UN-convened Net-Zero Asset Owner Alliance

Governance Document

Approved: November 2025

In partnership with:

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Acronyms

AO	asset owner
ESG	environmental, social, governance
GHG	greenhouse gas
IPCC	Intergovernmental Panel on Climate Change
PRI	PRI Association
UN	United Nations
UNEP FI	United Nations Environment Programme Finance Initiative
WWF	Worldwide Fund for Nature

Background

The UN convened Net-Zero Asset Owner Alliance (NZAOA) is an UN-convened, asset owner-led organization where signatories commit to the following (**Commitment**):

The signatories of NZAOA commit to transitioning their investment portfolios to net-zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5C degrees above pre-industrial temperatures, taking into account the best available scientific knowledge including the findings of the IPCC, and regularly reporting on progress, including establishing intermediate targets every five years in line with Paris Agreement Article 4.9.

To meet fiduciary duties of the AO signatories to manage risks and achieve target investment returns, this Commitment must be embedded in a holistic ESG approach, incorporating but not limited to, climate change, and must emphasize GHG emissions reduction outcomes in the real economy.

Signatories will seek to reach this Commitment especially through advocating for, and engaging on, corporate and industry action, as well as public policies, for a low-carbon transition of economic sectors in line with science and under consideration of associated social impacts.

This Commitment is made in the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met.

- The Commitment underlying NZAOA is captured in the Commitment Form/Document which can be found on the webpage of NZAOA, here: *https://www.unepfi.org/wordpress/wp-content/uploads/2020/03/04-UN-AOA-Commitment-doc-D10.pdf*. It is by signature and submission of this Commitment Document that an AO joins NZAOA. Only AOs who are signatories of PRI are eligible to join NZAOA but participating is otherwise open to all AOs who are domiciled in jurisdictions recognised by the United Nations.

NZAOA was established by UNEP FI and PRI with a group of 12 founding signatories and officially launched to the public on 23 September 2019. NZAOA is made up of signatories to the Principles for Responsible Investment and aims to scale up rapidly. Thus, a sound, effective, and efficient governance structure is required and is outlined in this document.

NZAOA is a joint initiative of, and convened by, the UNEP FI and PRI. Together UNEP FI and PRI provide the secretariat functions of NZAOA. The operations and activities of NZAOA will be carried out fully in recognition of, consistency and alignment with PRI's and UNEP FI's rules, regulations and mandates, ensuring that PRI and UNEP FI are able to meet their legal and regulatory requirements.

WWF and Global Optimism are Strategic Advisors to NZAOA. Additional such advisors are anticipated.

NZAOA is UN-convened and AO led. Therefore, all AO signatories, alongside the UN-affiliated conveners, have wide-ranging responsibilities to contribute to NZAOA, its governance, its strategy and the execution of its intended actions as set out in this Document.

Regular meetings of all AOs in NZAOA, UNEP FI, PRI, Global Optimism and WWF will take place each year and will provide input to the scope of actions for the upcoming year.

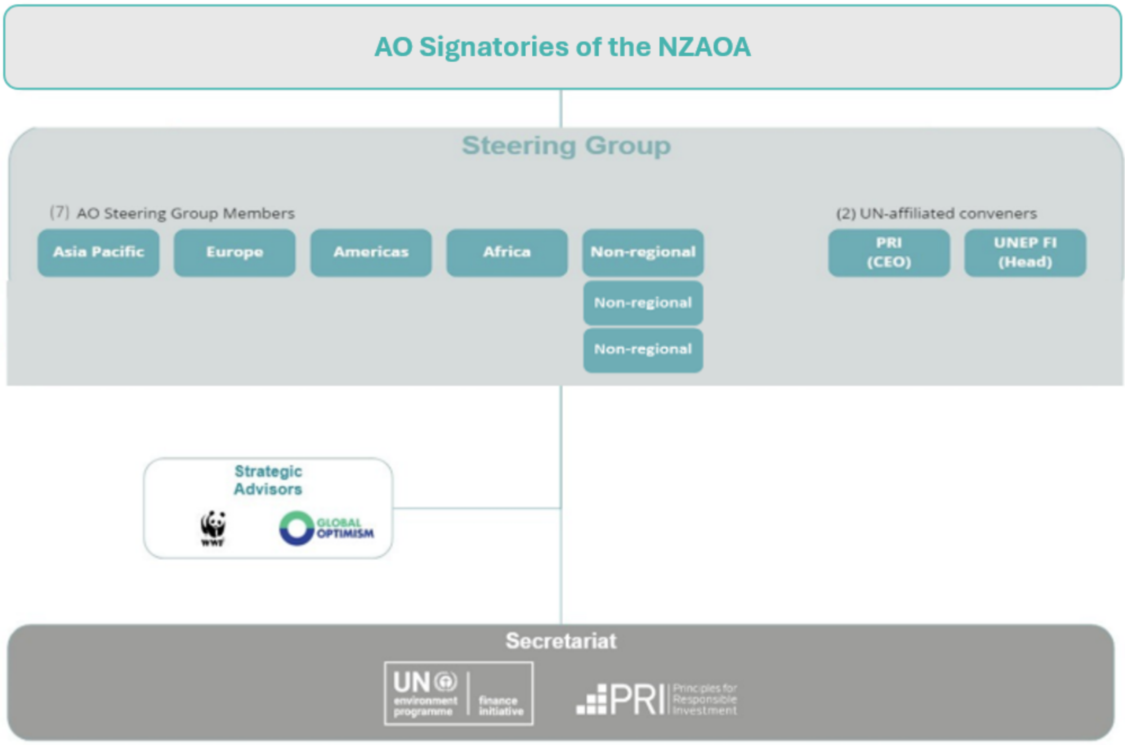
All AOs in NZAOA are encouraged to take leadership roles as leads of Work Tracks and will lead the engagement with their own portfolio companies.

By signing and submitting NZAOA Commitment Document, the AO signatory of NZAOA agree to pay a fee to NZAOA, via NZAOA Secretariat, in addition to their fees of PRI and/or UNEP FI, on an annual basis to ensure that the necessary programs and Work Tracks can be undertaken.

NZAOA is a strategic group and nothing about NZAOA is intended to, or shall be deemed to, establish any legally binding partnership or legally binding joint venture between UNEP FI and PRI or between them and any other AO signatory, or between any of the AO signatories, or to constitute any of those persons the agent of another, or authorise any of those persons to make or enter into any commitments for or on behalf of any other person.

Structure

The following diagram reflects the structure of NZAOA, led by NZAOA Steering Group, and supported by the Strategic Advisors and the Secretariat comprised of the convening organizations. Institutional logos will be updated where required. The Group will aspire to regional balance as depicted below in time and as NZAOA grows to achieve global coverage.



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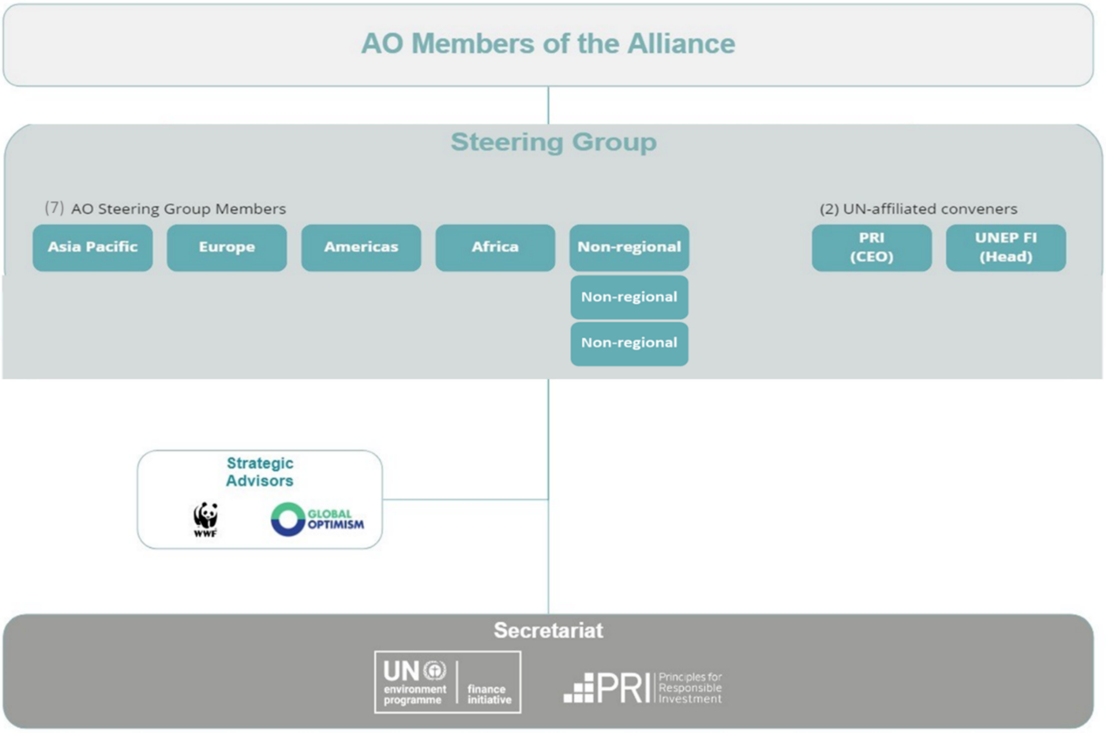

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Review of Governance Structure

The Governance Structure will be reviewed every two (2) years in the six (6) months before each new term of the Steering Group to ensure the structure suits current needs.

Roles and Responsibilities of Steering Group

The Steering Group will be comprised of the two (2) UN-affiliated conveners (PRI and UNEP FI) and seven 7 AO signatories (representatives at CEO or CIO level, or similar) (**AO Steering Group Signatories** and, together with PRI and UNEP FI, **Steering Group Signatories**). Strategic Advisors will assist and advise the Steering Group in all its interactions.

AO Steering Group Signatories shall be elected every two years from the AO signatories of NZAOA with an aim to enable global representation. The Head of UNEP FI and the CEO of PRI will be permanent signatories of the Steering Group. Elections will be held 3 months ahead of the end of tenure of each Steering Group.

NZAOA, including its Steering Group, works within the aims of the United Nations and specifically UNEP and PRI.

Specific Responsibilities of the Steering Group

Steering Group has the responsibilities listed below. The Steering Group convenes both at the level of the 'Principals' (the formally elected individuals at the level of: CEO or member of Group Executive Committee) as well as, more frequently, at 'working level' (where each Principal is represented by a designated colleague from the same organization). Whenever feasible and appropriate the Steering Group will carry out its responsibilities at 'working level' and elevate matters to the Steering Group at 'Principals level' only when deemed appropriate, warranted and/or useful.

- Set strategic direction of NZAOA to meet the net zero by 2050 objective, by approving all strategic, directional interventions of NZAOA
- Understand the goals, objectives, and desired outcomes of NZAOA
- Understand and represent the interests of NZAOA stakeholders, including as spokespeople for NZAOA
- Guide technical work on progress reporting towards the achievement of NZAOA's commitment
- Endorse the review and development of methodologies
- Endorse the advocacy and engagement of NZAOA on policy matters globally and domestically

- Endorse the development of the engagement approach used with portfolio companies
- Steer NZAOA signatories with respect to best practice
- Liaise with complementary initiatives
- Define the growth strategy for NZAOA and lead on the engagement with potential new signatories
- Review on a periodic basis the governance structure of NZAOA
- Approve NZAOA expenditures that cost more than £25,000

Election and Terms of Steering Group

The Steering Group will serve for a period of two (2) years starting on 01 January with an overlap of one month with previous Steering Group signatories.

Signatories of the AO Steering Group shall be elected by a simple majority of all NZAOA signatories voting in favour. Each NZAOA signatory shall have one vote. Voting will take place three (3) months prior to the end of the term to elect [seven 7] AO signatories to the Steering Group. The serving AO Steering Group Signatories are eligible for re-election to a maximum of two (2) additional terms. UNEP FI and PRI shall always have a right of permanent representation of the Steering Group.

A Chairperson will be elected from the AO Steering Group Signatories by simple majority of the AO Steering Group Signatories. For continuity, the first Chairperson will serve for a period of three (3) years, ensuring ease of transition as the Steering Group transitions at the two (2) year mark. Thereafter, the Chairperson election and the Steering Group composition will take place on alternating years.

A Chairperson of NZAOA Steering Group can stand for re-election twice, subject to prior re-appointment to a vacant seat on the Steering Group.

Decision-making of the Steering Group

Frequency of Meetings

Meetings of the Steering Group will take place at least semi-annually and shall be no more than six (6) months apart. Attendance can be in person, by telephone or video conference.

Voting Rights

Steering Group decisions will be subject to a vote, and each Steering Group member has one vote. A decision will be deemed to have been approved if it has received the following votes (votes can be conducted in person or in writing, including by email):

a) For decisions affecting the Secretariat, a minimum of 2 votes from UN affiliated Steering Group signatories and a minimum of 4 votes from AO Steering Group Signatories

b) For general decisions of NZAOA, a minimum of 1 vote from UN affiliated Steering Group signatories and a minimum of 4 votes from AO Steering Group Signatories

c) For decisions pertaining to the operations and investments of the AO signatories but still requiring an NZAOA stance, a minimum of 4 votes from AO Steering Group Signatories

Definitions and examples of each of the three decision categories provided above (a., b., and c.) are provided in Annex A to this document.

The decisions or recommendations of the Steering Group do not constitute financial or professional advice and matters that pertain to the investment strategy and operations of each AO signatory, such as specific portfolio-level targets, naturally remain within the exclusive, sole decision-making of the asset owner at hand.

Quorum

For all Steering Group decisions, the presence of a minimum number of 5 (five) AO Steering Group Signatories and the 2 (two) UN-affiliated Steering Group Signatories is required.

Roles and Responsibilities of NZAOA asset owners (‘All Signatories’ and ‘All Principals’)

All AO signatories of NZAOA convene quarterly. One convening per quarter takes place at ‘working level’, while a second convening per quarter takes place at the level of the AO ‘Principals’ (‘All Principals’ meetings).

These convenings serve to continuously inform all NZAOA signatories on the ongoing work of the Work Tracks, and to facilitate discussions and consultations among all signatories, on relevant topics, including proposals for future NZAOA outputs and deliverables, in line with NZAOA Standard Operating Procedures. Importantly, at the end of each year these convenings serve to brief and consult all the signatories on NZAOA’s work plan and priorities for the consecutive year, including on the Steering Group’s envisioned milestones and targets.

Occasionally these convenings will also serve for NZAOA to make decisions that cannot be made by NZAOA Steering Group, either because they pertain to fundamental NZAOA matters that lie outside the Steering Group's agency or because the Steering Group decides to defer them to all NZAOA signatories in light of identified sensitivities. NZAOA's Standard Operating Procedures Document further specifies when decisions are deferred from NZAOA Steering Group to all signatories.

When decisions are tabled for a decision by NZAOA signatories, this happens at the level of 'All Principals'. 'All Principals' are given a period of at least two weeks to prepare for and execute a decision.

Each AO signatory typically will interact with NZAOA at 3 levels, and via 3 corresponding kinds of signatory functions:

1. **Principals:** Senior leaders (e.g., Chief Investment Officer, Chief Sustainability Officer, Chief Executive Officer) representing signatory organizations at quarterly Principals meetings. As per the above: typically, NZAOA-wide decision-making and voting take place at this level.

2. **Focal points / 'Representatives':** Working level, senior staff representing signatory organizations who join quarterly working level meetings (these meetings are also open to all other staff of signatory AOs) and acting as signatories' focal points vis-a-vis NZAOA on all administrative and governance-related matters. These staff are interpreted as being the day-to-day 'Representatives' of their corresponding Principals. Occasionally, NZAOA-wide decision-making and voting takes place at this level.

3. **Work Track signatories:** Signatory organizations' expert staff participating in individual and technical work tracks and/or working groups. Typically, 'in-Track' decision-making and voting takes place at this level. Such 'in-Track' decisions are never definitive for NZAOA. They only serve to finalize work at the Track level so that it can be further submitted to NZAOA Steering Group and/or NZAOA signatories for further consultation and/or final approval.

Decision-making by 'All Principals'

Decisions by 'All Principals' will be subject to a vote, and each Principal has one vote. A motion is carried by at least 75% of the quorum (votes can be conducted in person or in writing, including by email).

Quorum

The quorum for such decisions is 75% of NZAOA signatories (75% of NZAOA Principals).

Role and Responsibilities of the Strategic Advisors

The Strategic Advisors will advise NZAOA on strategic, policy and technical matters of relevance to NZAOA. Founding Strategic Advisors are WWF and Mission 2020 (which has evolved to become Global Optimism)

Specific Responsibilities of the Strategic Advisors

Strategic Advisors have the following responsibilities:

- Understand the goals, objectives, and desired outcomes of NZAOA
- Contribute to setting the strategic direction and reinforcing leadership of NZAOA by attending regular meetings (and contributing to the tasks decided there)
- Advise on relevant scientific and methodological advances relevant to the achievement of NZAOA's commitment
- Review and provide feedback on respective reporting of NZAOA and its signatories as well as on the quantitative targets of the signatories
- Support NZAOA in establishing linkages and ensuring regular communications with related initiatives
- Advise on relevant political, policy engagement, or strategic matters relevant to the progress of NZAOA signatories towards the achievement of NZAOA's Commitment.

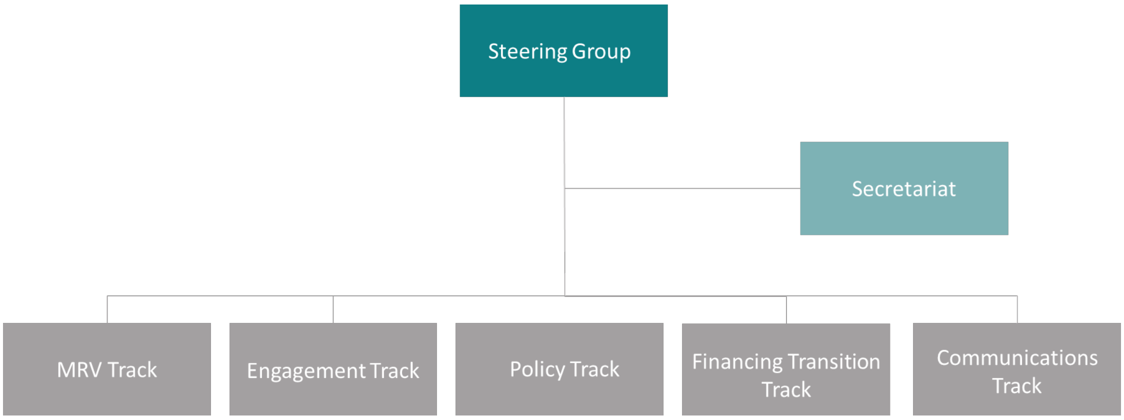
Election and Terms of Strategic Advisors

Strategic Advisors will be identified on a needs-basis by the Steering Group and Secretariat with respect to a scientific or strategic gap in the overall structure of NZAOA.

The Secretariat and/or AO signatories of NZAOA can nominate new Strategic Advisors to be voted on by the Steering Group. The Steering Group may then elect any number of Strategic Advisors through a simple majority vote. The existing Strategic Advisors will be reviewed every 2 (two) years at entry of the new Steering Group.

Role and Responsibilities of Work Tracks & Track Leads

The efforts and implementation of NZAOA will be undertaken and operationalised by working groups of NZAOA signatories grouped into Tracks.



1. **MRV Track –** Will work to establish a framework for NZAOA target-setting and reporting
2. **Engagement Track** – Will advance engagements with sectors, companies and asset managers
3. **Policy Track** – Will advance engagement and policy asks with policymakers
4. **Financing Transition –** Will develop practices through which asset owners can support the growth of supply side opportunities and investments
5. **Communication** – Will ensure transparent and public communication of the content from the above tracks

Specific Responsibilities of the Track Leads

Track Leads are supported by Secretariat Track Managers. Track Leads have the following responsibilities:

- Understand the goals, objectives, and desired outcomes of the Track
- Lead a constructive and collective dialogue on Track content
- Lead on the implementation of the Track work and the achievement of Track milestones and objectives
- Be an expert in the track topics
- Be able to practice and drive growth in the practices defined by the track
- Engage with collaborative initiatives which have similar objectives in collaboration with Secretariat Track Management on behalf of NZAOA
- Advise on relevant scientific and methodological advances relevant to the achievement of NZAOA's commitment

Election and Terms of Track Leads

The AO organization hosting Track Leads will rotate, at most annually and, at least every two years, if possible. They will be elected in November of the corresponding year, to overlap with existing Track lead for the final month of the year. Peer and self-nominations will be shared to Secretariat Track Manager in October, nominees will be made aware of their nomination in the first half of November, and, if necessary, elections will be held in the second half of November by a simple majority among Track signatories. If requests for nominations do not yield the required number of nominees, NZAOA Secretariat and Steering Group will establish an appropriate course of action, including potentially the mobilisation, as Track Co-Leads, of expert staff from signatory organizations of the Steering Group.

Two Co-Leads are ideally required. For the Communications Track, one Co-Lead shall always be from the organization that holds the Chair of NZAOA Steering Group. Furthermore, each AO signatory in the SG should ensure that a representative from their organization joins the communication track at the working level.

Role and Responsibilities of the UN Secretariat

The role of the Secretariat will be provided by UNEP FI with PRI. The Secretariat will be staffed full time by at least one representative of each institution. The principal representatives of the institutions will serve as the Co-Chairs of the Secretariat.

Specific Responsibilities of the Secretariat

Specific responsibilities of the Secretariat are to:

- Ensure that NZAOA meets objectives in-time and in-budget, and that it does so following the general direction provided by NZAOA Steering Group. To that effect, the Secretariat is empowered to make operational decisions as a matter of due course, while strategic decisions remain the responsibility of the Steering Group;
- Supports Steering Group and the Strategic Advisors;
- Convene and provide requested input on strategic direction of NZAOA;
- Coordinate regular meetings;
- Provide advice and guidance on political, technical and structural matters facing NZAOA;
- Prepare and conduct regular virtual calls of the working group(s) that address political, technical and structural matters;
- Manage a secretarial budget;
- Support NZAOA communications

- Manage strategic outreach to potential allies and key partners, establishing linkages and regular communications with related initiatives (e.g. Investor Agenda, Climate Action 100+, etc.);
- Provide a common platform to enable impact reporting and coordinate the peer-assessment of progress, including support via website presence;
- Seek expert input and enable the technical review of decarbonisation progress as reported by the AOs;
- Use its authority and structures to assist the project in achieving its outcomes;

Terms of Secretariat

The Secretariat will be provided by UNEP FI and PRI for the life of NZAOA.

Decision-making processes for NZAOA products and outputs

The governance of, and decision-making processes on, specifically the development and publication of NZAOA products and outputs is established jointly through this present NZAOA Governance document, in tandem with the document specifying NZAOA's Standard Operating Procedures.

Accountability Mechanism

NZAOA supports signatories in meeting eligibility criteria. Delisting of a signatory is a last resort that gets triggered if a signatory has not met minimum requirements within a specified timeframe, typically if the signatory has not engaged with fellow signatories and the Secretariat and/or there are clear indications that engagement has failed, and progress has not been made.

If an asset owner fulfils the below criteria the asset owner is eligible for NZAOA. If a signatory is unable to meet one or several of these minimum criteria the signatory shall publicly disclose a reasonable explanation as to why that is.

- Setting and publishing intermediate individual targets, in line with NZAOA's Target-Setting Protocol.
- Disclosing annually and publicly on progress towards intermediate individual targets, including on investment portfolios' emissions profile and emissions reductions.
- Receiving verification of intermediate individual targets and progress towards individual intermediate targets through review by NZAOA or a third party.

- Where NZAOA has or establishes a Position, considering adopting and publishing, where applicable, a corresponding individual investment policy or approach, informed by NZAOAs Position, as applicable within 12 months of joining NZAOA, or within 12 months of publication of NZAOA's Position.
- Paying fees within 30 days of invoicing. NZAOA's fee structure is established by the Steering Group and is always publicly accessible on NZAOA's website.

Engagement and signatory delisting process

NZAOA has a variety of signatories at different stages of their net-zero journey. Therefore, NZAOA seeks to provide them with sufficient time to implement the minimum requirements. The process for signatory engagement and delisting will include:

- Execution of engagement and signatory delisting by the Secretariat, drawing on NZAOA Steering Group as needed;
- Notification privately by the Secretariat of failure to meet the minimum requirements and a request to do so within six months;
- In-depth engagement and support by the Secretariat to implement necessary changes to meet the minimum requirements; and
- Review and if necessary, signatory delisting, based on a decision by NZAOA Steering Group, after six months if the requirements are not met and as a last resort following unsuccessful engagement over a six-month period.

NZAOA signatories can choose to voluntarily leave NZAOA at any stage in the engagement and signatory delisting process. NZAOA signatories leaving NZAOA will have their name removed from the list of signatories on NZAOA's website.

A strict non-disclosure agreement (NDA) will be executed between the concerned signatory and NZAOA to ensure that ongoing engagement and the result thereof cannot be communicated outside NZAOA. Also, to the extent a signatory is delisted from NZAOA, such a signatory is still bound by the NDA and as such cannot communicate on the internal processes and workings of NZAOA also after leaving NZAOA.

Confidentiality, competition law and conflicts of interest

Any non-public information disclosed or opinions expressed during meetings will be treated as confidential unless and until NZAOA has authorised public release. Competitively sensitive information should not be shared with other signatories; signatories should check the competition law guidance produced by Freshfields on NZAOA extranet. Signatories may be exposed to confidential information in the course of their work. Signatories' staff may see documents relating to meetings, but unnecessary involvement of third parties in handling this material is strongly discouraged. Material non-public information should not be shared with other signatories. To the extent any signatories believe that they have been exposed to material non-public information, they are reminded of their legal obligations in relation to such information, including under relevant market abuse regulations.

In all cases where third parties are provided access to documents relating to meetings (e.g. assistants or advisors), or positions still marked as confidential, internal or embargoed, individual signatories are expected to accept responsibility for ensuring that those third parties are aware of and respect the confidentiality and sensitivity which is attached to the discussions and documents in question.

Material failures to meet confidentiality requirements will be escalated to the Steering Group and could result in removal of a signatory.

Annex A – Definitions and examples of Steering Group decision categories

a) 'Decisions affecting the Secretariat'

Definition: decisions that pertain to the internal, operational functioning of NZAOA, and its Secretariat, but have strategic/longer term implications so fall outside the immediate decision-making power of the Secretariat.

Examples:
- Approval of NZAOA annual budgets
- Approval of NZAOA fundraising plans and strategies
- Approval of Secretariat annual staffing plans
- Approval of NZAOA standard operating procedures
- Etc.

b) 'General decisions of NZAOA'

Definition: decisions that pertain to the external ('among stakeholders') relationships and partnerships of NZAOA; decisions made to ensure the outward reputation and credibility of NZAOA.

Examples:
- Approval of NZAOA partnerships
- Approval of additions to the Strategic Advisors
- Approval of NZAOA reports and formal documents for external publication or consultation (including NZAOA Positions that require Steering Group sign-off)
- Etc.

c) 'Decisions pertaining to the operations and investments of the AO signatories but still requiring an NZAOA stance'

Definition: decisions that will have an immediate bearing on the portfolios and activities of AOs in NZAOA but which, for purposes of NZAOA AO signatories 'acting in concert', require guidance or a common approach that are NZAOA-wide.

Examples:
- Approval of approaches, logics and metrics for portfolio target-setting
- Approval of approaches, logics and metrics for quantitative reporting on progress towards targets

- Approval of engagement-related and/or financing-related guidance for NZAOA signatories
- Etc