories (96%) have set intermediate targets.

Sub-portfolio targets

Sixty signatories have set individual science-based sub-portfolio targets that cover \$2.5 trillion in assets under management (Figure 4) in relation to \$6.6 trillion total AUM for these signatories. NZAOA signatories have adopted varying approaches to setting climate targets based on their business needs: some define targets at the sub-portfolio level (several asset classes combined), while others establish specific targets for individual asset classes.

Eighty-eight per cent of these targets have been reported as fully achieved, reflecting material focus on climate risks among most signatories (Figure 4), which represents \$2.2 trillion of AUM. The remaining 12% of targets were achieved partially.

Target Achievement



Figure 4: AUM covered by sub-portfolio target

Sector targets and policies

The adoption of science-based sector targets is slowly increasing, albeit from a low level, and includes a focus on reducing physical emission intensity of high-emitting sectors. Fifteen per cent (15%) of signatories have partially established sector-specific targets to date. While signatories engage many high-emitting companies on physical production intensity targets in line with trusted scenarios (e.g., IEA), it is challenging for signatories to steer their portfolio along sector targets as existing asset manager mandates are usually defined along specific asset classes and their corresponding broad market benchmarks. Recognizing the evolution of portfolio alignment approaches and reflecting on credible transition plan guidance by many regulators, NZAOA will expand its sector target guidance to more general transition finance guidance with the next release of the Protocol.

All signatories with exposure to coal have exercised their discretion to adopt and implement policies addressing financial risks associated with thermal coal, including stranded assets and long-term viability (see Annex Figure A.3). NZAOA's Thermal Coal Position guides signatories on managing risks and opportunities associated with exposure to thermal coal (NZAOA, 2020).

A large and growing majority of signatories that have exposure to oil and gas also have exercised their discretion to adopt and implement formal policies to address corresponding financial risks and opportunities. NZAOA's Position Paper on the Oil and Gas Sector guides signatories in managing such risks and opportunities (NZAOA, 2023). Seventy-seven (77) signatories either have a formal policy in place to address their exposure to oil and/or gas or have reported that they have no exposure (see Annex Figure A.4).

NZAOA views transition finance in high-emitting sectors as a strategic positioning for the next five years— in which signatories can consider voluntary partnership, engagement and exchange with real economy actors. NZAOA’s emphasis is on inclusion, exchange and systemic transformation. It is a targeted approach encouraging capital allocation toward those high-emitting companies and assets that are credibly transitioning to net zero, thereby “financing the transition”.

To ensure consistency and interoperability, NZAOA is developing broad guidelines that align with existing frameworks, while remaining flexible enough to accommodate unique investment mandates. Examples of such reference frameworks include the Paris-aligned Net Zero Investment Framework (NZIF) (Paris Aligned Investment Initiative, 2024). NZAOA acknowledges that sectoral and regional transition trajectories vary. For this reason, it is exploring a differentiated phase-in approach to transition finance. Importantly, this initiative builds on the work of certain signatories that have already developed robust transition finance assessment frameworks (see Case Study 1). NZAOA aims to avoid creating new standards and instead promote high-quality disclosures, credible guardrails, and sector- and region-specific thresholds for what constitutes a transition-aligned asset. While data comparability remains a challenge, transparency and consistency will be key.

2. Climate solutions investments

Key takeaway: Climate Solutions Investments provide investors with the opportunity to lend to or invest in climate actions more directly.

Climate Solutions Investments (CSI) are a critical enabler to address long-term climate risks by directly supporting the reduction of GHG emissions through investments in scaling clean energy, electrifying transportation, increasing energy efficiency (e.g. in heat pumps and cooling systems), and removing atmospheric carbon dioxide. They also offer unique opportunities to reshape entire industries, unlock new markets, and drive long-term value creation.

NZAOA has observed a consistent and escalating focus on investing in CSIs over the past four years, with an increasing number of signatories reporting the total of individual investments reaching \$743 billion, or 8% of signatories' total AUM in 2024 (Figure 10). The number of signatories reporting CSIs also increased over the past four years, from 17 in 2020 to 81 in 2024. This indicates positive momentum as a larger number of signatories are making and growing CSIs to diversify their portfolios while pursuing their individual targets.

Climate Solutions Investments

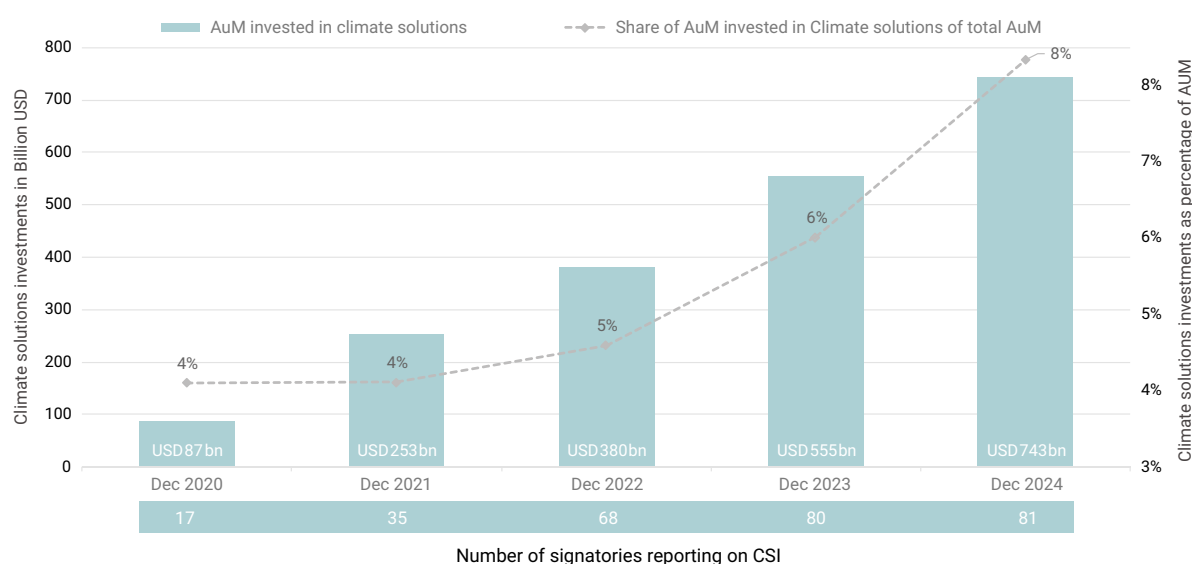


Figure 10: Total AUM invested in climate solutions and average share of CSIs in total AUM⁵

⁵ Figures are based on information reported by signatories to NZAOA. Several factors that have shifted over the observed period may impact changes in the value invested; namely, changes to signatories' definition and classification of CSIs, the number of signatories reporting, and the composition of the group reporting.

The distribution of CSIs by NZAOA signatories increasingly mirrors typical trends in institutional investor portfolio allocations, with a dominance of listed instruments such as listed equities and bonds (Figure 11). Signatories have additionally reported that this growth across asset classes has also been supported by the development of frameworks—including by NZAOA—that help signatories to identify credible, climate-friendly investment opportunities across different investment types.

Distribution of CSI

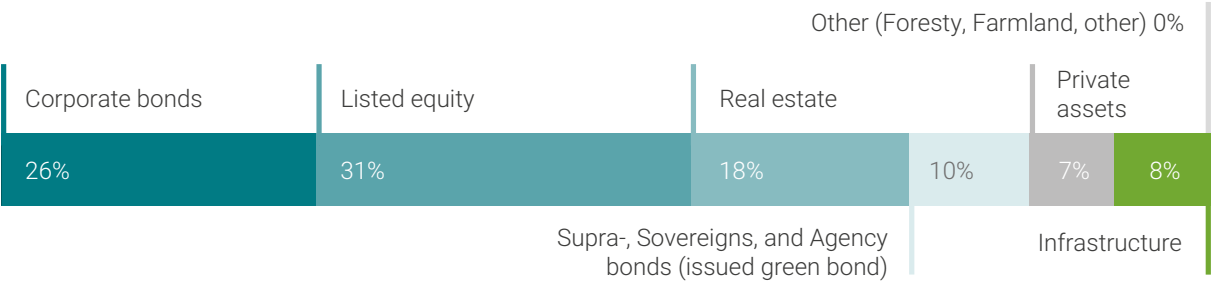


Figure 11: Distribution of climate solution investments over asset classes in 2024⁶

NZAOA recognizes that industries do not develop in a vacuum; the presence of an enabling policy environment supports the development of a robust pipeline of investable CSIs to which asset owners will be able to deploy capital. NZAOA has therefore set out the key role of a continuous focus on building the ecosystem, such as developing supportive policy and market environments. This can be achieved most notably through engaging with key stakeholders such as policymakers, institutional investors, corporates, and solution providers, among others.

NZAOA is already allowing signatories to shape their approach and to catalyze capital deployment to address climate risks through strategic partnerships and peer exchange. NZAOA has worked with its signatories on approaches to identify suitable investment opportunities that meet their portfolio requirements, focusing on addressing traditional barriers linked to pipeline and data availability. In partnership with CREO, a leading syndicate of family offices, NZAOA has piloted the use of a bespoke research, data-sharing, and origination platform focused on CSIs in major asset classes and geographies (see Case Study 2). NZAOA has also held sessions covering best practices on approaches to identifying CSI opportunities in energy transition, green, social, and sustainability (GSS) bonds, carbon dioxide removal (CDR), nature-based solutions, and blended finance.

6 USD 73 bn is reported in Figure 10 but not included in the asset class breakdown presented in this graph due to data limitations

NZAOA will continue to play a key role in the global climate transition by supporting the ongoing conversation on developing and supporting investable opportunities, particularly through practical implementation and active engagement with key stakeholders such as fund managers, public financial institutions, and governments. These efforts include building a platform to facilitate institutional investments and improve data collection and addressing barriers to climate finance. NZAOA will also continue to engage with leading DFIs and MDBs to catalyze climate investments in EMDEs, focusing on peer learning and sharing innovative investment solutions. Additionally, NZAOA will work closely with regulators and policymakers to overcome practical obstacles and enhance the investability of climate projects, especially in EMDEs, by strengthening public finance mechanisms and enabling environments to unlock private capital and drive systemic change.

3. Engagement

Key takeaway: NZAOA engagement efforts continue to focus on how to address systemic climate risk and ensure sustainable long-term returns.

Engagement with the investor ecosystem stakeholders is a responsible investment approach utilized by NZAOA signatories to enable long-term sustainable returns by addressing climate risks. NZAOA signatories can determine how to frame their engagement strategy across four categories: corporate engagement, asset manager engagement, sector and value chain coverage, and NZAOA publication contribution.

NZAOA signatories delivered on the engagement targets, and this approach was reported to be effective in addressing climate risks across the investment chain. By end of 2024, signatories of NZAOA had fully achieved or exceeded 78% of their 2025 engagement targets. A further 11% of set targets had been mostly (50-99% of progress) met to date by NZAOA signatories.

Engagement Targets



Figure 8: Percentage of engagement targets achieved

Engagements by NZAOA signatories exceeded engagement targets across most engagement types, reflecting their views of climate risk materiality and potential impact on long-term sustainable returns. Signatories either undertook engagements directly with the corporates or delegated engagements via asset managers or third parties (see Annex Figure A.5). Sectoral and publication-related activities demonstrated signatories' commitment to field-building and thought leadership.

Engaging with investor ecosystem to enable long-term sustainable returns

Within the investor ecosystem, NZAOA has set out focused proposals on increasing the efficacy and use of asset manager engagement as a critical lever of change. NZAOA has continued to engage public markets managers with a focus on driving coherence with the best practices defined by asset owners.

NZAOA has also paid particular attention to the conditions enabling signatories to address climate risks in private markets, an area increasingly recognized as underdeveloped yet critical to enable long-term sustainable returns. NZAOA convened several sessions on climate action, and engaging with fund managers that were grounded in knowledge-sharing and the practical experience of signatories, exemplifying NZAOA's commitment to peer learning. NZAOA also helps signatories with tools and guidance for engaging General Partners (GPs) on climate-related risks. This includes work with industry partners such as the initiative Climate International and the Principles for Responsible Investment to take stock of emerging practices.

Having delivered on the first major target achievement milestone, NZAOA and its signatories aim to leverage this earned credibility to mobilize actors across the investment chain and drive broader systemic change in the real economy. This approach is grounded in NZAOA's theory of change and reinforced by its recently released paper "Addressing Climate Impacts: An overview of NZAOA signatories' long-term interests and responsibilities" (NZAOA, 2025a). The paper articulates why climate action is compatible with asset owners' economic interests and fiduciary responsibilities, establishing that the pursuit of net-zero-aligned portfolios represents prudent risk management. The paper makes the case that climate stewardship is not only compatible with long-term value creation, but essential to it.

NZAOA has been sharing approaches that partners can use to develop and refine de-risking mechanisms, and to scale structures that can channel private capital into climate action in EMDEs (see Case Study 3). NZAOA has actively engaged with multilateral, bilateral, and private providers of climate-focused investments, including through a series of thematic roundtables held online and in-person. Many of the latter were timed to coincide with major events, such as the Sustainable Investment Forum Europe, London Climate Action Week, and New York Climate Week. The roundtables are typically run in partnership with leading institutions. Recent partners include the Green Climate Fund, the Climate Investment Funds, the European Investment Bank, the European Bank for Reconstruction and Development, and the UK Department for Energy Security and Net Zero.

Creating the enabling environment for private finance to flow where the need for climate financing is largest has driven engagement with multilateral and development finance institutions. NZAOA has sought to catalyze the development of a better enabling environment and suitable financial structures for private investments, and in EMDEs where the financing needs remain largest. NZAOA also has been building on its blended finance position published at COP28 and on the Blended Finance Booklet launched in 2024.

NZAOA has placed particular emphasis on partnering with developers of innovative approaches to private capital mobilization, including specialists such as SCALED (see Case Study 4), the Green Guarantee Company, and Convergence. NZAOA has also worked with in-country partners in EMDEs. A notable example is the Climate and Ecological Transformation Investment Platform in Brazil. This strategic initiative aims to unlock investment in the country's climate transition by connecting investors to domestic climate solutions opportunities.

Engaging with policymakers to integrate investor perspectives

Effective policy engagement is critical to catalyzing system-wide transformation and strengthening the financial system's long-term resilience and performance. Without supportive and ambitious government policies, the broader economic shift to net zero risks lagging investor action.

Over the past year, NZAOA's engagement with policymakers has focused on fostering understanding of investor perspectives to inform policy development. Efforts were channeled through three key avenues: processes of the United Nations Framework Convention on Climate Change (UNFCCC), bilateral governmental engagement, and participation in climate events. Across all these engagements, NZAOA signatories translated their technical expertise on investment issues, including understanding of climate-related financial risks and opportunities, to identify clear steps and insights for policy. Appreciation for this valuable input has enabled NZAOA to expand and deepen collaborations with a variety of stakeholders that make or influence policy globally, such as the Organisation for Economic Co-operation and Development (OECD), the UNFCCC, national governments, and non-profit organizations.

The UNFCCC processes provided a key forum for engaging with policymakers on two key topics: catalyzing finance to EMDEs and aligning global financial flows with the Paris agreement to secure long-term economic stability. NZAOA and individual signatories provided inputs for the Baku to Belém Roadmap, which focuses on scaling climate finance in developing countries to at least \$1.3 trillion per year by 2035 (NZAOA; 2025b), and for the Sharm el-Sheikh Dialogue, which focuses on how to align financial flows with the Paris Agreement.

Scaling private finance will be critical in reaching the goals of the Baku to Belém Roadmap, and to support this the NZAOA published and engaged on recommendations and priorities for investors. Recognizing that the Roadmap presents opportunities to illuminate policy solutions that are important for tackling key barriers to scaling finance and unlocking clear and compelling investment opportunities for investors, NZAOA made a formal contribution to the Presidencies' Call for Submissions for the Roadmap (NZAOA, 2025b) as well as select interventions in the June 2025 Bonn Climate Sessions. Priorities identified by NZAOA signatories included increasing catalytic capital, standardizing blended finance vehicles, scaling bankable projects, increasing MDB private capital mobilization, enhancing data transparency, and addressing regulatory barriers. NZAOA complemented these efforts with further engagements at the spring meetings of the World Bank and the International Monetary Fund (IMF), the 4th International Conference on Financing for Development (FfD4) and bilateral engagements with governments. FfD4

marked an increasing presence and appetite to engage with the private sector, a focus on private finance in the Compromiso de Sevilla, and a strong convergence of outcomes with the recommendations of NZAOA and others.

NZAOA also participated in the Sharm El-Sheikh Dialogue to amplify the perspective of asset owners. Alongside fellow practitioners, technical experts and government representatives, NZAOA signatories shared their expertise on topics such as transition planning, resilient development pathways, financing the just transition in diverse contexts, and opportunities to support the NCQG implementation through Article 2, paragraph 1(c) of the Paris Agreement.

Through additional engagements with stakeholders and policymakers, NZAOA has reinforced asset owner perspectives in relevant contexts. Examples include a “teach-in” session with the UNFCCC on how to scale private finance in EMDEs and sharing of asset owner perspectives - by invitation of the OECD—on how to make future Nationally Determined Contributions (NDCs) investable. Bilateral engagements with the representatives of different governments also brought to light important nuances within each respective national context to which there are opportunities to further integrate asset owner perspectives.

In addition, NZAOA’s (2025c) “Guidelines and Recommendations for Halting Deforestation” **provide guidance on addressing deforestation risks in investment portfolios and can serve as a foundation for future policy engagement on this topic.** Launched in 2025, this document sets out practical steps for financial institutions to assess and address deforestation risks in their portfolios. It also will continue to serve as a tool for policy engagement, reinforcing NZAOA’s position that deforestation must be addressed through both financial and policy levers.

Through the NZAOA signatories can

Engage with academics to develop science-based climate action resources

For example, the NZAOA collaborated with the One Earth Climate Model (OECM) to develop modeling that enhanced the regional and sectoral granularity of decarbonization pathways. Similarly, collaborating with the London Stock Exchange Group (LSEG) led to a first-of-its-kind analysis of drivers of emission reductions across global equity and corporate bond benchmarks, now produced annually (LSEG, 2024).

Benefit from effective knowledge exchange

Signatories have access to curated expertise on various aspects of net-zero strategy for institutional investors, the result of increasingly more efficient and effective knowledge exchange since the launch 6 years ago, which allows each signatory to make better independent business decisions.

Become a go-to resource for policymakers

Invitations for signatories to react to policymakers' consultations or participate in working groups increasingly are channeled through NZAOA, such as the intervention at the Bonn Climate Session in June 2025. Policymakers have also proved willing to engage with technical work of NZAOA, with representatives of the key governments and jurisdictions providing insights to NZAOA.

Case studies

Case study 1: Leveraging regional approaches to unlock transition finance in Japan and Canada

Transition finance addresses the financing of companies and activities in high-emitting sectors that have a credible transition plan. It enables capital to flow toward credible, science-based transition pathways including high-emitting sectors. While signatories are at varying stages of maturity in adopting transition finance, some—like Nippon Life, Co-operators, among others—are already leading with clearly defined strategies and frameworks.

In developing the NZAOA transition finance approach, we recognize the need to invest in the decarbonization of high-emitting sectors—such as steel, power, and heavy transport—that are essential to achieving net zero. These investments may temporarily slow portfolio-level decarbonization, but they are critical to enabling real-economy transition. As such, the NZAOA encourages signatories to actively support credible transition activities.

Regional approaches in Japan and Canada can provide investors with science-based guidance to allocate capital toward credible decarbonization pathways across priority sectors. Asia presents a complex environment: policy frameworks and disclosure standards vary widely, while many high-emitting industries lack immediate low-carbon alternatives. Without region-specific approaches, investors risk underfunding critical transition activities or compromising on credibility. Canada faces a similar challenge. Despite strong net-zero commitments, high-emitting sectors such as oil and gas, transport, and heavy industry dominate both the Canadian economy and national emissions. Since regulatory and capital requirement rules for some institutional investors in Canada limit how much can be invested abroad or in alternative asset classes, this poses a particular challenge for net-zero investors. Though an industrial price on carbon is in place, and initial work has been done by financial sector actors, the Canadian government has yet to adopt a Sustainable Investment Taxonomy to provide investors with science-based guidance to allocate capital toward credible decarbonization pathways across priority sectors.

Both countries are working to address existing challenges, Japan's Ministry of Finance and the Ministry of Economy, Trade and Industry (METI) released the Climate Transition Bond Framework in 2023, revised in 2025, to guide the issuance of government-labeled transition bonds (METI, 2025). The framework aligns with international standards such as the ICMA Climate Transition Finance Handbook (ICMA, 2023). In Canada, the anticipated federal sustainable investment guidelines would define "green" and "transition" activities across priority sectors, including electricity, transportation, buildings, agriculture, and

heavy industry. These guidelines are being designed to support investments that are aligned with net-zero goals and avoid carbon lock-in. The Office of the Superintendent of Financial Institutions (OSFI) in Canada has also put in place guidelines and expectations for large federally regulated financial institutions in Canada to manage and report on physical and transition climate risks.

Nippon Life's Transition Finance Framework builds on Japan's national guidance, combining global best practices with regional realities. The framework reflects both global best practices and Japan's policy direction, ensuring alignment with the country's sectoral transition roadmap. Nippon Life intends to separately manage transition finance assets for these sectors through NZAOA's Transition Finance approach (Nippon Life Insurance, 2024).

Co-operators, a Canadian insurance and financial services cooperative, has operationalized a Transition Approach, which prioritizes rebalancing its portfolio toward "emissions improvers." The organization has committed to impact investments (including climate solutions) and/or climate transition investments by 2030 and has already exceeded 50%. Within this, Co-operators has invested over \$US 2bn (approximately 20% of its portfolio) in climate solutions, with an ambition to raise this even further to \$US 3bn by 2030. Additionally, through their resilience investing initiative, they are working to develop opportunities to invest in innovative climate resilience and climate-adapted infrastructure projects across Canada. This approach acknowledges some of the unique climate transition challenges in Canada and expects climate commitments and progress over time of its investee companies. The approach also relies heavily on stewardship through networks such as Climate Engagement Canada and engagement with policy makers and standard setters.

The NZAOA has incorporated similar regionalization and phase-in elements into its Transition Finance approach, enabling signatories' ability to channel capital into credible transition opportunities within their investment mandates. In presence of a better alignment between institutional frameworks and national taxonomies, signatories are better equipped to support real economy decarbonization. Together, these efforts build momentum toward net zero, ensuring that capital flows to businesses and activities that will contribute to achieving real-world impact.

Case study 2: Partnering with CREO to pilot a solution to the climate investment pipeline challenge

Identifying a robust pipeline of investable climate solutions has been a persistent challenge for NZAOA signatories. Some of the challenges signatories encounter are a fragmented data landscape, limited visibility into market opportunities, and inconsistent thematic classification, all of which are particularly acute in emerging sectors and geographies.

NZAOA partnered with CREO to co-develop functionality on the CREO Research and Data Platform that aims to address some of these challenges. The Platform is designed to surface climate investment opportunities across asset classes and new functionality has been built as a direct result of a strategic partnership with CREO, a mission-driven non-profit aiming to mobilize private capital for climate and sustainable action. The centerpiece of the collaboration is two-year pilot use by some NZAOA signatories of the CREO Research and Data Platform, alongside thematic knowledge-building sessions on how to use the Platform for deal sourcing and market mapping (CREO, 2025).

The Platform is a bespoke market intelligence tool that integrates CREO's proprietary Climate and Sustainability Taxonomy covering over 1,400 tags, with proprietary and third-party data sources, enabling users to:

- map markets and filter opportunities by theme, stage, geography, and impact goal;
- access curated research with AI-generated summaries;
- explore CREO's proprietary pipeline of over 1,000 reviewed opportunities annually;
- benchmark investor portfolios and thematic allocations.

Developed iteratively with input from NZAOA signatories, the platform now includes features tailored to institutional investors' needs - such as save-and-share lists, a function for blended finance, and a preliminary expert database to support peer learning. Signatories have used the Platform to explore thematic strategies including carbon dioxide removal and nature-based solutions, and to identify under-the-radar deals aligned with their net-zero goals. Future features will include impact and financial performance data.

This pilot is part of a broader effort to equip asset owners with the tools and intelligence needed to move from ambition to allocation. By addressing the structural barriers to climate investment, the CREO partnership is helping NZAOA signatories scale capital deployment in support of the transition.

Case study 3: Togo Partial Credit Guarantee Agreement supports mobilization of EUR 200 million sustainable loan

Togo's Sustainable Financing Framework and 2020–2025 Government Roadmap, supports climate adaptation, biodiversity, sustainable agriculture, and clean energy projects. Like many EMDE countries, Togo faces significant barriers in accessing long-term, affordable international financing for climate action due to risk-return considerations. These considerations can make it challenging for institutional investors to fund large-scale infrastructure and sustainable development initiatives and thereby contribute to bridging the USD 4 trillion Sustainable Development Goal (SDG) funding gap.

Legal & General (L&G), a leading UK financial services group and major global investor, recently partnered with the African Development Bank Group to provide a loan for the Republic of Togo, aimed at propelling the sovereign's sustainable growth and development agenda (AfDB, 2025). This represents Togo's inaugural sustainable loan from international commercial lenders, enabling the country to raise up to €200 million through a 20-year facility that L&G is extending alongside Deutsche Bank. The partial credit guarantee, provided through the African Development Fund—the concessional lending arm of the African Development Banking Group—demonstrates the power of strategic partnerships in mobilizing private capital for sustainable outcomes.

This pioneering approach enabled institutional investors to participate while maintaining investment-grade credit risk. The transaction not only secured critical funding for Togo's sustainable development agenda, but also established a replicable model for insurance-backed financing in emerging and developing economies. It demonstrates the pivotal role of strategic partnerships, credit enhancement mechanisms, and specialist insurers in unlocking institutional capital to bridge the infrastructure and SDG financing gap. Innovative financing, such as in this example, can unlock opportunities for institutional investors to allocate capital towards global development whilst benefiting from the potential for strong returns through credit enhancement.

Case study 4: How SCALED aims to transform blended finance

Mobilizing private capital for sustainable investment in emerging markets and developing economies (EMDEs) continues to fall short of expectations. While public capital is intended to de-risk and mobilize private investment, transactions remain too complex, slow, and small-scale to meet global needs. Vehicles are often bespoke and take years to set up, by which time market contexts may shift, reducing attractiveness for institutional investors and slowing the creation of a diversified market.

Spearheaded by four signatories of NZAOA—Allianz, AXA, La Caisse and Zurich—and the Governments of Canada, Denmark, France, Germany, South Africa, and the United Kingdom, the international public-private initiative SCALED (Scaling Capital for Sustainable Development) is designed to overcome these structural barriers and unlock blended finance at scale. SCALED, formerly known as the Hamburg Sustainability Platform (HSP), continues the momentum of the NZAOA's calls to action on the need to accelerate blended finance *efforts* which emphasized how standardization, streamlined processes, and early alignment between public and private actors are vital to scaling blended finance effectively (SCALED, 2025).

To put these insights into practice, SCALED will create a dedicated, regulated service company that streamlines the blended finance process by:

- virtually pooling private and public capital (soft commitments)
- making use of standardized, pre-configured vehicles, contracts, and reporting
- actively facilitating faster and larger first closings of vehicles
- identifying adequate managers who shall manage the investments on the ground and continue to raise funds for the new structures.

This modular, standardized approach ensures early joint target-setting, commercial viability, and replicability, reducing costs while increasing efficiency and scale.

Over the next decade, SCALED aims to mobilize several billion of USD into sustainable investment. It aims to launch its first investment vehicle in 2026, with a global investment strategy and replicable standards in place. By simplifying and scaling blended finance, SCALED will accelerate capital flows into EMDEs, closing the SDG financing gap and delivering a “quadruple win” for public investors, private investors, MDBs/DFIs, and asset managers.

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Annex

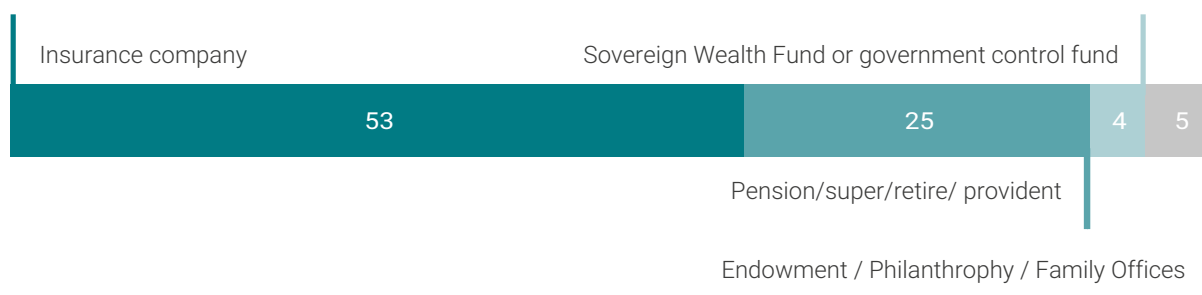


Figure A.1: the NZAOA's signatories in absolute numbers by institution type

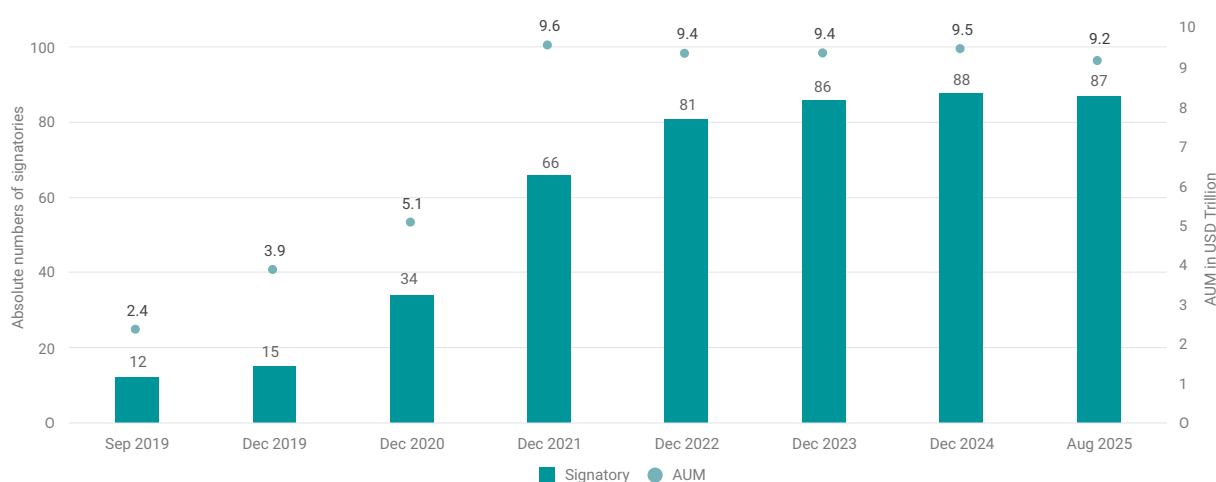


Figure A.2: Growth of NZAOA signatories in absolute numbers and total AUM (in \$trillion)

Thermal Coal



Figure A.3: Signatories exposure to, and positions on, thermal coal

Oil and Gas



Figure A.4: Signatories exposure to, and positions on, oil and gas

Engagement categories

Category	KPI	Average of the achieved number of engagement	Average of targeted number of engagement
Corporate Engagement Actions(1)	Bilateral engagements in line with the TSP requests for all companies executed by the asset owner directly	50	50
	Collaborative engagements supported by the asset owner, for example via CA100+	28	33
	Investees having set science-based targets (and verified by a reputable organization, like SBTi for example) or having publicly committed to achieving net-zero in their business operations before 2050, following an engagement	63	36
	Single engagements contributing to net-zero with delegated execution to an asset manager or external third party through an explicit request or monitoring	67	51

Category	KPI	Average of the achieved number of engagement	Average of targeted number of engagement
Sector/value Chain Engagement Actions(2)	Collaborative sectoral engagements supported by the asset owner, for example via CA100+	3	2
	Participation in Sectoral working groups offered by the NZAOA	1	1
Asset Manager Engagement Actions(3)	Asset managers bilaterally engaged on climate change policies and stewardship practices (e.g. Proxy voting, policy engagement, policy positions)	33	32
	Asset managers engaged in group dialogue policies and stewardship practices by NZAOA signatories (e.g. Proxy voting, policy engagement, policy positions)	3	3
Publication Contribution Actions(4)	Contributions to NZAOA publications (collaborative)	2	2
	Individual contributions to net-zero position papers published outside the NZAOA	2	1

Figure A.5: Average number of absolute targeted and achieved engagements per KPI from 2021 to year end 2024. These are based on reported numbers of individual signatories and can result in double counting.



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