

Net-zero Transition Plan (NZTP) workshop

AN INTRODUCTION TO NET ZERO, GFANZ, AND THE NZTP

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Members of the financial sector-specific net-zero alliances comprising GFANZ have signed up to the ambitious commitments of their respective alliances and are not automatically expected to adopt the principles and frameworks communicated within this material, although we expect all members to increase their ambition over time, so long as it is consistent with members’ fiduciary and contractual duties and applicable laws and regulations, including securities, banking, and antitrust laws.

How to use the GFANZ recommendations and guidance

This material presents recommendations and guidance by the Glasgow Financial Alliance for Net Zero (“GFANZ”), aiming to provide financial institutions with background on potential avenues for meeting net-zero commitments intended to address the financial and economic risks and opportunities posed by climate change and the transitions that would be necessary to mitigate those risks.

This series of workshops seeks to familiarize the audience with a framework for transition finance. The recommendations and guidance presented here do not prescribe a specific course of action but offer information and options to help those financial institutions preparing net-zero transition plans.

Important points to consider before engaging with the material are:

- **Voluntary guidance:** Adoption of the GFANZ NZTP framework is voluntary. Use of all aspects (themes and components) of the framework is encouraged; the use of a subset of the most relevant themes and components is also an option.
- **A pan-sector approach:** The recommendations and guidance outlined in this series of workshops present a pan-sector approach to transition planning, aiming to be applicable to institutions across the financial sector and to act as a reference for regulators and policymakers.
- **Unique roles for different financial institutions:** Due to the pan-sector approach taken, the recommendations and guidance do not reflect the different roles financial institution types play within the industry. Financial institutions are encouraged to consider their unique role in formulating their transition plan.
- **Focus on development and implementation:** The framework outlined here provides an approach for developing and implementing transition plans, rather than specific guidance on the disclosure of transition plans (for an example of such guidance on disclosure, please refer to the UK TPT).
- **Institution-wide approach to transition planning:** The guidance focuses on embedding the net-zero transition within a financial institution’s overall business strategy but does not go into significant depth for individual business areas, product lines, or asset classes.
- **Living guidance:** The supporting pathways, tools, and methodologies may not yet be available for all situations, with policy, regulation, technology, and science often developing at a rapid pace.

Acknowledgments

GFANZ would like to thank the sector-specific alliances and their respective secretariat teams for their support and collaboration.

- Net Zero Asset Managers initiative ([NZAM](#))
- Net Zero Asset Owner Alliance ([NZA OA](#))
- Net-Zero Banking Alliance ([NZBA](#))
- Net Zero Financial Service Providers Alliance ([NZFSPA](#))
- Net-Zero Insurance Alliance ([NZIA](#))
- Net Zero Investment Consultants Initiative ([NZICI](#))
- Paris Aligned Asset Owners ([PAAO](#))
- Venture Climate Alliance ([VCA](#))



We encourage financial institutions to contact the alliances above for sector-specific criteria and guidance.

GFANZ is also thankful for the close collaboration with the [Transition Plan Taskforce](#) in ensuring a consistent approach to transition plan disclosure and implementation throughout the framework development in 2022.

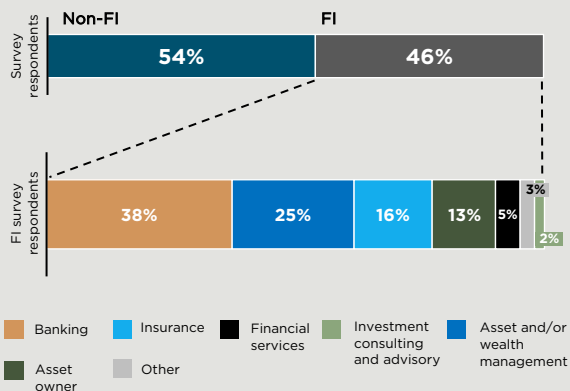
Development of the framework

The recommendations presented here build on — and are complementary to — guidance and criteria issued by sector-specific alliances and other industry bodies, and amplify existing messages across the financial sector.

The development of GFANZ recommendations and guidance included an open consultation process that received a high level of engagement:

-  **64,440** users reached digitally
-  **34,200** page views
-  **654** clicked on the survey URL
-  **187** entities engaged
-  **900+** comments reviewed

Summary of consultation engagement



A selection of related transition frameworks:¹

	Report	Who the framework applies to
CA 100+	Disclosure Framework Indicator Summary	Real economy
CBI	Transition Finance for Transforming Companies	Financial institutions
CDP	CDP Climate Change 2022 Questionnaire and CDP Technical Note: Reporting on Transition Plans	Corporates and financial institutions
IA ICAPs	Guidance and Expectations Ladder	Investors
ICMA	Climate Transition Finance Handbook and The Green Bond Principles Guidance Handbook 2022	Financial institutions
NZAOA	Target Setting Protocol	Asset owners and managers
NZBA	Guidelines for Climate Target Setting for Banks	Banks
NZIA	Insuring the net-zero Transition: Evolving Thinking and Practices	Insurers
PAAO NZIF	Net Zero Investment Framework	Investors
SBTi	Foundations for Science-Based Net-Zero Target Setting in the Financial Sector and Financial Sector Science-Based Targets Guidance	Financial institutions
TCFD	Metrics, Targets, and Transition Plans	Corporates and financial institutions
TPI	Methodology and Indicators report	Real economy

¹ Table as per GFANZ. [Financial Institution Net-zero Transition Plans – Supplemental Information](#), November 2022.

The GFANZ workshop series

The **GFANZ Workshop in a Box** series aims to provide an overview of the GFANZ guidance on net-zero transition planning for financial institutions and real-economy companies. It is suitable for those new to this space, or for senior management and board members who need a high-level understanding of the challenges of net zero, the GFANZ initiative, and provides a high-level overview of the GFANZ NZTP framework and expectations from real-economy companies.

Basics	An introduction to net zero, GFANZ, and the NZTP <i>This session</i>
	Where to start with the GFANZ NZTP?
	Transition Finance: Basics
GFANZ NZTP themes	Foundations
	Implementation Strategy
	Engagement Strategy
	Metrics and Targets
	Governance
Real-economy transition plans	Basics for real-economy transition plans
	Themes of real-economy transition plans — Part 1
	Themes of real-economy transition plans — Part 2
Transition Finance	Four Key Transition Financing Strategies
	Decarbonization Contribution Methodologies

Workshops are independent of each other and can be viewed in any order. Each workshop takes approximately one hour.

For those less familiar with this area, the **Introduction** workshop provides helpful baseline information, and **Where to start with the GFANZ NZTP?** focuses on outlining the practicalities of the framework.

Transition finance and the four key financing strategies that define it lie at the heart of the framework and are introduced in detail in a set of dedicated workshops as well as being considered in the context of each workshop on the GFANZ NZTP themes.

For those ready to discuss specific technical aspects of a NZTP, each theme of the NZTP is covered (**Foundations, Implementation Strategy, Engagement Strategy, Metrics and Targets, Governance**).

Use of themes takes into account differences between finance and the real-economy. The **Basics for real-economy transition plans** workshop overviews these differences and **Part 1** and **Part 2** considers the application of each theme to real-economy companies in detail.

Audience participation is encouraged by slides with suggested questions (marked by the symbol to the right) for discussions and where specific examples for the use of the guidance are outlined.



In case your sessions with these workshops lead to questions or uncover the need for further workshops on specific topics, please get in touch by filling out [this form](#).

Further information on the GFANZ recommendations and ongoing work can be accessed on the [GFANZ website](#).

Introduction



This workshop presents **fundamental information around net zero and transition plans**. It is suitable for those new to this space, or for senior management and board members who need a high-level understanding of the challenges of net zero, the GFANZ initiative, and the GFANZ NZTP framework.

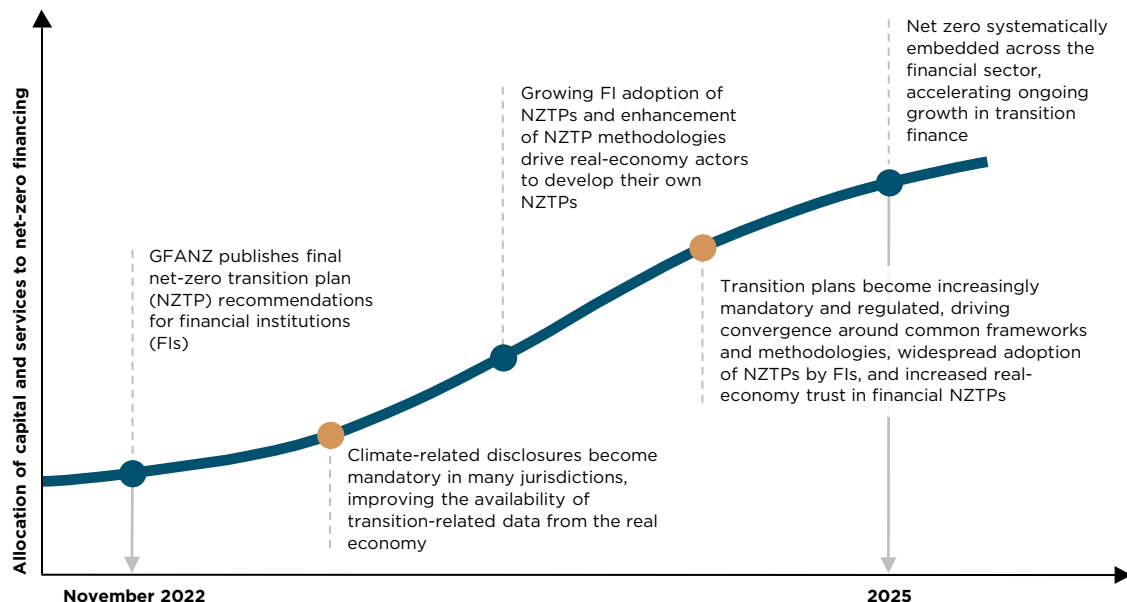
Setting expectations of net-zero transition planning

An illustrative timeline of the global adoption of NZTP development

Very few organizations will have a complete net-zero plan at the beginning of the journey, and at the time of writing, there are areas of planning that are still being developed.

Organizations will undergo a process to implement all elements of a NZTP over time. The adoption of NZTPs is expected to increase progressively as data and methodologies for net-zero transition plans mature.

“Start Early and Learn by Doing”



In this workshop, you will learn ...

Fundamentals of net zero

1. Why would the transition to net zero matter to my institution?
2. How can transition planning help in the transition to net zero?

About GFANZ

3. What is GFANZ and what are its aims?

Turning ambition into action

4. What is the GFANZ NZTP and what are its broad elements?
5. What is the role of transition finance and the four financing strategies?



Structure of the Introduction workshop

Fundamentals of net zero

The climate crisis poses risks to the natural world and human lives which leads to risks to the global economy

Mitigating climate change: achieve net zero

Finance can take its cue from international and national agreement

Reaching net zero – the role of the financial sector

Introduction to GFANZ

What is GFANZ?

Aims of GFANZ

How does GFANZ work towards its aims?

Turning ambition into action: the GFANZ NZTP

Today: Disclosure of climate risks

Beyond risk disclosure: transition to net-zero

Transition finance and the four financing strategies

Planning the transition: The role of NZTPs

Themes and components of the GFANZ NZTP framework

Fundamentals of net zero

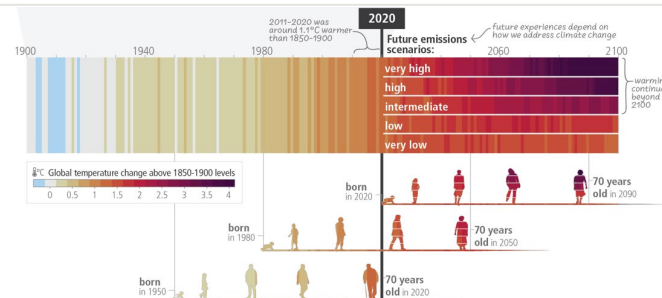


The climate crisis poses risks to the natural world and human lives...

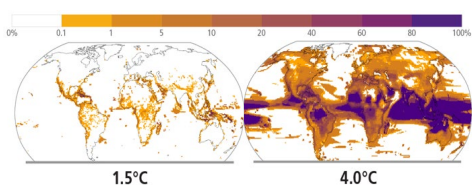
Human-caused climate change is already causing adverse effects, which will intensify if immediate actions are not taken

The IPCC's sixth synthesis report¹ finds that **losses and damages from climate change are already affecting global systems** such as water availability and food production, human health and well-being, cities, settlements, and infrastructure, as well as biodiversity and ecosystems.

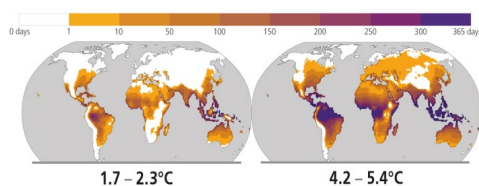
Current actions determine the extent of global warming and in turn the magnitude of the negative effects of climate change.



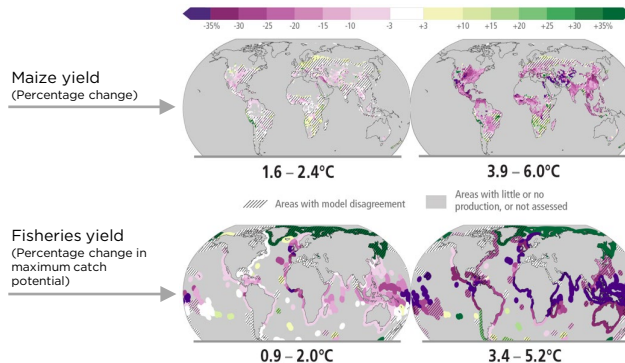
Risk of species losses
(Percentage of animals and sea grasses exposed to potentially dangerous temperatures)



Heat-humidity risks to human health
(Days per year where combined temperature and humidity pose a risk of mortality)



Food production impacts



Limiting global warming as much as possible does not negate the impacts already observed but vastly **improves expected outcomes** for biodiversity, human health, and food production.

The figures show modeled risks of species loss and to human health as well as impacts on food production for different levels of global warming. Effects under limited global warming are by far less severe.

¹ IPCC. *Climate Change 2023: Synthesis Report*, 2023. (images adapted)

...which leads to risks to the global economy

Climate change disrupts the economy

The World Economic Forum advises that the risk profile of the next ten years is likely to be dominated by environmental risks, directly linked to the climate crisis.¹

1) Failure to mitigate climate change

6) Natural resource crises

2) Failure of climate change adaptation

7) Erosion of social cohesion and societal polarization

3) Natural disasters and extreme weather events

8) Widespread cybercrime and cyber insecurity

4) Biodiversity loss and ecosystem collapse

9) Geoeconomic confrontation

5) Large-scale involuntary migration

10) Large-scale environmental damage incidents

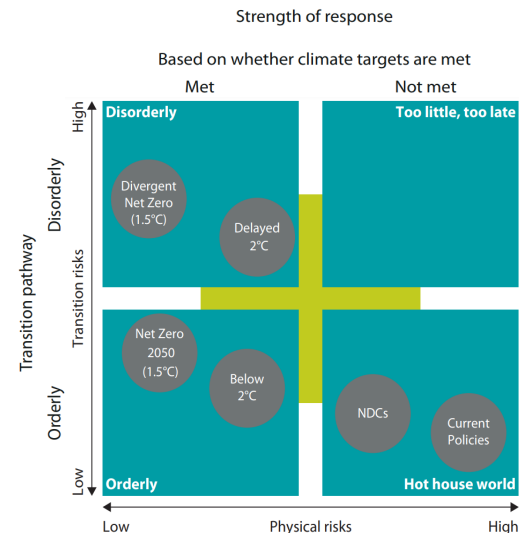
■ Environmental ■ Geopolitical ■ Societal ■ Technological

... and actions taken today directly impact the level of disruptions to macroeconomic stability

Failure to adapt and mitigate soon bears the risk of “cost escalation, lock-in of infrastructure, stranded assets, and reduced feasibility and effectiveness of adaptation and mitigation options.”²

The Network for Greening the Financial System (NGFS) has developed six representative high-level scenarios based on the extent (Met or Not met) and nature (Orderly or Disorderly) on action toward climate targets.³

Only an orderly transition scenario where climate targets are met and implemented in smooth, orderly fashion serves to avoid disruption by limiting both physical and transition risks.



1 WEF. *The Global Risks Report 2023 18th Edition Insights Report*, 2023, p. 29. (image adapted)

2 IPCC. *Climate Change 2023: Synthesis Report*, 2023, p. 60.

3 NGFS. *NGFS Scenarios for central banks and supervisors*, 2022, p. 7. (image adapted)

Mitigating climate change: achieve net zero

The immediate reduction of emissions to a state of net zero is the only way to avoid catastrophic climate change

What is a net-zero?

To avert catastrophic levels of climate change, we must reach **net zero**, i.e., a state when anthropogenic **emissions** of greenhouse gases (GHGs) to the atmosphere are balanced by anthropogenic **removals**.¹

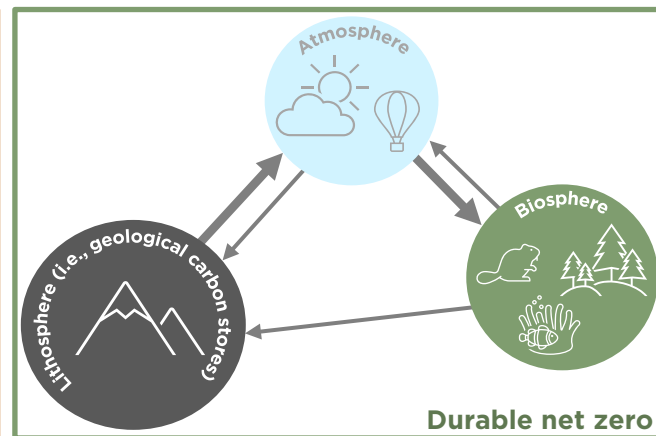
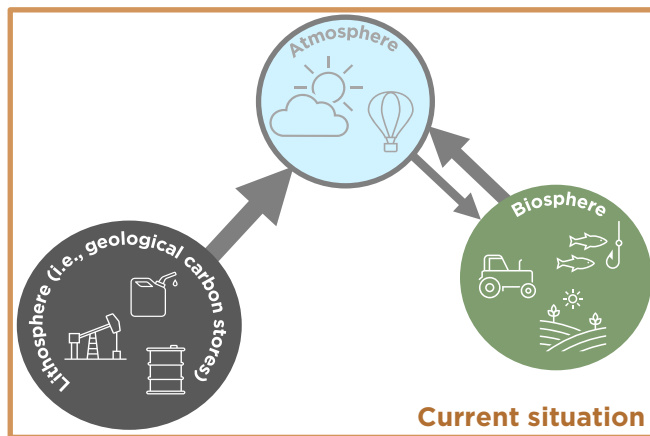
... and how can it be achieved?

1. **Emissions reduction** following science-based pathways that afford a 1/2-2/3 chance of keeping the 1.5 degrees C limit (with no or a low overshoot)
2. **Neutralization of remaining emissions** via validated and exclusive like-for-like removals (within value chain or via carbon offset credits)

The thicker arrows in the image² show that the current carbon flows outweigh sequestration, leading to an accumulation of GHGs in the atmosphere.

A state of net zero would reduce the flows into the atmosphere and increase the sequestration in natural systems.

Note that the term “net zero” refers to all GHGs, not only CO₂.



¹ GFANZ, *Financial Institution Net-zero Transition Plans*, 2022.

² Adapted from Fankhauser, et al., "The meaning of net zero and how to get it right," 2021.

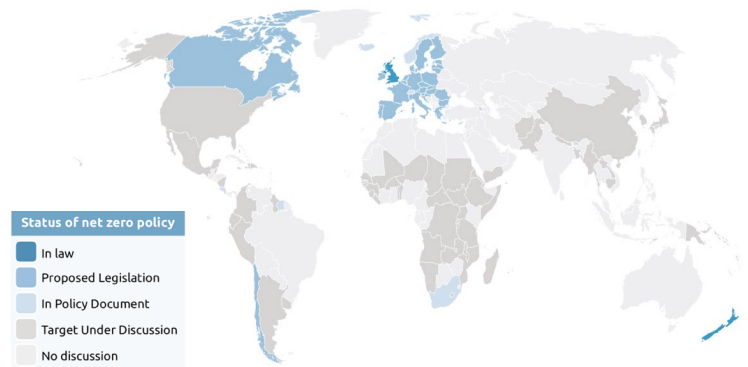
Finance can take its cue from international and national agreement

From Nationally Determined Contributions to the financial sector

The world is committing to net zero

Of all the members of the UNFCCC, 195 are parties to the Paris Agreement and net-zero policies are increasingly enshrined in law. Climate Action Tracker mapped the state of net-zero policies as of November 2020.¹

Based on an analysis by Oxford Net Zero,² Nationally Determined Contributions (NDCs) mean that **88% of emissions, 92% of GDP, and 85% of the world's population** are currently covered by net-zero commitments. Nearly half of the largest publicly traded companies (by revenue) have pledged net-zero targets.



Increasingly, the financial sector is committing to net zero. Members of the **sector-specific alliances** and across the financial sector are setting net-zero targets, pledging an increased focus on sustainability.

A unified financial sector can deliver the investment required to achieve net zero and avoid catastrophic levels of climate change.

¹ Climate Action Tracker. *Global update: Paris Agreement Turning Point*, 2020. (image adapted)

² Oxford Net Zero. *Tracking net zero progress: how aligned are we on the global path to net zero?* and *Net Zero Tracker*, as of March 2023.

Reaching net zero: the role of the financial sector

The global changes needed to reach net zero will foster economic opportunities and require a rapid expansion of climate finance

Limiting temperature increase to 1.5 degrees C

The Paris Agreement calls for reduction of greenhouse gas emissions and limiting irreversible climate change that would happen if temperatures increase more than 1.5 degrees C from pre-industrial levels

Requires 50% decarbonization by 2030

The Intergovernmental Panel on Climate Change (IPCC) found that in order to limit heating to 1.5 degrees C, we need a net-zero global economy by 2050 and **immediate rapid decarbonization reaching 50% of CO₂ by 2030**¹

To stop irreversible damage

Limiting irreversible climate change is crucial to save the planet and the livelihoods of billions of people

And foster new economic opportunities

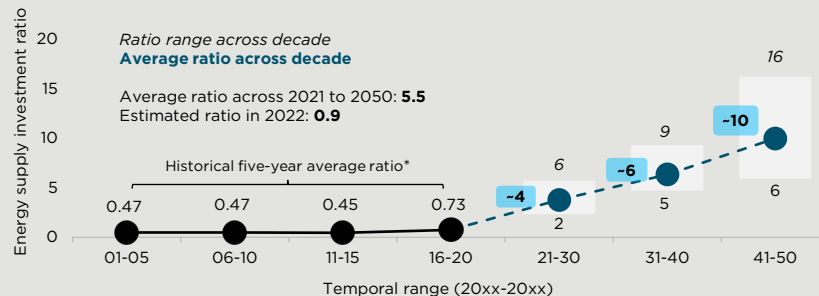
The transition to net zero will also be the biggest commercial opportunity of our generation, **with substantial investment opportunities**

The transition to net zero requires increased investment

The IPCC's most recent synthesis report² highlights the urgent need to increase financing for climate action.

They estimate that a three to six-fold increase in climate financing is required, with developing countries in particular needing additional funds to adapt successfully.

The energy sector is of vital importance for the successful transition. A recent BloombergNEF³ analysis shows that the 2011-2015 low-carbon to fossil energy supply investment ratio was 0.5 low-carbon vs. 1 fossil. For 2016-2020, it was 0.7:1 and in 2022 0.9:1. Over the next decade, that ratio must flip, then accelerate rapidly. From 2021-2030, it should average roughly 4:1, meaning for each dollar invested in fossil fuel energy supply this decade, four must be invested in low-carbon energy in order to maintain the hope of limiting global warming to no more than 1.5 degrees C.



1 IPCC. *Climate Change 2022: Synthesis Report*, 2023.

2 IPCC. *Climate Change 2023: Synthesis Report*, 2023.

3 BloombergNEF. *Investment Requirements of a Low-Carbon World: Energy Supply Investment Ratios*, 2022.

Questions for discussion and reflection



- Where would your department/organization be exposed to physical and transition risks? Your suppliers, value chain, customers/clients, investments, products?
- What challenges are you/your department/organization facing with climate change?
- Has your organization implemented any measures to align to net zero? What are they?

Introduction to GFANZ



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



About GFANZ

- GFANZ is a global coalition of eight **net-zero sector-specific alliances** encompassing more than 675 firms and operational across 50 jurisdictions.
- GFANZ **also collaborates across a wider network of stakeholders** in government, companies, multilateral and development finance institutions, NGOs, and civil society.

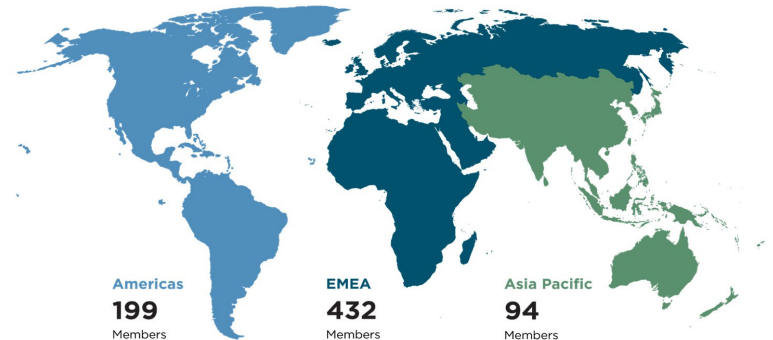
Membership²



675+
firms



50
jurisdictions



¹ GFANZ will periodically report to the Financial Stability Board (FSB).

² GFANZ, *2023 Progress Report*.

Aims of GFANZ

GFANZ is a global coalition committed to accelerating the decarbonization of the economy

To achieve this overarching aim, GFANZ strives to ...



BROADEN the number of firms with net-zero commitments within the financial sector where they do not currently exist to ensure that financial institutions have a vehicle through which to set their own, independent, credible net-zero commitments.



RAISE AMBITION by encouraging firms to have robust targets and transition plans.



PROMOTE BEST PRACTICES AND DEVELOP OTHER VOLUNTARY APPROACHES across the alliances to support the economy-wide transition needed to achieve net zero. GFANZ seeks to serve as a strategic forum across the alliances on pan-sector challenges; support cross-fertilization mechanisms (where appropriate) between alliances and their supporting organizations; and help avoid duplication of work.



SUPPORT technical collaboration on substantive and cross-cutting issues with technical work done at the request of or as identified through workplan development in collaboration with the alliances that help mobilize investment, lending, and underwriting toward net zero where appropriate (e.g., relating to the mobilization of capital flows in line with sectoral transition pathways and to support the needs of emerging markets and developing economies to transition). It also elevates and highlights best practices and insights emerging from the alliances.



SHOWCASE the efforts and achievements of the sector and of individual firms taking the most ambitious climate actions. GFANZ aims to demonstrate that the financial system is supporting the transition to a sustainable, zero-carbon future and supports relevant policy to unlock further action, completing the virtuous cycle of investment for net zero.



CONVENE policymakers and senior members of the alliances to discuss how public- and private-sector action can be mutually supportive of the goals of the Paris Agreement.

The GFANZ publications expand on these aims



How does GFANZ work toward its aims?

GFANZ works alongside stakeholders to deliver the action needed to limit global warming to 1.5 degrees C



Turning ambition into action: the GFANZ NZTP



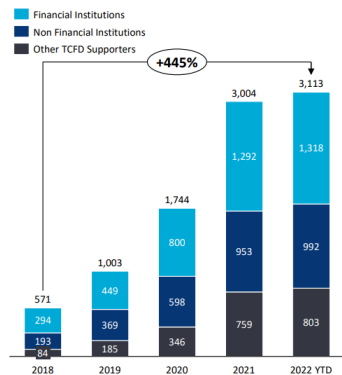
Today: disclosure of climate risks

Organizations across the world are disclosing their exposure to climate change and managing the associated risks

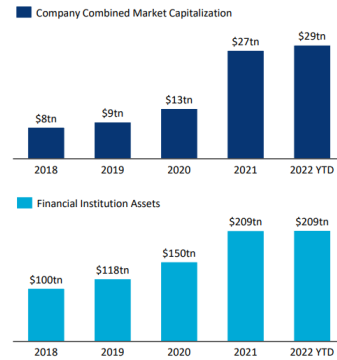
Momentum of climate-related financial disclosures is growing.

Efficient and transparent disclosure of climate-related risks is vital. The TCFD (Task Force on Climate-related Financial Disclosures) has developed recommendations for the disclosure of climate risks that have now^{1,2} been adopted by 4,000 organizations across the globe.

Number of TCFD Supporters



TCFD Supporter Market Coverage
USD, Trillions



The rapid increase in the numbers of TCFD supporters demonstrates the importance of effective disclosure of climate-related risks.

Moving toward net zero is the next step to not only account for but mitigate those risks, and all members of the net-zero sector-specific alliances have made net-zero commitments.

The International Sustainability Standards Board (ISSB) builds on the TCFD framework and plans to issue an IFRS Sustainability Disclosure Standard in Q2 2023.³

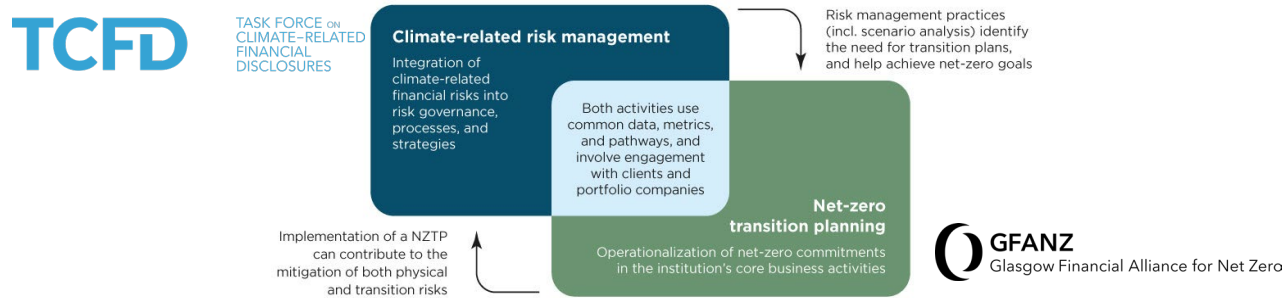
¹ TCFD, <https://www.fsb-tcfid.org/about/> as of March 2023.

² TCFD, [workshop in a box: Fundamentals](#).

³ IFRS, ["Climate-related Disclosures, current stage,"](#) as of April 2023.

Beyond risk disclosure: transition to net zero

Net-zero transition planning is a response to the identification and assessment of transition risk as a systemic risk



The **TCFD** works in the area of **climate-related risk management**, while **GFANZ** works in the area of **strategic net-zero transition planning**.

Climate risk management and transition planning use **common metrics and targets** (such as GHG emissions) but **are focused on different areas of climate change risk**. The former may focus on identification and assessment of risks to specific areas of a portfolio or an individual financial decision, while the latter focuses on a strategic response to a systemic risk. But they are mutually supportive: Effective pricing and understanding of climate-related risks can support transition planning efforts and can drive changes in the behavior of both financial institutions and real-economy firms. At the same time, transition planning addresses an institution's transition risk and, when efforts are aggregated across the financial sector, aims to help mitigate both physical and transition climate risks.

- ! The focus of the GFANZ framework is **implementation** of measures that would drive real-world emissions reductions, which is different from a disclosure framework (e.g., TCFD, TPT).

Transition finance and the four financing strategies

Enabling an orderly* transition in the real economy

What is transition finance?

Transition finance is investment, financing, insurance, and related products and services that are necessary to support an orderly, real-economy transition to net zero as described by the **four key financing strategies**, which finance or enable:

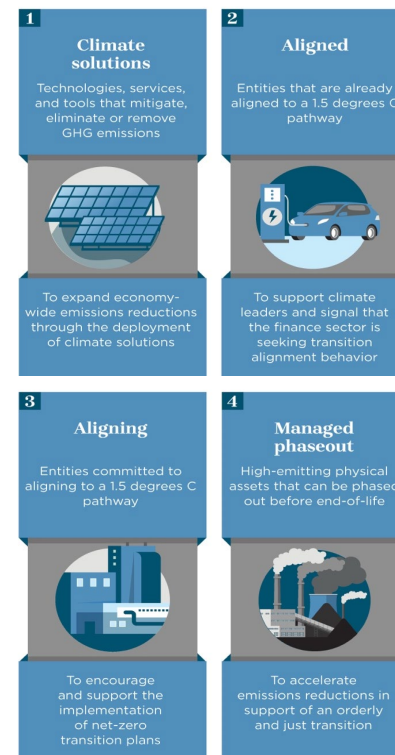
1. Entities and activities that develop and scale **climate solutions**;
2. Entities that are already **aligned** to a 1.5 degrees C pathway;
3. Entities **committed to transitioning** in line with 1.5 degrees C-aligned pathways; and
4. The accelerated **managed phaseout** of high-emitting physical assets.

Financing emissions reductions rather than reducing financed emissions

The GFANZ NZTP provides **a framework to support the provision of finance and related services toward real-economy activities** that advance the net-zero transition. These activities may not result in immediate reductions in financed GHG emissions but are necessary actions to support an orderly whole-economy transition to net zero by 2050. Financial institutions should consider that the greatest emissions reductions may be achieved by directing financing and related services to — rather than divesting from — firms and assets that need to transition.

! Further detail on the four financing strategies is available in a dedicated [workshop](#).

* GFANZ uses the term "orderly transition" to refer to a net-zero transition in which both private-sector action and public policy changes are early and ambitious, thereby limiting economic disruption related to the transition (e.g., mismatch between renewable energy supply and energy demand). For reference, the Network for Greening the Financial System (NGFS), which develops climate scenarios used by regulators and others, defines "orderly scenarios" as those with "early, ambitious action to a net-zero GHG emissions economy," as opposed to disorderly scenarios (with "action that is late, disruptive, sudden and/or unanticipated"). In an orderly transition, both physical climate risks and transition risks are minimized relative to disorderly transitions or scenarios where planned emissions reductions are not achieved. This explanation applies to all mentions of the term "orderly transition" in this document.



Planning the transition: the role of NZTPs

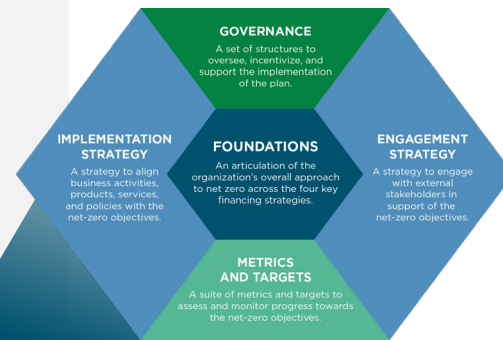
A NZTP is a central part of a financial institution's transition to net zero

What is a net-zero transition plan?

A net-zero transition plan is a set of **goals, actions, and accountability mechanisms** to align an organization's business activities with a pathway to net-zero GHG emissions that **delivers real-economy emissions reductions** in line with achieving global net zero.¹

A net-zero transition plan can benefit a financial institution on its journey to net zero by:

- translating commitments into action;
- integrating net-zero targets with the broader company strategy;
- enabling effective communication with the real economy on transition planning; and
- enhancing policymaker and regulator understanding of efforts for risk mitigation and assess progress toward NDCs.



Note: A NZTP can be adopted by any institution, regardless of whether it is an alliance member. The framework can also be used by real-economy companies.²

Financial institutions' transition process

Commitment
Financial institutions have committed to align their portfolios to 1.5 degrees C and support the goal of net zero by 2050 or sooner.



Target setting
These commitments should be translated into GHG emissions and financing targets to enable real-economy transition.



Strategy & Planning
Financial institutions should define the goals, actions, and accountability mechanisms that will enable them to support the real-economy transition.



Implementation
Financial institutions should take action to help reduce emissions in the real economy.



Measurement & Monitoring
Measuring and monitoring is then necessary to ensure targets are being met through implementation.

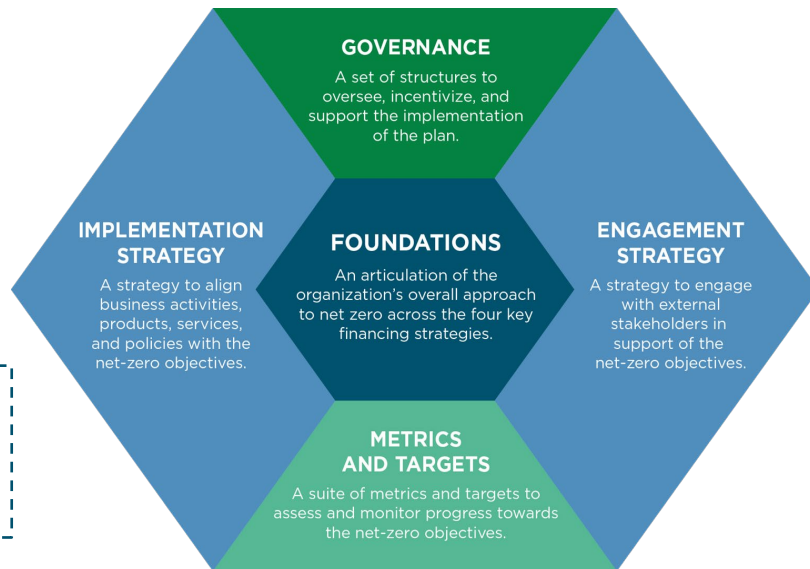


¹ For alliance members, a transition plan must be consistent with achieving net zero by 2050, at the latest, in line with global efforts to limit warming to 1.5 degrees C, above pre-industrial levels, with low or no overshoot.

² GFANZ, *Expectations for Real-economy Transition Plans*, 2022.

Themes and components of the GFANZ NZTP framework

The GFANZ NZTP framework encompasses five themes and ten components



! The themes and components of the GFANZ NZTP framework are covered in detail in dedicated [workshops](#).



Foundations

- Objectives and priorities



Implementation Strategy

- Products and services
- Activities and decision-making
- Policies and conditions



Engagement Strategy

- Clients and portfolio companies*
- Industry
- Government and public sector



Metrics and Targets

- Metrics and targets



Governance

- Roles, responsibilities, and remuneration
- Skills and culture

* The same framework can also be used by companies in the real economy. The report [Expectations for Real-economy Transition Plans](#) provides further detail. Note that for real-economy companies, the Engagement Strategy component on "Clients and portfolio companies" would relate to the value chain instead. This acknowledges that for financial institutions, the majority of emissions is found in their financing activities rather than their operations. For real-economy companies, it is the whole value chain, particularly the supply chain, that houses the majority of emissions.

Questions for discussion and reflection



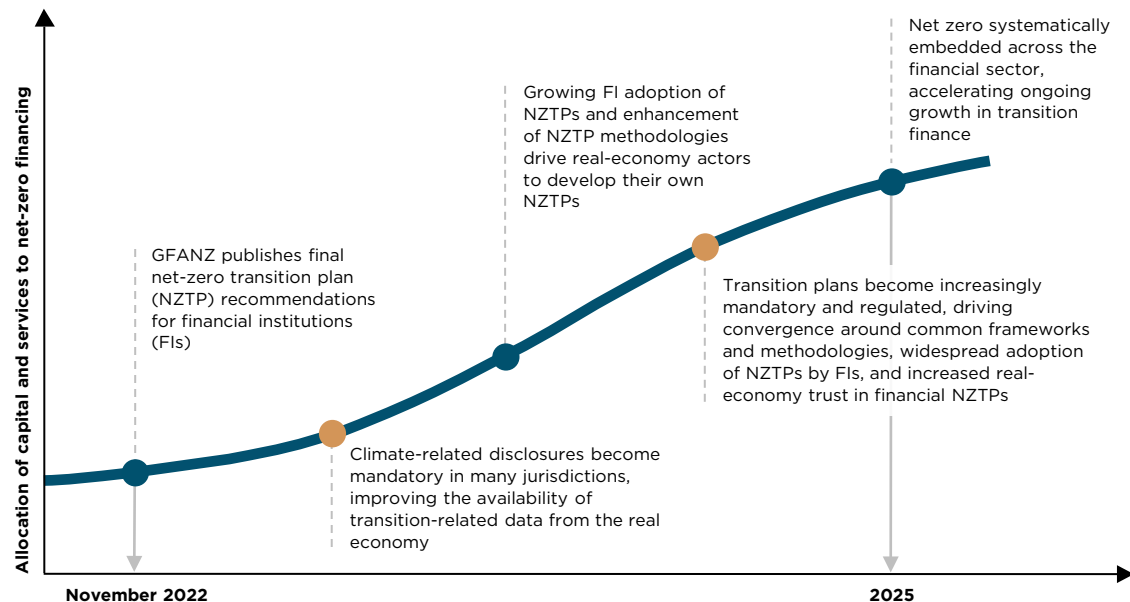
- Where could the four key financing strategies form part of your organization's thought process about net zero?
- What is your stance on managed phaseout?

End thoughts



Setting expectations of net-zero transition planning

An illustrative timeline of the global adoption of NZTP development








Organizations will undergo a process to implement all elements of a NZTP over time.

The adoption of NZTPs is expected to increase progressively as data and methodologies for net-zero transition plans mature.

Suggestion for next workshop:
Where to start with the GFANZ NZTP?

... for an overview of the GFANZ NZTP elements and starting points for work on your organization's NZTP.

Other modules and FAQ

	An introduction to net zero, GFANZ, and the NZTP	<i>This session</i>
Basics	Where to start with the GFANZ NZTP?	
	Transition Finance: Basics	
GFANZ NZTP themes	 Foundations	
	 Implementation Strategy	
	 Engagement Strategy	
	 Metrics and Targets	
	 Governance	
Real-economy transition plans	Basics for real-economy transition plans	
	Themes of real-economy transition plans – Part 1	
	Themes of real-economy transition plans – Part 2	
Transition Finance	Four Key Transition Financing Strategies	
	Decarbonization Contribution Methodologies	



A helpful FAQ about the GFANZ NZTP can be found [here](#).

Questions for discussion and reflection



- Has your organization or any of your competitors published a transition plan?
- What information/guidance would help you in the process?
- How would a clear transition plan help your organization in the everyday progress toward net zero?

In this workshop, you have learned ...



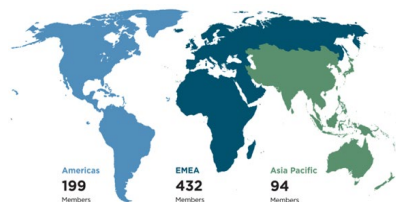
Why would the transition to net zero matter to my institution?

- A rapid transition to net zero is the only way to avert catastrophic levels of climate change.
- Delaying the transition poses a range of physical and transition risks to financial institutions and real-economy companies.

How can transition planning help in the transition to net zero?

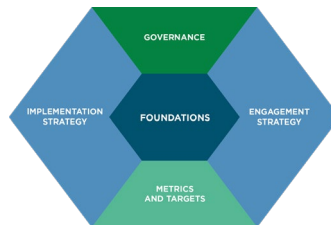
- A transition plan turns ambitions into action by helping an institution detail the specific steps they will take over time to get to the shared objective of net zero by 2050.

What is GFANZ and what are its aims?



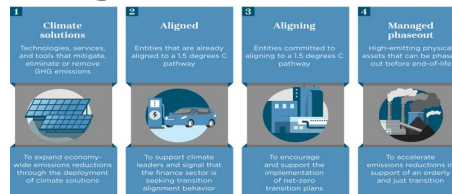
- GFANZ is a global coalition of eight net-zero sector-specific alliances encompassing more than 675 firms and operational across 50 jurisdictions.
- GFANZ aims to change the international financial architecture to drive the net-zero agenda.

What is the GFANZ NZTP and what are its broad elements?



- A net-zero transition plan is a set of goals, actions, and accountability mechanisms to align an organization's business activities with a pathway to net-zero GHG emissions that delivers real-economy emissions reduction in line with achieving global net zero.
- The GFANZ NZTP provides a framework for transition planning across the five themes: Foundations, Implementation Strategy, Engagement Strategy, Metrics and Targets, and Governance.

What is the role of transition finance and the four financing strategies?



- Transition finance is investment, financing, insurance, and related products and services that are necessary to support an orderly, real-economy transition to net zero as described by the four key financing strategies which finance or enable:
 1. entities and activities that develop and scale climate solutions;
 2. entities that are already aligned to a 1.5 degrees C pathway;
 3. entities committed to transitioning in line with 1.5 degrees C-aligned pathways; and
 4. the accelerated managed phaseout of high-emitting physical assets.

