

Net Zero Asset Managers initiative: Network Partners' expectation of signatories with regard to fossil fuel investment policy



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Organisations and frameworks affiliated with the Net Zero Asset Managers initiative have set out positions relating to the phase out of thermal coal, in line with the Intergovernmental Panel on Climate Change (IPCC) 1.5 °C scenarios. More recently the International Energy Agency (IEA) Roadmap to Net Zero has set out a clear scenario necessitating rapid phase out of a number of fossil fuel related activities.

The Network Partners of the Net Zero Asset Managers therefore expect signatories to adopt a robust and science-based policy for the organisation in relation to fossil fuel phase out. At a minimum this should cover the assets under management that a signatory commits to manage in line with net zero, and follow one of the positions below in relation to at least these assets. The policy should also recognise the need for a just transition in countries or regions where there is significant economic dependence on thermal coal power or mining and reflect regional differences in speed of phase out consistent with Intergovernmental Panel on Climate Change (IPCC) 1.5 °C scenarios. Disclosure of an asset manager's policy will be an element of the reporting requirements for Net Zero Asset Managers.

Net Zero Asset Owners Alliance

Other than coal plants currently under active construction, no further thermal coal power plants should be financed, insured, built, developed or planned;

- There should be an immediate cancellation of all new thermal coal projects, including thermal coal plant, coal mines and related infrastructure (i.e. supplying products or services to thermal coal-based projects or business models) that are in pre-construction phase;
- There should be a phase-out of all unabated existing coal-fired electricity generation in accordance with 1.5°C pathways, as provided by the IPCC and referenced by the International Energy Agency (IEA) and Powering Past Coal Alliance (PPCA).

Paris Aligned Investment Initiative Net Zero Investment Framework

It is recommended that investors should not allocate additional capital to companies which are planning or constructing new thermal coal projects and associated infrastructure (power, mining) or taking forward new exploitation of tar sands. Where investors are existing shareholders or bondholders in such companies, they should use active and escalating engagement with the aim of ensuring no new thermal coal generation is developed and no further tar sand resources are exploited, and also that phase out of existing unabated capacity and activity is undertaken in line with net zero pathways. In advocating for these transition plans, investors should recognise the need for a just transition in countries or regions where there is significant economic dependence on thermal coal power or mining.

The Investor Agenda

Phase out investments in thermal coal: commit to phasing out our investments in thermal coal activities (specifically thermal coal mining and coal-fired power generation).

Science Based Targets initiative

FI-R10 – Phaseout of Coal Investments: Financial institutions should establish a policy within six months from the time of target approval that they will phase out financial support to coal across all their activities in line with a full phaseout of coal by 2030 globally. Notably, this includes immediately ceasing all financial or other support to coal companies* that are building new coal infrastructure or investing in new or additional thermal coal expansion, mining, production, utilization (i.e., combustion), retrofitting, or acquiring of coal assets.

Powering Past Coal Alliance

All members commit to supporting clean power generation through their policies (whether public or corporate, as appropriate) and investments, and to restricting financing for unabated coal power generation, i.e. without carbon capture and storage.