

Assessing Sovereign Climate-Related Opportunities and Risks (ASCOR)

Launching the ASCOR framework consultation

February 7th, 2023

Hosted by:



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The logo for ASCOR consists of the word "ASCOR" in a large, white, serif font. The letter "O" is replaced by a circular graphic with a multi-colored border (green, blue, purple) and a white center.

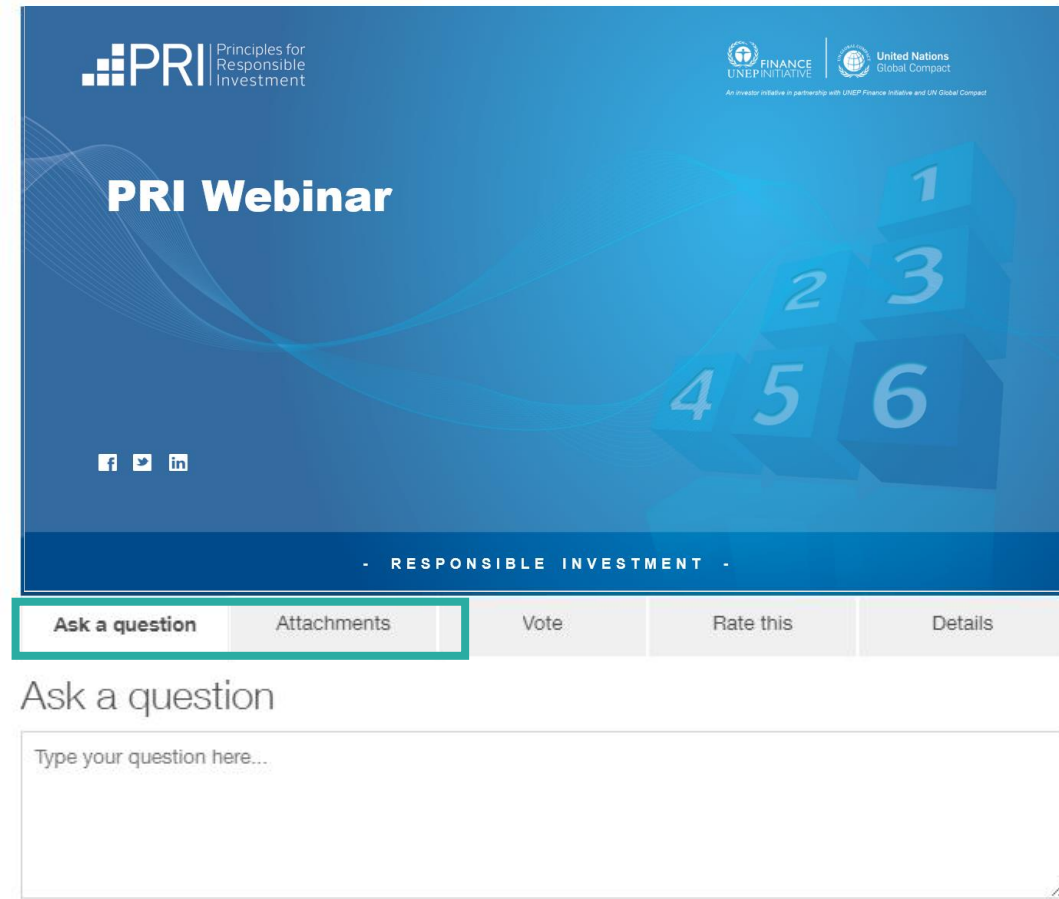


Platform functionality

Please use the tabs below the presentation to:

- ask a question
- download attachments
- submit feedback

Exit full screen mode to view the tabs.



The screenshot displays the interface for a PRI Webinar. At the top, the PRI logo (Principles for Responsible Investment) is on the left, and the UNEP Finance Initiative and United Nations Global Compact logos are on the right. The main title "PRI Webinar" is centered. Below the title are social media icons for Facebook, Twitter, and LinkedIn. A decorative graphic of blue cubes with numbers 1 through 6 is on the right. A dark blue bar at the bottom of the slide contains the text "RESPONSIBLE INVESTMENT". Below the slide, a navigation bar has five tabs: "Ask a question", "Attachments", "Vote", "Rate this", and "Details". The "Ask a question" tab is highlighted with a green border. Below this tab is a text input field with the placeholder text "Type your question here...".

Speakers

- **Victoria Barron**, Head of Sustainable Investment, BT Pension Scheme Management
- **Adam Matthews**, Chief Responsible Investment Officer, Church of England Pensions Board
- **Carmen Nuzzo**, Head of Fixed Income, Principles for Responsible Investment
- **Udo Riese**, Global Head of ESG, Allianz
- **Antonina Scheer**, Policy Fellow, TPI Global Climate Transition Centre
- **Johannes Honneth**, Policy & Data Analyst, TPI Global Climate Transition Centre

Agenda

- Introducing the ASCOR Project
- The investor case and benefits for issuers
- Presenting the ASCOR framework
- Q&A
- Participate in the consultation



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Introducing the ASCOR Project

Victoria Barron (BTPSM) & Adam Matthews (Church of England Pensions Board),
ASCOR Co-chairs

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Context

- At least \$3.5 trillion annually needed until 2050 to finance the transition ([IPCC, 2018](#))
- Partnerships between investors, international institutions, governments, and local stakeholders are needed to mobilise climate finance
- Need practical tools to understand sovereign climate risks and opportunities and highlight transition investment opportunities

What are the ASCOR Project's goals?

- Develop an independently assessed framework with and for investors, sovereign issuers, and international organisations
- Fairly measure and compare, but not rank, sovereign climate performance
- Actively engage sovereign issuers and other stakeholders
- Create a comprehensive tool and make assessments and methodologies publicly available and free
- Expand country coverage with annual updates

Note: A full description of the framework and indicators can be found in the ASCOR Consultation Report published [here](#).



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Who are the project partners?

Funders:

BTPS

 THE CHURCH
OF ENGLAND
PENSIONS BOARD

Sura 
ASSET MANAGEMENT

 COLCHESTER®
GLOBAL INVESTORS

 Allspring

Aktia

 MFS®
Investment Management


FRANKLIN TEMPLETON
INVESTMENTS

Amundi
ASSET MANAGEMENT

 Ninety
One

Supporters:

 CHRONOS
INTELLIGENT SUSTAINABILITY

 PRI | Principles for
Responsible
Investment

UN-Convened
**Net-Zero
Asset Owner
Alliance**


Ceres

IIGCC
Institutional Investors Group on Climate Change

 Investor
Group on
Climate
Change

**ASIA
INVESTOR
GROUP
ON
CLIMATE
CHANGE**

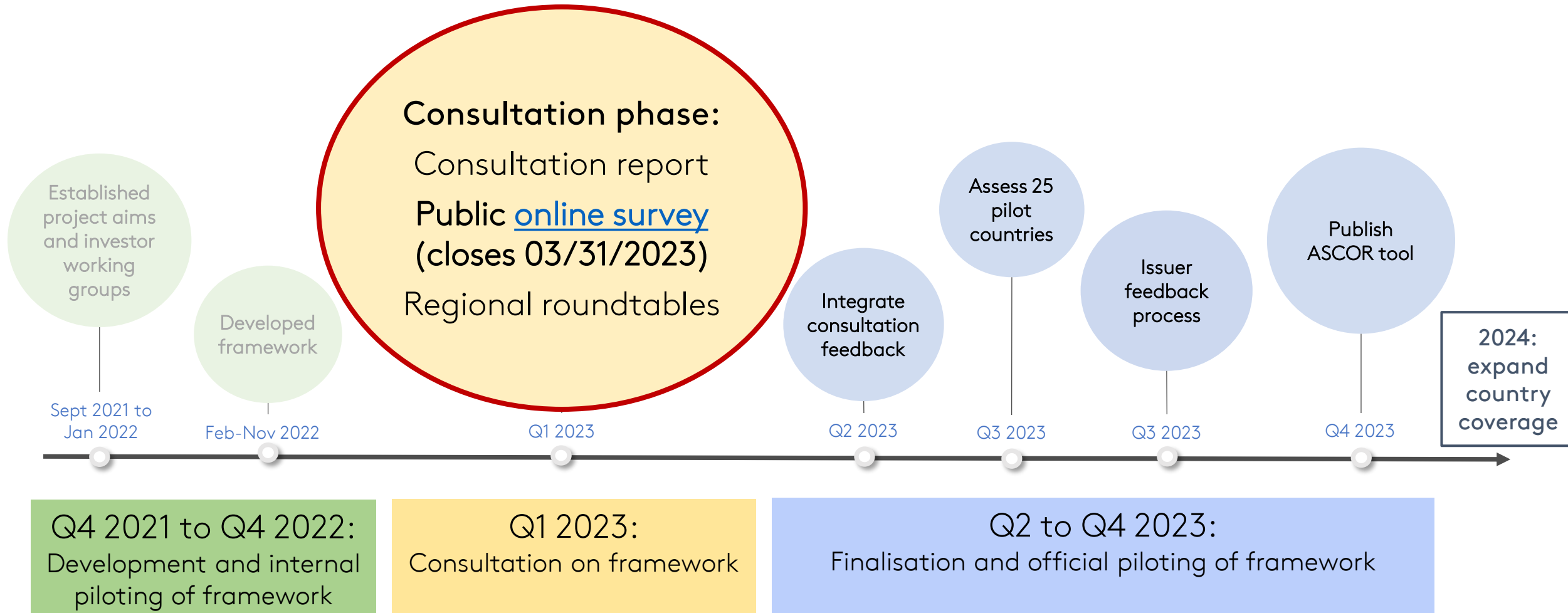
Academic partner:

 Transition
Pathway
Initiative

 Grantham
Research Institute
on Climate Change
and the Environment

LSE

What is the project timeline?



The investor case and benefits for issuers

Carmen Nuzzo (PRI) & Udo Riese (Allianz)

Why is the ASCOR Project important?

- The investor case:
 - Facilitates tracking of sovereign net zero pathways and portfolio construction
 - Adds transparency on sovereign climate-related risks and opportunities
 - Supports financing of a low-carbon future with *just* transition considerations
- Benefits to issuers:
 - Provides independent assessment framework to showcase policy progress
 - Enables more structured dialogue between investors and sovereign issuers
 - Promotes consistent sovereign disclosure using existing data

Presenting the ASCOR framework

Antonina Scheer & Johannes Honneth
(TPI Global Climate Transition Centre)

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Design principles for indicator development

1. Reliance on publicly available data
2. Objectively assessable “Yes” or “No” questions
3. Indicators and methodology are transparent, clear, and useful
4. Avoid unnecessarily adding to reporting burden
5. Pitched at national level
6. Recognise principles of fairness and common but differentiated responsibilities

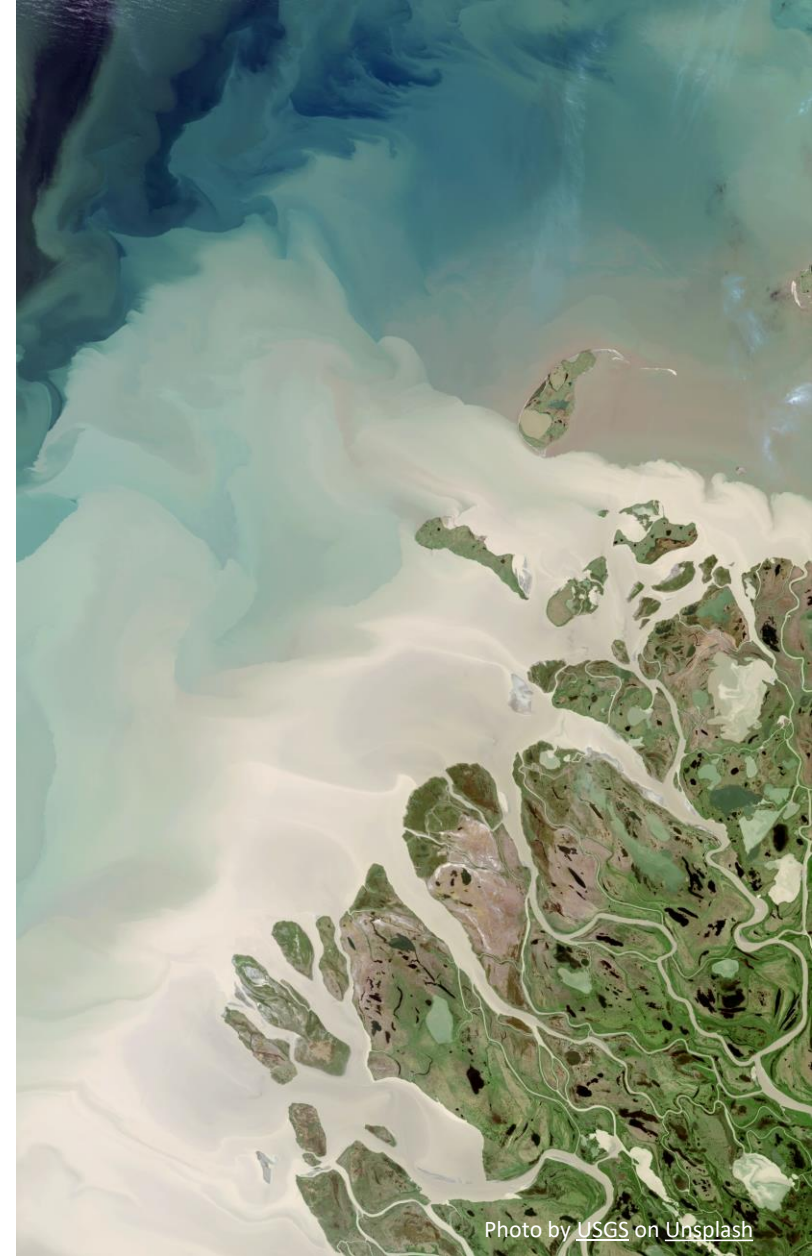


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Framework overview

Performance of country on managing climate change		Financing for climate risks & opportunities
Pillar 1: Emission pathways (EP)	Pillar 2: Climate policies (CP)	Pillar 3: Opportunities to finance the transition (OFT)
EP 1: Emission trends	CP 1: Mitigation	OFT 1: Financing mitigation
EP 2: 2030 targets	CP 2: Adaptation	OFT 2: Financing adaptation
EP 3: Net zero targets	CP 3: Just transition	OFT 3: Financing transition opportunities

Pillar 1: Emission Pathways

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Theme	Indicator sub-themes
Emission trends	Absolute Emissions
	Emission Intensities
2030 targets	2030 Target Transparency
	Alignment with National Benchmark
	Alignment with National Fair Share
Net zero targets	Net Zero Target Transparency
	Alignment with Global Net Zero
	Alignment with Accelerated Net Zero

- Historical trends illustrate recent mitigation actions
- 5-year horizon
- Absolute emissions
- Emissions per capita
- Emission per GDP adjusted for purchasing power parity
- Territorial production-based emissions

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- 2030 targets indicate medium-term mitigation ambition
- Nationally Determined Contributions (NDCs)
- Legal weight, coverage, offsets
- Target alignment with 1.5°C benchmarks
- Target alignment with fair share based on equity, responsibility, and capability

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Net zero targets	Net Zero Target Transparency
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- Net zero targets indicate long-term mitigation ambition
- Legal weight, coverage, offsets
- Alignment measured only for high-income countries
- Target alignment with global 1.5°C net zero deadline of 2050
- Target alignment with accelerated 1.5°C net zero deadline of 2045

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Theme	Indicator sub-themes
Mitigation	Disclosure of Data & Documents
	Framework Legislation
	Carbon Pricing
	Selected Emissions Sources
Adaptation	Adaptation Planning
	Disaster Risk Reduction
Just transition	Just Transition Lens on Climate Policy
	International Climate Finance

- Disclosure of updated NDC, consumption-based emissions, etc.
- Climate legislation and accountability elements
- Carbon pricing mechanism evaluated on price and coverage
- Fossil fuel subsidies, coal phaseout, electricity, transport, buildings, and land use

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- Disclosure of National Adaptation Plan or equivalent
- Legal weight of adaptation plan
- Regular risk assessments
- Monitoring & Evaluation
- Disaster risk reduction policies
- Early warning systems
- Sovereign catastrophe risk pools

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- Just transition policy can secure social license for climate action
- Social dialogue and engagement with communities affected by decarbonisation
- Just transition commissions
- Regressive effects of carbon pricing
- Financial contributions towards \$100bn commitment

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Theme	Indicator sub-themes
Financing Mitigation	Funding for conditional NDCs
	Exposure to transition risk
Financing Adaptation	Funding for adaptation plans
	Exposure to physical risk
	Vulnerability to physical risk
Financing Transition Opportunities	Renewable energy potential
	Energy transition minerals
	Nature-based solutions

- Support unlocking climate-aligned financial flows
- Funding needed for mitigation based on costing of conditional NDCs
- IMF index of exposure to transition risk

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- Disclosure of financing to implement National Adaptation Plans
- Projected economic losses from climate impacts
- World Risk Index

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- Resource quality of solar, wind and hydroelectricity
- Endowment of transition minerals
- Potential for nature-based solutions
- Responsible resource permitting, consultation, and consent

Summary

- Framework considers emissions trends, targets, mitigation, adaptation, just transition, and financing opportunities
- Countries will be transparently assessed but not be ranked
- Tool will be free, accessible, and updated annually
- Assessments will be undertaken with academic rigour by the TPI Centre
- ASCOR will promote a common understanding of sovereign climate-related risks and opportunities
- **Consultation feedback on the framework is invaluable**



Q&A

Victoria Barron (BTPSM) & Adam Matthews (Church of England Pensions Board),
ASCOR Co-chairs

ASCOR



Participate in the consultation

- Broad multi-stakeholder feedback is crucial
- Complete the [feedback survey](#) online by **March 31st, 2023**

- For further information:
 - www.ascorproject.org
 - [ASCOR Consultation Report](#)
 - Contact: gri.ascor@lse.ac.uk



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Please submit your feedback

Please click on the 'Attachments' tab, to submit feedback about your experience via the feedback form.

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PRI Principles for Responsible Investment

FINANCE UNEP INITIATIVE | United Nations Global Compact
An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

PRI Webinar

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Transition
Pathway
Initiative