

GFANZ Net-zero Transition Plan and Transition Finance framework

Session 2: Avoiding greenwashing and maladaptation through transparency and tracking to ensure credibility in efforts towards achieving Article 2.1(c)

Monday, 7 October 2024

What is GFANZ?

Founded in 2021, to support the UN non-state actor initiative, GFANZ is a global coalition of leading financial institutions committed to supporting decarbonization of the global economy

Glasgow Financial Alliance for Net Zero (GFANZ)

Net-Zero Banking Alliance (NZBA)

Paris Aligned Asset Owners (PAAO)

Net Zero Asset Managers Alliance (NZAM)

Net Zero Investment Consultants Alliance (NZICI)

Net-Zero Asset Owner Alliance (NZAOA)

Net Zero Financial Service Providers Alliance (NZFSPA)

Net-Zero Export Credit Agencies (NZECA)

Venture Climate Alliance (VCA)

Sector-specific alliances

- GFANZ brings together **sector-specific alliances** whose members number more than 675 firms in 50 jurisdictions, with regional networks and country chapters
- Each financial institution has committed to **transitioning financed emissions to net zero**, in line with science-based pathways to 1.5C
- GFANZ **works with a wide network of stakeholders** in government, private sector, multilateral and development finance institutions, NGOs, and civil society, and reports to the UN and G20 Financial Stability Board

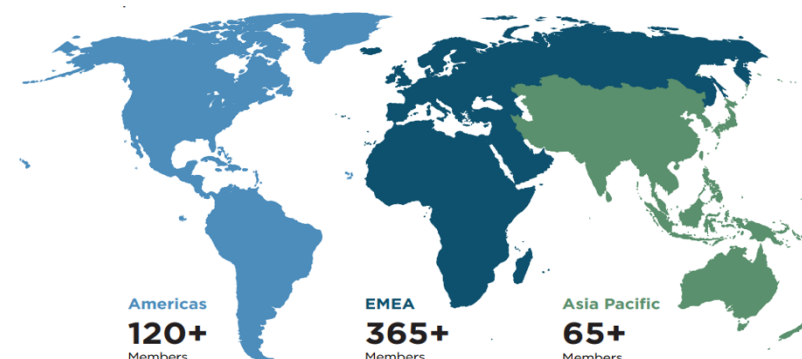
GFANZ Alliance membership



675¹+
firms



50
jurisdictions



¹ As of September 2023

2022: The GFANZ Net-zero Transition Plan (NZTP) Framework



Overview Principles-based approach to facilitating strategic transition planning that is credible, comprehensive and comparable

Scope Broad applicability of framework for real economy corporates and financial institutions

Identifies ten building blocks for transition plans grouped into five themes:

Foundations

Organization-wide net-zero objectives, targets, timelines, and priority approaches

Implementation Strategy

Aligning business activities, products, services and policies with net-zero objectives and priorities

Engagement Strategy

Communicating and collaborating with clients, portfolio companies, industry, civil society, and the public

Metrics and Targets

Metrics and targets to assess and monitor progress towards net-zero objectives

Governance

Structures for oversight, incentivization, and supporting implementation of the net-zero transition plan

Ten building blocks of a credible transition plan

1. Objectives and priorities

2. Products and services

3. Activities and decision making

4. Policies and conditions

5. Engagement with clients and portfolio companies / value chain

6. Engagement with industry

7. Engagement with government and public sector

8. Metrics and targets, including to measure Expected Emissions Reduction (EER) impact

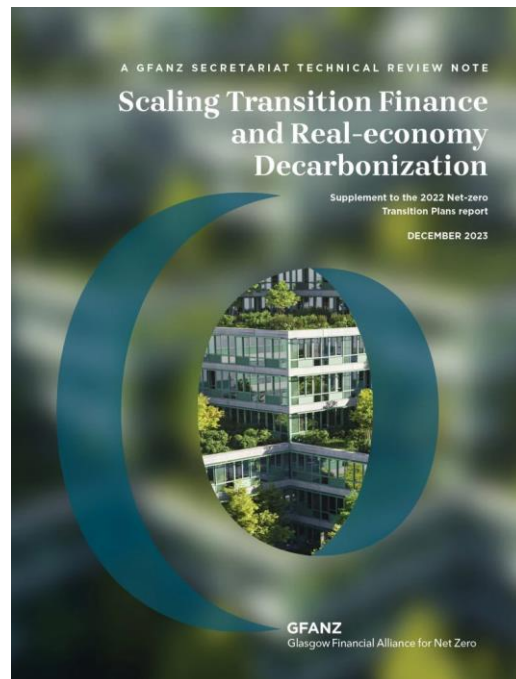
9. Roles, responsibilities, and remuneration

10. Skills and culture



[Download the report](#)

2023: The GFANZ Four Key Transition Financing Strategies



[Download the report](#)

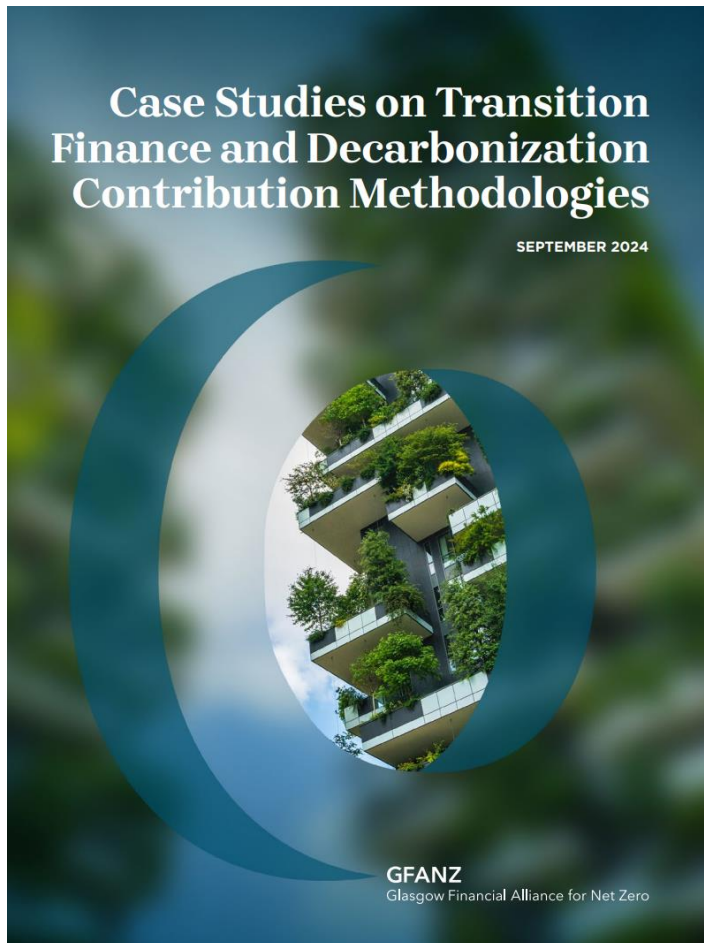
Part I of the Technical Review Note outlines the principles-based Attributes to support the identification of financing and/or enabling initiatives across the four key transition financing strategies that may be used to screen opportunities, portfolio holdings, and clients, for their applicability.

The proposed Attributes anchor on the original GFANZ four key transition financing strategies and draw on existing guidance and select frameworks that have relevant categories; maturity scales; and/or credibility indicators; as well as feedback received through engagement efforts described earlier.

CLIMATE SOLUTIONS	A. Real-economy emission reduction	i. Includes both direct and/or indirect real -economy emissions reductions ii. Not leading to lifetime emissions expansion of phaseout assets
	B. Expectations of net-zero alignment	Includes considerations of near- and medium-term timelines and pathways
ALIGNED & ALIGNING	A. Established net-zero commitment/ambition	Commitment/ambition to reach net zero
	B. Established net-zero targets (set to a plan)	Appropriate KPIs to monitor progress (Emissions, Transition -based)
	C. Net-zero transition plan (or phaseout plan)	Aligned only: established and being implemented Aligning only: developing Managed Phaseout only: phaseout plan
	D. Additional KPIs (where applicable)	Any other KPIs relevant for decarbonization/transition progress
MANAGED PHASEOUT	E. Performance	Aligned only: actual performance against targets – two years continuous Aligning only: increasingly meaningful progress towards targets Managed Phaseout only: actual performance regarding asset phaseout

2024: Case Studies on Transition Finance and Decarbonization Contribution Methodologies

The publication features **18 Transition Finance** and **6 DCM case studies** showcasing approaches to implementing the four key transition financing strategies, and cases that illustrate how forward-looking methods assess and quantify the decarbonization contribution potential of clients and portfolio companies.



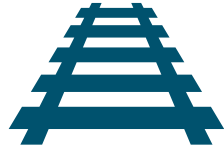
- Case studies represent **21 Climate Solutions**, **12 Aligned**, **20 Aligning**, and **6 Managed Phaseout** Transition Finance strategies and/or real-economy examples
- The case studies span diverse regions, including **Europe**, **APAC**, **North America**, **Africa**, and **Latin America**
- Case study contributors represent the following sectors: **Banking**, **Asset Management**, **Asset Owner**, **Export Credit Agency**, **Financial Services**, **Venture Capital**, **Consulting**
- The real economy examples feature the following sectors: **Infrastructure/Power**, **Transport**, **Industrials**, **Food & Agriculture**, and **Steel**



Key observations and example guardrails



Stated commitment to net zero with interim and long-term targets



Alignment to pathway and/or national roadmaps, taxonomies, or other guidance



Demonstrate expected decarbonization impact



Avoid carbon lock-in risks



Real-economy net-zero transition plan, including details on decarbonization levers, resourcing, and roadmap for implementation



Track record and ongoing measurement of S1, 2, and material S3 GHG emissions and transition progress

