GFANZ
Glasgow Financial Alliance for Net Zero

Transition Finance: Basics

Transition Finance Workshop Series

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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.

Housekeeping

How to use the GFANZ Transition Finance Workshop Series

This series of workshops seeks to familiarize the audience with supplementary guidance on transition finance. The workshops are based on material that was developed by the GFANZ Secretariat and aims to provide financial institutions with background on potential technical methodologies to complement the financial sector's work on reducing financed emissions and on the execution of their individual net-zero transition plans. The 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 information: This workshop presents voluntary, non-binding supplemental information for financial institutions to consider. Financial institutions are encouraged to use this information in conjunction with the voluntary recommendations and guidance but not where superseding jurisdictional requirements on Transition Finance or related disclosure requirements, or contractual requirements, including mandates with clients. Some types of financial institutions may also have unique legal or regulatory constraints that may differ by jurisdiction and that may impact the extent to which individual elements of this workshop can be considered.

Pan-sector approach: The technical information herein aims to be applicable to institutions across the financial sector, but may not be to each individual financial institution or sector-specific alliance. This workshop is principles-based so that it can be interpreted and applied at the discretion of individual financial institutions' own processes and policies. Financial institutions are encouraged to consider this technical information alongside the guidance produced by sector specific net-zero alliances, taxonomies, and other organizations, as appropriate.

Unique roles and application for different financial institutions: Each financial institution is encouraged to review the technical information based on considerations such as its business model, portfolio exposure, relationship with clients and portfolio companies, choice of focus for net-zero financing strategy, and the contractual and regulatory environment within which it operates. The technical information herein should be considered as a resource, not as a specific course of action.

Focus on development and implementation: This workshop aims to provide technical information for further development, highlighting the existence of challenges and different understandings among sector initiatives, as well as to begin to outline potential approaches to the assessment and measurement of Transition Finance exposure across the four key transition financing strategies, rather than specific guidance on disclosure. Each financial institution should determine specific content, location, and frequency for disclosing relevant information related to Transition Finance, consistent with the guidance of its respective sector-specific alliances, business confidentiality, and jurisdictional requirements, if any.

Living document: The GFANZ Secretariat acknowledges that supporting pathways, data, tools, and methodologies may be nascent or exploratory and may not yet be available for all regions, sectors, and situations, and that policy, regulation, technology, and science are evolving, often at a rapid pace. As financial institutions work to implement the Transition Finance strategies outlined here and in other technical concepts more widely, it is expected that the necessary tools, methodologies, and datasets will further develop.

Acknowledgements

This workshop is based on the GFANZ Secretariat Technical Review Note "Scaling Transition Finance and Real-Economy Decarbonization Methodologies". The GFANZ Secretariat is thankful for the participation of the financial industry, NGOs, and subject matter experts. The Note was informed by a review of other relevant frameworks developed by leading initiatives in use by market participants, in addition to four primary types of engagement: 1) Open consultation, 2) Focus groups, 3) Outreach events, 4) Webinars.

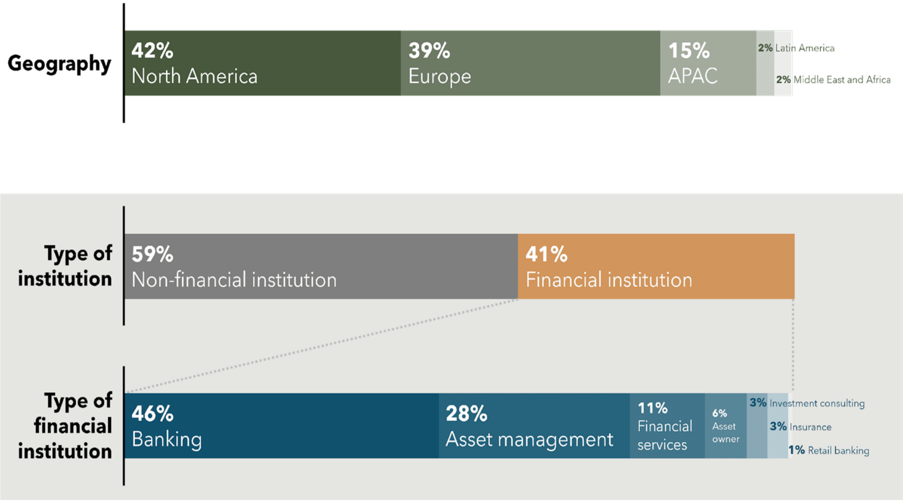
Such engagement served two primary purposes: i) to raise the level of awareness and encourage stakeholders' engagement with GFANZ's work, and ii) to solicit and inform feedback on the proposed transition financing strategies and potential decarbonization contribution methodologies.

Promoted to 15,000+ and engaged 1,700+ individuals across 120 organizations

2,000+ Downloads & **300+** Responses via consultation and bilateral engagements

15,000+ Reached with "Requests for input"

1,700+ Directly engaged via events, workshops, and working groups



The GFANZ workshop series

The **GFANZ Workshop in a Box** series aims to provide an overview of the GFANZ tools and guidance. 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 and the GFANZ initiative. The **Transition Finance series** provides a high-level overview of the GFANZ Secretariat's [Technical Review Note on *Scaling Transition Finance and Real Economy Decarbonization Contribution Methodologies*].

Basics	An introduction to net zero, GFANZ, and the NZTP	
	Where to start with the GFANZ NZTP?	
	Transition Finance: Basics	*This session*
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**	*Relevant*
	Decarbonization Contribution Methodologies	*Relevant*

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

For those less familiar with GFANZ, the **Introduction** workshop provides helpful baseline information on GFANZ and the net-zero transition plan framework.

This workshop, **Transition Finance: Basics,** provides a high-level overview of the four key transition finance strategies and the decarbonization contribution methodology of Expected Emissions Reductions.

The **Four Key Transition Financing Strategies** workshop dives deeper into the four transition financing strategies and discusses their attributes in more detail.

The **Decarbonization Contribution Methodologies** workshop outlines proposed methodologies to calculate forward-looking metrics like Expected Emissions Reductions associated with the four transition financing strategies.

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.

The trainer holding this workshop can find further information as well as a contact form to feed questions or insights from the participation sessions back to GFANZ under this link. Further information on the GFANZ recommendations and ongoing work can be accessed on the GFANZ website.

Introduction

This workshop contains an **introduction to Transition Finance and Decarbonization Contribution Methodologies.** Aimed at those already familiar with net zero, GFANZ, and its mission, this workshop considers when and how transition finance could be approached by financial institutions and provides a high-level overview of the GFANZ four key financing strategies and Expected Emissions Reduction approaches.

Setting expectations of Transition Finance

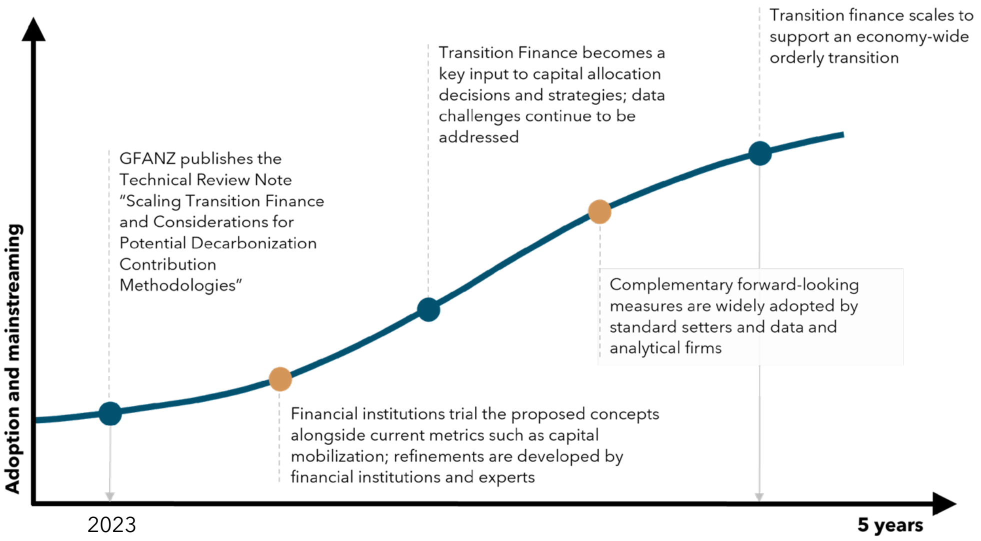
An illustrative timeline of the adoption of Transition Finance and potential decarbonization contribution methodologies

All stakeholders play a critical role in accelerating financing across the four key transition financing strategies.

Policymakers and governments can help to bring clarity to the landscape of transition finance by linking region-specific transition finance activities and national emissions reduction targets, as well as by developing supporting taxonomies, regulations, standards, and enabling policies that facilitate such activities.

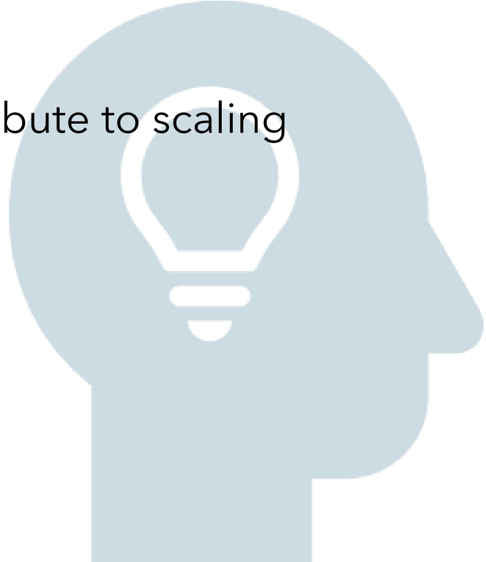
The development and operationalization of net-zero transition plans by both financial institutions and real-economy companies continues to be an important lever to enable increased financial flows toward the four key transition financing strategies.

The nascency of decarbonization contribution methodologies require further refinement through testing and adoption by real-economy companies, financial institutions, and technical experts.



In this workshop, you will learn ...

- What is the existing capital requirement for Transition Finance, and how can private finance play a role in bridging the gap?
- What are the four key Transition Financing strategies and why are they important in the context of net zero?
- How can Decarbonization Contribution Methodologies contribute to scaling Transition Finance?



Structure of the Transition Finance: Basics workshop

Background: The need to scale Transition Finance

Capital gap and the role of private finance

Reducing financed emissions vs. financing emissions reductions

GFANZ publications

Overview: Transition Finance and Decarbonization Contribution Methodologies

Transition Finance and the four key transition financing strategies

Scaling Transition Finance and real-economy decarbonization

Part I: The four key transition financing strategies

Why it matters: Use cases of Transition Finance

Part II: Potential Decarbonization Contribution Methodologies

Why it matters: Use cases of Expected Emissions Reductions

Areas for further work

Background:
The need to scale Transition Finance

Capital gap and the role of private finance

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

Net-zero transition demands urgent and transformative changes…

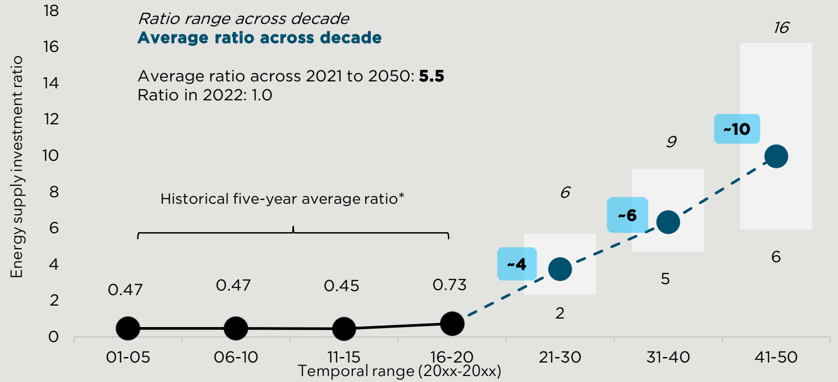
Limiting temperature increase to 1.5 degrees C	The Paris Agreement calls for the reduction of greenhouse gas emissions and limiting irreversible climate change that would happen if temperatures increase more than 1.5 degrees C from pre-industrial levels
Requires 50% decarbonization by 2030	The Intergovernmental 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 CO_2 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 time, with substantial investment opportunities across all sectors
The time value of carbon	GHG emissions reductions today are more impactful than future reductions because of the escalating nature of climate-related risks. The earlier the decarbonization potential is realized, the longer the benefit seen by the climate system, reducing systemic risk and associated negative impacts on global GDP.

1 IPCC. *Climate Change 2022: Synthesis Report*, 2023. | 2 IPCC. *Climate Change 2023: Synthesis Report*, 2023. | 3 BloombergNEF. *Financing the Transition: Energy Supply Investment and Bank-Facilitated Financing Ratios 2022*, 2023.

…that require increased investment in climate action

The IPCC's most recent synthesis report[2] 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 vitally important to the net zero. BloombergNEF[3] analysis shows that the low-carbon to fossil energy supply investment ratio for 2016-2020 was 0.7:1 and in 2022 1:1. Over the next decade, that ratio must accelerate rapidly and should average roughly 4:1 from 2021-2030. This means that for each dollar invested in fossil fuel energy supply this decade, four must be invested in low-carbon energy.



* *Denotes estimated values based on IEA World Energy Investment reports. The decadal ratio average has been rounded to the nearest whole number.*

Financial institutions can mobilize capital to actively support real-economy companies to deliver emissions reductions.

Global businesses have committed to bridge the funding gap and enable real-economy company transitions to net zero emissions. More than 675 financial institutions, representing 40% of global private financial assets, have committed to the goal of net zero by 2050 through membership in one of the financial sector alliances comprising GFANZ.

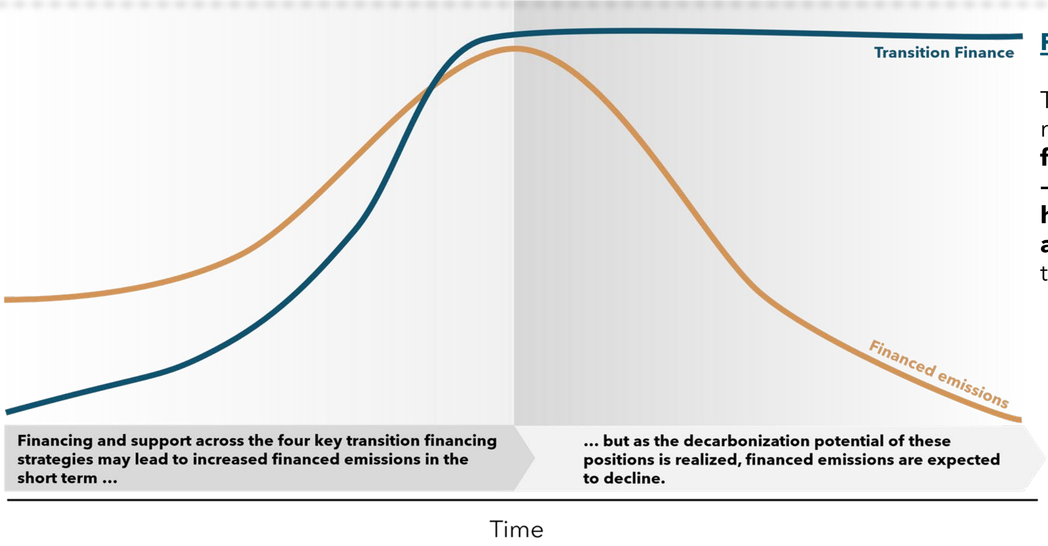
Reducing financed emissions vs. financing emissions reductions

When considering the potential impact to the planetary carbon budget, not all decarbonization and transition opportunities deliver comparable system-wide carbon reductions.

Methodological Challenge: **Global businesses have committed to bridge the funding gap and enable real-economy company transitions to net zero emissions.** However, current mechanisms that rely solely on historical and point-in-time metrics, targets, and considerations may not adequately drive capital allocation to critical areas, such as heavy-emitting sectors.

Reducing Financed Emissions:

While important for evaluating how financing activities align with the carbon budget, using solely financed emissions may not drive financing and support for Climate Solutions, can deter financing of high-emitting portfolio holdings and may also deter clients from adopting strategies to meet their own targets.



Financing Emissions Reductions:

The greatest emissions reduction may be achieved **by directing financing and related services to – rather than divesting from – high-emitting sectors, entities, and assets** that need the financing to transition.

Clearly **defining transition finance activities and incorporating forward-looking metrics** as a complementary consideration may more fully capture the "value add" of the decarbonization potential of high-emitting exposures, thereby catalyzing Transition Finance.

GFANZ publications

GFANZ introduced the four key transition financing strategies in its NZTP framework in 2022. The GFANZ Secretariat further developed the strategies and discussed potential forward-looking measures of emissions reduction in 2023.

In the 2022 GFANZ NZTP framework, GFANZ defined Transition Finance and introduced the four key transition financing strategies that would enable an orderly* and inclusive whole-economy transition.

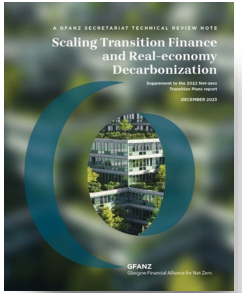
Recommendations and Guidance on Financial Institution Net-zero Transition Plans
This publication describes how financial institutions across the financial system can operationalize their net-zero commitments and support the real-economy transition.

Download the summary

Download the report

Download the appendix

In 2023, the GFANZ Secretariat provided further details on the four transition financing strategies and discussed potential approaches to calculate Expected Emissions Reductions in the Technical Review Note.



Scaling Transition Finance and Real-economy Decarbonization
This GFANZ Secretariat Technical Review Note further develops the Transition Finance strategies by providing a supplement to the 2022 GFANZ NZTP guidance and discusses potential decarbonization contribution methodologies as a complement to today's metrics.

Download the report

*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 workshop

Overview:
Transition Finance and Decarbonization Contribution Methodologies

Transition Finance and the four key transition financing strategies

Enabling an orderly transition in the real economy

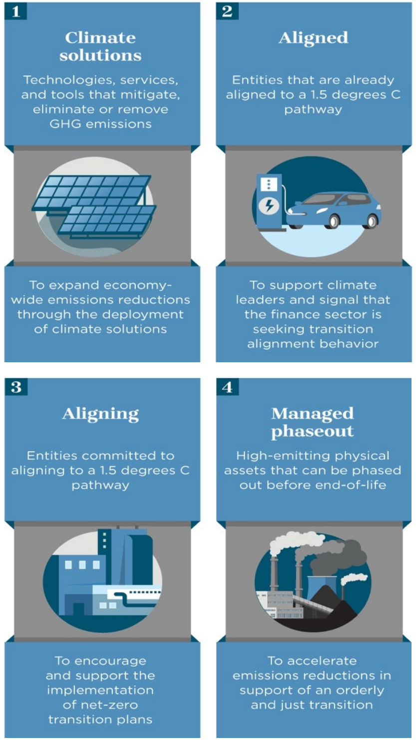
What is Transition Finance?

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.

For the purposes of GFANZ's work, any exposure that meets the Attributes used to define a strategy would fall under the GFANZ definition of Transition Finance as set out in the NZTP framework. For added clarity, the following are general areas where the GFANZ definition of Transition Finance may differ from other frameworks:

- **Whole-economy in scope:** The GFANZ definition of Transition Finance refers to areas of financing and support needed to transition at the whole-economy level. The definition encompasses areas that need to transition to net zero (Aligning, Managed Phaseout) as well as no/low-carbon alternatives and activities (Climate Solutions, Aligned) that are needed to achieve and maintain a net-zero economy.
- **Applies to high-emitting assets and entities:** While some frameworks and taxonomies may strictly associate Transition Finance (or similar terms) with either high-emitting or no/low-carbon assets, activities, and entities, the GFANZ definition and Attributes apply to both high-emitting and no/low emitting assets and entities.
- **Applicable across all financial sub-sectors** (i.e., not specific to a particular asset class or product and service): The GFANZ Attributes used to define the four key transition financing strategies were designed to support assessment of the nature of the activities and output of an asset/project or entity. The definition and Attributes are pan-sector and applicable across asset classes; different products and services; and varying engagement and enabling initiatives.
- **Not region, sector, or activity specific:** The GFANZ definition of Transition Finance was not intended to serve as a formal taxonomy. The four key transition financing strategies and the Attributes are principles-based, intended to be globally applicable, and not restricted to specific industry sectors and activities.



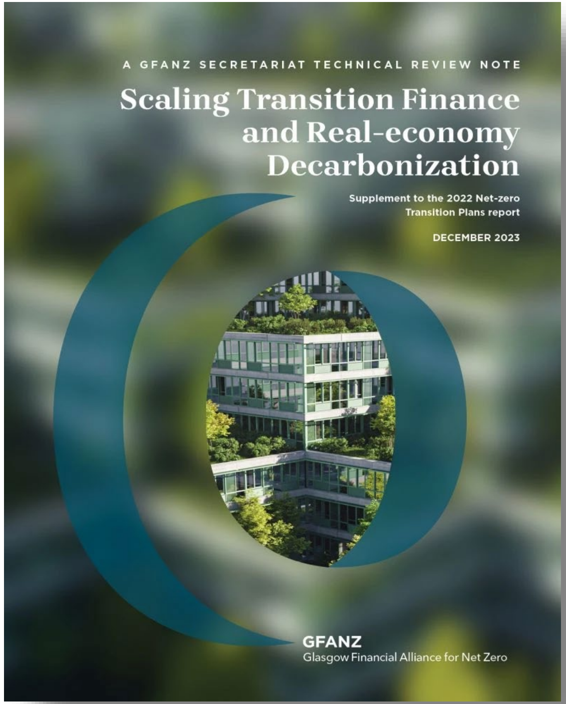
Scaling Transition Finance and real-economy decarbonization

The GFANZ Secretariat published a supplement Technical Review Note to the NZTP framework in 2023.

The Technical Review Note is in two parts:

Part I is a supplement to the GFANZ NZTP framework and introduces principles-based attributes for each of the GFANZ four key transition financing strategies.

Part II explores forward-looking approaches to evaluate potential decarbonization contributions in support of scaling transition finance and introduces the concept of Expected Emissions Reduction (EER).



Download the report

Part I: The four key transition financing strategies

Part I 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.

Strategy	Attribute	Description
CLIMATE SOLUTIONS • Solutions • Enablers • Nature-based 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
MANAGED PHASEOUT	**D. Additional KPIs *(where applicable)***	Any other KPIs relevant for decarbonization/transition progress
	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

The GFANZ four key transition financing strategies are **not mutually exclusive.**

While the strategies of Aligned and Aligning show a natural progression whereby the outcome of a successful Aligning strategy is an Aligned entity, entities that have the Attributes of Climate Solutions may also have the Attributes of Aligned or Aligning.

For example, Attributes that identify an entity as a Climate Solution focus on the emissions reductions from the use of the end product, not on the operational emissions of the manufacturing of the product. If that entity is decarbonizing its business operations, it may also be identified as Aligning.

Climate Solutions are often the activities and projects that will in turn allow for the eventual progression of entities and sectors toward Aligned and Aligning, adding a further level of interconnectedness between the strategies.

! This graphic does not represent the comprehensive set of attributes for each strategy. Please see the Four Key Transition Financing Strategies Workshop for more details

Why it matters: Use cases of Transition Finance

Use cases for the four key transition financing strategies

As detailed in the GFANZ NZTP framework, the four key transition financing strategies can provide a lens for understanding how assets, activities, or clients may be aligned with the transition. Financial institutions should articulate within their net-zero transition plans how they will support clients and portfolio companies across the four key transition financing strategies.

The strategies serve two primary use cases:

As a basis to scale Transition Finance	Prioritizing and supporting the four key financing strategies can help a financial institution progress in achieving its NZTP. For example, through the Implementation and Engagement Strategies, a financial institution can use the four strategies to understand client and portfolio exposures as well as help to meet capital allocation targets, or support decision-making on capital mobilization more generally.
	Example: a financial institution, within its NZTP, may have established financing targets focused on Aligning entities. Identifying new opportunities that fall under Aligning may be a key input to building a pipeline of opportunities to meet capital allocation targets.
As a foundation for calculating metrics and targets (including EER)	Metrics and targets calculated by the financial institution may be further segmented or organized by the four key financing strategies. For example, the proposed decarbonization contribution methodologies discussed in the Technical Review Note differ for each of the strategies.
	Example: a financial institution can use the Attributes to identify and quantify exposure to Climate Solutions projects. The financial institution may choose to also calculate EER associated with this Climate Solutions exposure to complement existing financed emissions metrics.

Financial institutions are encouraged to utilize the Attributes and tailor their application in a manner that best suits their net-zero transition plans, specific asset classes, and portfolio exposures.

Part II: Potential Decarbonization Contribution Methodologies

The GFANZ Secretariat introduced the concept of Expected Emission Reductions (EER) as a complementary measure to existing KPIs that may offer perspective on the forward-looking decarbonization potential of holdings and opportunities. This offers a potential approach to assess and quantify the decarbonization contribution potential of exposures, with transparency and awareness of limitations paramount to credible application.

Similar to the "expected return" of a financing decision, the EER could be quantified to express the "emissions return" of a financing decision by representing the unrealized emissions reduction potential of an asset or entity over a specified timeframe.

Potential methods for deriving it for the different key financing strategies, based on existing approaches:

CLIMATE SOLUTIONS

Avoided Emissions (AE)

Contributions to global decarbonization efforts outside of an entity's value chain through climate solutions and carbon removal projects

ALIGNED AND ALIGNING

Emissions Reduction Potential (ERP)

An entity's emissions reductions via its operations

Upstream and downstream value chain indirect emissions reductions

MANAGED PHASEOUT

Emissions Reduction Potential (ERP)

Contributions to decarbonization efforts through the early phaseout of high-emitting assets

! Further detail on DCM is available in a dedicated workshop.

Why it matters: Use cases of Expected Emissions Reductions

Use case and rationale for EER

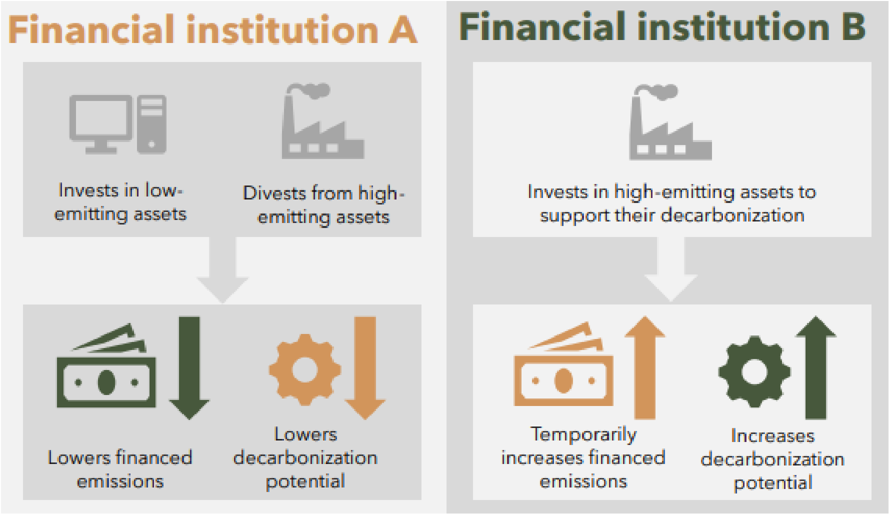
Forward-looking metrics, like EER, together with historical/point-in-time measures (e.g., financed emissions), can provide a more holistic perspective on how financing is supporting the transition.

EER recognizes the future emissions reduction potential of clients and portfolio companies, providing a more comprehensive view for financial institutions to consider in supporting high-emitting actors alongside lower-emitting counterparts.

As illustrated, by relying only on financed emissions, Financial Institution A may drive financing to assets and entities that are inherently low-emitting or have already decarbonized. This may result in less decarbonization impact from those financing activities.

By financing high-emitting assets and companies – backed by a credible net-zero transition plan including engagement – financial institution B may temporarily increase financed emissions, but also may unlock deeper, more significant decarbonization over time if financial institution B supports those companies to deliver on their own decarbonization strategies.

A real-economy company can calculate EER for their decarbonization levers to provide measures of projected impact and serve as valuable information for financial institutions to inform financing decisions.



Areas for further work

Key areas of further work

Relationship to other frameworks and methodologies	Encourage stakeholders to support further development of the concepts and approaches identified in this Note
Data availability, consistency, and quality	Encourage further research and analysis by sector and industry experts to develop more consistent approaches for the real economy and financial sector
Methodology issues and concepts	Expect ongoing refinement and development of concepts presented in this Note

The GFANZ Secretariat recognizes that many topics and concepts covered in this workshop are still nascent and/or require further development

- The GFANZ Secretariat anticipates adoption and further development of the concepts presented in this workshop will continue into 2024 and beyond
- Financial institutions in certain regions or sectors may be able to apply the full spectrum of considerations, while others may encounter challenges due to the lack of data or the need for internal education and support for additional refinement.
- While Transition Finance and the four key transition financing strategies are gaining prominence, decarbonization contribution methodologies are generally in the early stages of both development and adoption and **will require implementation and testing by financial practitioners and the real economy.**

! See here for more details on Areas for Further Work on Part I and Part II

Questions for discussion and reflection

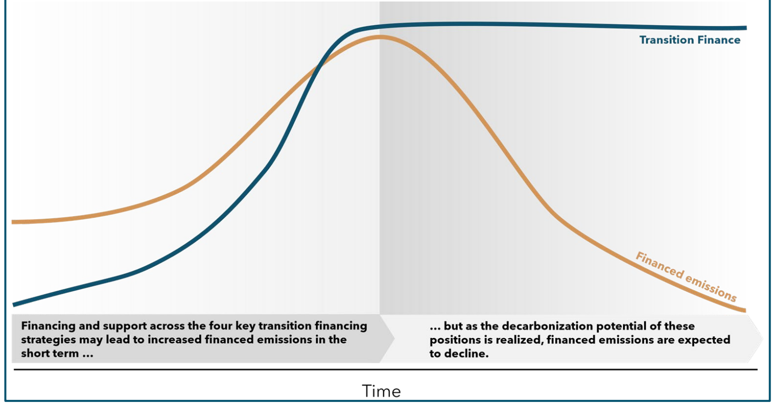
- Discuss how your organization is currently supporting or financing the four key transition financing strategies.
- Reflect or brainstorm how your organization can incorporate the four key transition financing strategies within your transition plans; consider existing clients, portfolio companies, operations, etc.
- Reflect or brainstorm how your organization may adopt forward-looking measures such as EER to complement existing KPIs.

End thoughts

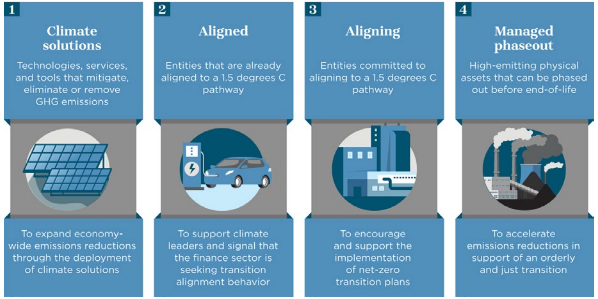
In this workshop, you have learned…

What is the existing capital requirement for Transition Finance, and how can private finance play a role in bridging the gap?

- Financing gaps and opportunities exist across all sectors and addressing this will require urgent and transformative action by governments, companies, and the financial system.
- Private finance plays a key role by providing the capital necessary for a transition at scale and pace to the real-economy companies that need it most.
- To support a whole-economy transition to net zero, financing and related services across four financing strategies need to scale.
- Current mechanisms that rely solely on historic and point-in-time metrics, targets, and considerations may not adequately drive capital allocation to critical areas, such as hard-to-abate sectors.



What are the four key transition financing strategies and why are they important in the context of net zero?



- Transition Finance is the 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 – Climate Solutions, Aligned, Aligning, and Managed Phaseout.
- The four key transition financing strategies provide a lens through which every financing opportunity can be viewed rather than a prescriptive taxonomy.
- The strategies can serve as a basis to scale transition finance and a foundation for calculating metrics and targets and supporting implementation and engagement.
- Principles-based Attributes have been developed to support and scale adoption of the strategies.

How can decarbonization contribution methodologies contribute to scaling Transition Finance?

- Incorporating forward-looking metrics as a complementary consideration to point-in-time measures, such as financed emissions, may more fully capture the "value add" of the decarbonization potential of high-emitting exposures.
- EER as a complementary measure to existing KPIs may offer financial institutions perspective on the forward-looking decarbonization potential of holdings and opportunities, providing additional lens to support capital allocation to Climate Solutions and high-emitting actors.
- A real-economy company can calculate EER for their decarbonization levers to provide measures of projected impact and serve as valuable information for financial institutions to inform financing decisions.

Other modules and FAQ

Basics	An introduction to net zero, GFANZ, and the NZTP	
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Transition Finance	Four Key Transition Financing Strategies	*Relevant*
	Decarbonization Contribution Methodologies	*Relevant*

A helpful FAQ about the GFANZ NZTP can be found here.

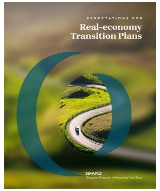
GFANZ publications

Three publications detail the GFANZ NZTP framework and transition finance for financial institutions as well as its application in the real economy:

Recommendations and Guidance on Financial Institution Net-zero Transition Plans

This publication describes how financial institutions across the financial system can operationalize their net-zero commitments and support the real-economy transition.

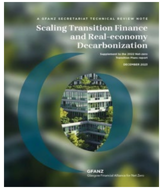
Download the summary
Download the report
Download the supplemental material



Expectations for Real-economy Transition Plans

This report distils existing guidance to bring clarity and help companies in the real economy develop credible transition plans. Additionally, the report brings much-needed consistency on metrics and data points required by financial institutions to evaluate the progress and credibility of companies' net-zero transition plans.

Download the report

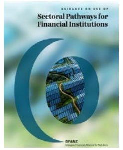


Scaling Transition Finance and Real-economy Decarbonization

This GFANZ Secretariat Technical Review Note further develops the Transition Finance strategies by providing a supplement to the 2022 GFANZ NZTP guidance and discusses potential decarbonization contribution methodologies as a complement to today's metrics.

Download the report

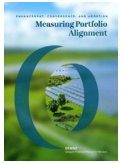
Four additional reports give a more detailed insight into focus areas:



Guidance on Use of Sectoral Pathways for Financial Institutions

This publication offers guidance and a framework to help financial institutions evaluate suitability of sectoral pathways in their transition planning process and implementation efforts.

Download the report



Measuring Portfolio Alignment: Enhancement, Convergence, and Adoption

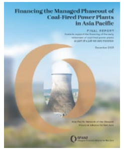
This publication provides a practitioner perspective for measuring the alignment of investment, lending, and underwriting activities with the goals of the Paris Agreement and critical 2050 global net-zero objectives.

Download the report

Managed Phaseout of High-emitting Assets

This publication provides a preliminary and high-level approach to support the identification of and guidance on assets where managed phaseout could be appropriate.

Download the report



Financing the Managed Phaseout of Coal-Fired Power Plants in Asia Pacific (December 2023)

This report, which addresses financing the managed phaseout of coal-fired power plants in the Asia-Pacific region, aims to provide practical, voluntary guidance for net zero-committed financial institutions considering the financing of coal phaseout transactions.

Download the report

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