

2023 Progress Report

December 2023

Acknowledgments

GFANZ would like to thank all those who have contributed this past year.

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

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I. Overview



Foreword from the Co-Chairs of GFANZ



Mike Bloomberg

Co-Chair, GFANZ and UN Special Envoy
for Climate Ambition and Solutions



Mark Carney

Co-Chair, GFANZ and UN Special Envoy
for Climate Action and Finance

Climate change is weakening economic growth, burdening taxpayers and businesses, stressing our health systems, and stoking geopolitical tensions through forced migration and conflict. At the same time, addressing these threats – by building sustainable economies powered by clean, affordable, secure energy – is the world’s greatest economic opportunity. The transition to net-zero emissions can help revitalize global growth and reduce the cost of living – delivering a multi-decade investment boom, boosting productivity, and creating jobs, while transforming every sector of our economies. The returns will only increase over time, bolstering the case for action today.

These risks and opportunities are the driving motivations of the Glasgow Financial Alliance for Net Zero (GFANZ). GFANZ was founded with a common goal: for the financial sector to provide the necessary levels of finance for companies and countries to invest in a transition to net-zero that drives growth, expands opportunity, and raises living standards.

Over the last year GFANZ’s work has grown considerably. GFANZ now supports over 675 financial institutions from 50 countries within the sector-specific net zero Alliances (the Alliances). We now have three regional networks, two regional chapters and are supporting the sharp uptake in transition planning from financial institutions. As a result, the availability of finance for those companies and countries with initiatives to reduce their emissions while boosting their competitiveness continues to grow.

In order to have an inclusive, economy-wide transition, the world needs consistent definitions of transition finance. GFANZ provides financial institutions and their clients with the tools, frameworks, and voluntary guidance they need to achieve their independent net-zero transition goals – including to go where the emissions are and drive them down.

A critical element is the development of voluntary guidance on credible net-zero transition plans that specify the entity's goals, strategic actions, and accountability mechanisms. Credible transition plans guide financial institutions and their stakeholders as they voluntarily transition their activities and portfolios in line with the goals of the Paris Agreement and domestic policies designed to help achieve them. A growing number of major financial institutions have published their first plans using the GFANZ framework, and we expect at least 250 more to follow over the next year.

GFANZ's voluntary guidance for financial institutions and companies centers on four financing strategies to deliver a whole-of-economy transition:

1. Financing the development and scaling of climate solutions,
2. Financing assets or companies already aligned to a 1.5 degrees C pathway,
3. Financing assets or companies committed to transitioning in line with 1.5 degrees C-aligned pathways, and
4. Financing the accelerated managed phaseout of high-emitting physical assets.

The third and fourth strategies emphasize the need for finance to reach further by 'going to where the emissions are' to finance companies with credible transition plans to decarbonize, and to help finance or enable the managed, responsible phaseout of those assets that cannot be fully transitioned. This year GFANZ has developed detailed voluntary guidance on transition finance strategies and set out preliminary work on potential decarbonization contribution methodologies to measure their impact. These complementary approaches will support broad access to capital for the transition, while promoting transparency and accountability for the impact of finance.

GFANZ regional networks help to ensure that the transition is both globally inclusive and globally effective, by bringing a broad array of perspectives and expertise to the heart of GFANZ's work. Last year, GFANZ launched networks in Africa and Asia Pacific, and this year GFANZ launched the Latin America and the Caribbean network, as well as dedicated chapters in Japan and Hong Kong.

GFANZ continues to run working groups and research efforts to support Country Platforms and Just Energy Transition Partnerships including for Indonesia and Viet Nam, which support the replacement of coal with clean energy in government-led plans. This work drives action through investment plans, policy reforms, project development, and shaping of public-private financing solutions.

As the work of GFANZ helps to make transition planning a common practice, more capital will flow to those companies that are providing solutions and driving progress. Understanding which companies are leading the way requires quality data and transparency - the underpinnings of successful markets. That is why we support the efforts of the Climate Data Steering Committee (CDSC) and the Net Zero Data Public Utility (NZDPU) to increase accessibility of quality, comparable emissions, and climate-target data through a new open and publicly accessible data utility. This will provide consistent, accurate, freely available climate transition related information to allow everyone to track progress.

While there is still much work ahead to close the gap between climate ambition and action, significant progress has been made in mobilizing the financial sector to make voluntary, ambitious, science-aligned commitments in support of net zero. In parallel, we are developing the tools and guidance companies and financial institutions need to operationalize their commitments. This progress is translating into real-world outcomes, with the pace of renewable energy and electrification of transport growing at dramatic rates that outstrip even recent projections. GFANZ participants, regional networks and chapters are helping to ensure that the finance will be there for those with the will to act. The enormous progress on transition finance outlined in this report means that, with redoubled effort from political leaders, finance, companies, and civil society the world can - finally - bend the curve of global emissions toward net zero. We look forward to continuing our work supporting institutions to translate their independent commitments into the actions the world needs and future generations deserve.



Mike Bloomberg,
Co-Chair, GFANZ and UN
Special Envoy for Climate
Ambition and Solutions



Mark Carney,
Co-Chair, GFANZ and UN
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Action and Finance

Foreword from the Principals Group

The physical and economic impacts of climate change are here. 2023 is the hottest year on record. Estimates suggest that this summer's heatwave has reduced global GDP by approximately 0.6% this year. Without climate action, the global economy is projected to lose \$23 trillion in economic value – a loss of about 10% by 2050.¹ The Global Stocktake Synthesis report, published in September, makes clear that the world is not on track to limit warming to 1.5C.

However, there are signs of progress. Investment in the energy transition has risen over 40% since 2020. Renewables are being deployed 25% faster than the IEA expected 6 months ago and double the rate expected in 2020.² Solar investment has outstripped oil production investment. The IEA has concluded that this rapid roll out of clean energy technologies has put the world on track to achieve the upper bound of the Paris Agreement's goal for well below 2 degrees C – provided all pledges are met,³ further underlining the necessity for government pledges to be underpinned with implemented policies to urgently close the gap.

In many ways, the net-zero transition is underway. More ambitious public policies – including the US Inflation Reduction Act and EU Net Zero Investment Act – are jumpstarting economic activity critical to transition. Despite progress, there is an investment gap totaling almost \$200 trillion by 2050 – or nearly \$7 trillion a year.⁴ Investments of this scale necessitate the mobilization of the entire financial sector, and crucially, a more supportive policy environment – lifting the barriers to investment and project development.

Financial institutions worldwide have started to move from ambitious climate goals to action. GFANZ is focused on helping them deliver their individual climate strategies and ensuring a transition in which capital flows where it needs to go across the economy and around the world. This year, GFANZ has delivered on the priorities it set out a year ago:

1 Allianz, [Global Boiling: Heatwave Cost](#), 2023.

2 BNEF, [Renewable Energy Investment](#), 2023.

3 IEA, [World Energy Outlook](#), 2023

4 BNEF, [Renewable Energy Investment](#), 2023.

- **Mainstreaming Transition Plans** - This was the “year of the transition plan”, and we are pleased with the momentum from the financial sector in developing and disclosing transition plans on a voluntary basis – a testament to the commitment and action of GFANZ and its many partners. Major financial institutions have published their first plans using the GFANZ framework, and we expect at least 250 more to follow over the next year. Policy makers and standard setters have also begun to highlight the importance of transition planning including the G7, ISSB, Australia, European Union, Hong Kong, Japan, Singapore, Switzerland, the United Kingdom, and the United States. The UK Transition Plan Taskforce recently launched their final guidance that uses the five main components of a Net Zero Transition Plan in the GFANZ framework and delivers a framework for transition plan disclosures, and the US Treasury has announced transition finance principles that are well-aligned with GFANZ’s work. Next year we must accelerate the momentum of mainstreaming transition planning in the real economy as well as financial sectors and in mobilizing capital to emerging markets and developing economies. Transition plans will require high quality data to underpin them and track progress, which is why it is important that countries now implement climate disclosure standards, in line with the ISSB – as many countries across the world have committed to do. The Principals Group also supports and looks forward to the work of the Net Zero Data Public Utility to make quality, comparable climate data accessible to all.
- **Support Energy & Real Economy Transitions** - GFANZ is supporting the launch of the Industrial Transition Accelerator (ITA), a multi-stakeholder platform that will harness lessons learned from leading heavy-emitting industry decarbonization efforts by business, governments, finance, and civil society. GFANZ has also proposed a set of voluntary guidance for financing the early retirement of coal-fired power plants in Asia Pacific and has identified emerging technical approaches for measuring potential decarbonization contribution methodologies of transition finance activities and will seek to explore proposed areas for further work with relevant stakeholders next year.
- **Mobilize Capital to Emerging Markets and Developing Economies** - GFANZ has worked with multilateral finance institutions, such as the World Bank, IMF, and regional and national development banks, as well as private finance to identify, promote, and implement the changes and mechanisms needed to de-risk investment and unlock financial flows. GFANZ has worked closely with Indonesia and Viet Nam to support development of the investment plans which would implement their JETPs, as well as early work to stimulate projects and financing. Through collaboration with CFLI India and CFLI Colombia, and actors such as the Green Climate Fund and High-Level Champions, GFANZ continues to drive forward bottom-up efforts to mobilize capital to emerging markets and developing economies, while acknowledging that there is still significant work ahead to unlock capital at scale.
- **Advance Public Policy** - Action by financial institutions, while critical, cannot substitute for, or succeed, without the necessary action by government. GFANZ continues to work with a wide variety of actors to better understand and advocate for policies that will support a just, orderly transition to net zero that reduces the financial impacts of climate change and protects workers and communities - and support their implementation.
- **Broaden and Deepen Alliance Membership & Participation** - GFANZ has continued to develop its regional networks in Africa and Asia Pacific and launched a third regional network in Latin America & the Caribbean. During 2023, GFANZ launched a Japan Chapter and Hong Kong Chapter as part of the Asia Pacific Network to facilitate locally led implementation, contextualization, and capacity support. GFANZ also welcomed the Venture Climate Alliance as part of GFANZ, adding another important part of the financial ecosystem to the sector-specific Alliances.

As Principals Group, we remain resolutely focused on identifying activities through which GFANZ can have the greatest impact to help to mitigate the severe and systemic long-term financial risks posed by climate change.

Principals Group

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Bill Winters, Chief Executive Officer, Standard Chartered

Statement from the Advisory Panel Chair

**Nili Gilbert**

Board Member, Chair of Investment Committee,
David Rockefeller Fund

Dear Partners and Collaborators,

Despite the rising dangers of climate change, the opportunity to co-create a prosperous future remains within our reach. Health, longevity, social gains, and justice are not mere visions but specific tangible outcomes that are intimately intertwined with our collective climate agenda. Together, we can create a future where clean, affordable energy sources are abundant, where our actions not only reduce carbon emissions but also create employment, fuel wealth-building opportunities, and advance essential societal objectives. Over the horizon, there is an attainable future in which our relationship with nature is one of harmony and stewardship, and the well-being of real people grounds our efforts.

Business as usual will not get us to this future, nor can we jump immediately to it. We must intentionally craft technically sound plans and strategies to drive the transition. We must work together to build a bridge to reach that horizon, and at GFANZ that is exactly what we are doing - working hard with many partners and stakeholders to bridge to a net zero future. Our technical work builds the standards, frameworks, and methodologies that support financial system and real economy decarbonization. You will recognize this throughout this year's Progress Report across all of our workstreams - from mainstreaming transition planning, to developing transition finance, to supporting energy and real economy transition, to mobilizing capital to emerging markets and developing economies.

This work could not be done in isolation, and we value the Net-Zero Finance Alliances' leadership and other partners in pursuit of industry and economy-wide transition. Collaboration has been a centerpiece of our annual agenda. For example, in the Mobilizing Capital to Emerging Markets and Developing Economies workstream, this has included engagement with the World Bank Group and other MDBs, the International Monetary Fund (IMF), as well as deepening and expanding GFANZ Regional Networks in Africa, Asia Pacific, Latin America and the Caribbean, and engaging with Just Energy Transition Partnerships in Indonesia and Viet Nam. From public policy engagement initiatives to research and real-world case studies, we are moving together as part of a growing ecosystem that is driving necessary actions from concept to execution in every sector and in every region.

The two years since we launched GFANZ have been volatile and tumultuous. Climate disasters and energy crises have caused hardship and at times stalled progress. However, there are signs that the bridge is being built and we are beginning to climb the exponential technology and investment curves necessary to achieve net zero. The latest forecasts for surging solar, wind, and battery capacity for 2030 are now in line with ambitious net-zero scenarios.⁵ A diverse set of countries are adding renewables at a pace required by 1.5C scenarios.⁶ This year Kenya, powered by over 80% renewable energy, hosted the first African Climate Summit - where billions of new financing commitments came forward for the continent's clean growth.⁷ Transformative change can, and is, happening in diverse countries and circumstances. And part of our job is to understand the why and how, so success can beget success, driving us further up the curve to a sustainable future.

The work of GFANZ benefits from countless individuals' dedication across years of grappling with the finance sector's role in climate change and advocating for its evolution. I am honored to chair the GFANZ Advisory Panel, an esteemed group that brings together 20 such climate experts from non-governmental organizations worldwide. In the pages that follow, you will learn about the strategic and technical work that has constituted our bridge-building efforts this year. As we look to the horizon towards 2024, we can catch a glimpse of a better 2050 — and we have no time to waste in seizing the day.

Sincerely,



Nili Gilbert,

Chair, GFANZ Advisory Panel,
Board Member, Chair of
Investment Committee, David
Rockefeller Fund

5 RMI, [Renewable energy deployment surge](#), 2023.

6 WRI, [Scaling Up Renewable Energy](#), 2023.

7 Kleinman Center for Energy Policy, [Kenya's Clean Energy Transition](#), 2023.

II. Introduction



The Glasgow Financial Alliance for Net Zero (GFANZ) is a global coalition of over 675 leading financial institutions committed to mainstreaming the decarbonization of the global economy to reach net-zero emissions by 2050. Since its inception in April 2021, GFANZ has developed the tools and methodologies needed to turn financial institutions' net-zero commitments into action through practitioner-led work, drawing on and amplifying the enormously valuable work of the many organizations that have driven climate action for years. This report highlights the significant progress and accomplishments of GFANZ to date.

OVERVIEW OF GFANZ

GFANZ was launched in April 2021 and is chaired by Mark Carney, UN Special Envoy for Climate Action and Finance, and Michael R. Bloomberg, UN Special Envoy for Climate Ambition and Solutions, alongside Mary Schapiro, former SEC Chair and Head of the Secretariat for the Task Force on Climate-related Financial Disclosures (TCFD), as the Vice Chair. The GFANZ Principals Group, made up of Alliance Member CEOs and global climate leaders, sets strategic direction and priorities for GFANZ and monitors progress.

GFANZ and the eight financial sector-specific net-zero Alliances (the Alliances)⁸ are dedicated to the vital role of the financial sector in supporting the global transition to net zero. The Alliances comprise over 675 financial institutions from a diverse range of 50 jurisdictions. By their own initiative, all net-zero sector-specific Alliance members have made ambitious science-based commitments to support the transition to net zero.

The overarching goal of the Alliances is to achieve net zero emissions by 2050 at the latest to support delivery on Paris Agreement commitments. To that end, the members of each Alliance have also set interim science-based targets for 2025 or 2030 reflecting maximum effort toward a fair share of the 50% global reduction in GHG emissions needed by 2030. As this document shows, these individual commitments are already being implemented.

These voluntary commitments and actions collectively represent huge scale and high ambition. But, while finance can support the transition to net zero, it cannot alone ensure its success. Finance is a catalyst, an enabler of the plans and actions in the real economy. Achieving the goals of the Paris Agreement also requires ambitious, credible, and well-articulated public policies, and the drive, initiatives and implementation of entrepreneurs and businesses.⁹

GFANZ supports high levels of ambition and credible climate actions by acting as a forum for considering best practices on substantive, cross-cutting issues that will support the expansion of net zero financing activities. To support these efforts, GFANZ works to ensure that the opportunities and challenges brought by net-zero committed finance are well understood across the official sector, and civil society, and works collaboratively with a wide range of stakeholders to develop the necessary tools, data, and methodologies to implement net zero commitments.

⁸ See: Net Zero Asset Managers initiative (NZAM), Net-Zero Asset Owner Alliance (NZAOA), Net-Zero Banking Alliance (NZBA), Net Zero Financial Service Providers Alliance (NZFSPA), the Net-Zero Insurance Alliance (NZIA), the Net Zero Investment Consultants Initiative (NZICI), Paris Aligned Asset Owners (PAAO), and the Venture Climate Alliance (VCA).

⁹ GFANZ's 2021 Call to Action urged G20 governments to draw on five broad policy levers to deliver on the goals of the Paris Agreement. These levers represent essential components for government transition planning. In 2022, GFANZ published a Call to Action: One Year On to reiterate and expand upon its call to G20 governments to act with urgency because while the world changed in 2022, the realities of climate science and the global carbon budget have not.

GFANZ 2023: PRIORITIES, PROGRESS AND MOMENTUM

The work of GFANZ starts with commitments, hinges on operationalization, builds to action, and is reinforced by accountability. GFANZ and the Alliances work together to support financial institutions in turning commitments into action. This report is a summary of the ambitious and comprehensive work plans underway within GFANZ and the Alliances, and the progress made since COP 26. This has been a collaborative effort led by practitioners and supported by experts from finance, science, academia, business, the official sector, and civil society.

Since 2021, GFANZ has established an ambitious program of work to support financial institutions' individual commitments, engagements, investments, and alignment to transition the financial system and global economy to net zero based on credible, science-based, pan-sector guidance and tools. GFANZ continues to build and endorse common approaches given the importance of unlocking transition finance globally, delivering our practitioner-led work program in collaboration with NGOs, industry bodies, and governments to support the transformation of the global financial system.

Building upon prior work to mainstream net-zero commitments and develop the tools and frameworks necessary to operationalize such commitments, 2023 has been a year of action. GFANZ has driven progress on its three core priorities: mainstreaming transition planning, mobilizing capital to emerging markets & developing economies (EM&DEs), and broadening and deepening Alliance membership and participation. Each of these priorities is underpinned by net-zero public policy advocacy efforts to communicate the progress the financial system is making and the opportunities this presents, while also highlighting the enabling policies, frameworks and approaches that would best unlock the needed flow of finance.

Broaden and Deepen Alliance Membership and Participation

90% of global GDP is covered by national net zero targets, and despite the challenges, progress is being made in policy, technology, and financing. Given transition presents both opportunities and means to mitigate climate risks, it is no surprise that the momentum behind net zero in the financial system continues to grow.

Signatories to the sector-specific Alliances continue to grow steadily, from 450 as at COP26, to 550 as at COP27 to more than 675 members from 50 jurisdictions as at COP28.

In April 2023, GFANZ welcomed the addition of a new sector-specific Alliance, the Venture Climate Alliance, to define, facilitate, and realize net zero-aligned pathways for early-stage investments within the venture industry. GFANZ celebrates the addition of a new segment of the financial sector into the coalition and looks forward to the launch of the Net Zero Export Credit Alliance at COP28.

GFANZ has developed regional networks to enable mutual knowledge-sharing and open dialogue on the opportunities and challenges of net zero in order to promote a truly inclusive global transition. The Networks ensure that the perspectives and expertise of firms and actors across key regions are reflected in global GFANZ work and outputs, as well as tailor the global tools to ensure they meet the unique and diverse needs of the region.

GFANZ has additionally enhanced its global representation with the recent launch of a Latin America & Caribbean (LAC) Regional Network, joining the regional networks in Africa and Asia Pacific (APAC) created last year. GFANZ also opened its first network chapters in Japan and Hong Kong and deepened GFANZ Africa's work by partnering with the African Development Bank (AfDB).

Our regional work also allows us to better engage with and support policymakers in Asia Pacific, Africa and Latin America and the Caribbean, to identify and close the policy gaps that most matter to those regions in achieving the net-zero transition. For example, our APAC network has delivered work on the Managed Phaseout of Coal-Fired Power Plants, informed by regional opportunities and challenges but which is now supporting global engagement.¹⁰ Our Africa network is addressing risk perceptions and derisking measures, to help support the necessary financing and beginning to explore how to ensure voluntary carbon markets (VCMs) benefit the region. Our LAC network will help us make progress on financing solutions with a nature-based lens for regional as well as global levels.

Mainstream Transition Planning and Transition Finance

In 2022, GFANZ published voluntary recommendations and guidance for financial institutions net zero transition plans – including, but not limited to, members of the sector-specific Alliances – to serve as a common framework for developing and implementing credible, comprehensive, and comparable strategic transition plans.

Net-zero transition plans demonstrate the credibility and integrity of net-zero commitments by translating the individual commitments into specific planned actions, metrics, and governance mechanisms. Building upon excellent sector-specific work from the Alliances and third-party technical initiatives, GFANZ created a Net-Zero Transition Plan framework to enable credible net-zero transition planning with applications for both financial institutions and corporates.¹¹

Financial institutions are increasingly deploying this framework voluntarily to deliver their own strategic plans, as outlined in section 1 below. GFANZ is working to accelerate the mainstreaming of transition plans by providing resources to financial institutions, developing supporting technical tools and guidance, and increasing global consistency through engagement with policymakers and industry bodies. Convergence around a practitioner-led common framework for net-zero transition plans is essential to reducing market fragmentation and reporting burdens, as well as driving adoption by policymakers.

Increasingly international organizations and national policymakers are seeing transition planning by companies and financial institutions as an important policy tool, and are often drawing on the best practices developed by the global net-zero committed financial sector.

GFANZ has played a role in the U.K. Transition Plan Taskforce (TPT) since it was established at COP26 and Aviva CEO Amanda Blanc co-chaired both the GFANZ Mainstream Transition Planning workstream and the TPT Steering Group. In October 2023, the TPT published its final guidance on a Disclosure Framework for Transition Plans, building from and addressing the same core elements found in the GFANZ Net-Zero Transition Plan Framework. In September 2023, the U.S. Department of the Treasury released its Net-Zero Finance and Investment Principles, which recognize the importance of transparent net-zero commitments and net-zero transition planning in line with the GFANZ framework.

¹⁰ GFANZ, [Financing the Managed Phaseout of Coal-Fired Power Plants in Asia Pacific](#), 2023.

¹¹ GFANZ, [Net Zero Transition Planning](#), 2022

GFANZ also notes efforts to develop transition planning policy or guidance in a number of major jurisdictions, including Australia, the European Union, Hong Kong, Singapore, and Switzerland. In a number of cases, policymakers in these jurisdictions have sought to ensure consistency with the best practice framework for transition planning being deployed by the global financial system. GFANZ welcomed the G7, under Japan's presidency, recognizing "the need for corporates to implement their net-zero transitions in line with the temperature goal of the Paris Agreement based on credible corporate climate transition plans."¹²

To support a whole-economy transition to net zero, financing and related services across four key transition financing strategies would need to scale, including financing and support for Climate Solutions, Aligned, Aligning, and Managed Phaseout. The GFANZ Secretariat developed a Technical Review Note that further develops the four key financing strategies as a supplement to the NZTP framework and in support of financial institutions' efforts to scale Transition Finance. The publication also explores complementary, forward-looking measures to capture potential decarbonization contributions that financial institutions may wish to test and adopt, where appropriate.

The focus of Managed Phaseout is the planned and accelerated retirement of high-emitting assets that are not consistent with a net-zero future, and where policy, contractual, economic, and financial barriers exist to their early retirement. A Managed Phaseout plan for high-emitting assets can address these barriers and can be supported by financial institutions that can provide funding. GFANZ guidance on the Managed Phaseout of coal-fired power plants in Asia Pacific has helped develop our collective understanding of the opportunities and considerations for private sector financial institutions seeking to support such transactions. This work benefited from collaboration with public and private sector experts and has informed regulatory guidance on taxonomies and the phaseout of coal.¹³

As part of its work to engage with policymakers and relevant standard setters working on transition planning and transition finance to support global consistency, GFANZ has continued to periodically report on its work to the G20's Financial Stability Board, which has recently established a working group on transition planning, as well as engaging with other sectoral standard setters.

Mobilizing Capital to Emerging Markets & Developing Economies

Achieving net zero requires a truly global, whole-economy transition; as emerging markets & developing economies (EM&DEs) see rising emissions through increasing energy demand, there is an urgent need to transition their economies and realize the opportunities of net zero for clean, affordable and accessible energy, green jobs in new industries and sustainable growth.

Yet to date, there has been insufficient momentum and scale in developing the policies and mobilizing the finance needed to meet individual EM&DE countries' transition needs. Public finance cannot meet these needs alone and unlocking private finance will require new models for public and private collaboration to scale the capital necessary to meet countries' climate goals.

To help address these barriers, GFANZ has long advocated for the creation of country platforms to support country-led transitions and bring together public and private development partners to strengthen enabling environments and collaborate on increasing the pipeline of bankable local projects which can be brought to market.

¹² G7, [Leaders Communiqué](#), 2023.

¹³ GFANZ, [Financing the Managed Phaseout of Coal-Fired Power Plants in Asia Pacific](#), 2023.

To that end, GFANZ has been extensively involved in the development of the Just Energy Transition Partnerships (JETPs) in Indonesia and Viet Nam and has also provided support to the development of Senegal's JETP and Egypt's Nexus for Water Food and Energy (NWFE) as examples of platforms tailored to those countries' priorities and anchored in their efforts to decarbonize their economies. Through these platforms, GFANZ is working to bring private finance perspectives to the planning, policy, and project development such that these stand the best chances of crowding in private finance at scale.

Beyond country-level approaches, GFANZ is dedicated to working with global stakeholders to create the right conditions to support increased investment and has advanced efforts to understand key trends and enable action through strengthening data and transparency on investment levels for EM&DEs and building stronger ties with multilateral finance institutions to de-risk investment.

These efforts have included consistent advocacy for multilateral development banks (MDBs) to mobilize private finance at scale for EM&DEs through multiple roundtable discussions convening the International Monetary Fund, COP, international finance ministers, and private sector CEOs. These pivotal conversations aided the establishment of the World Bank Private Sector Investment Lab to address barriers to private sector investment in EM&DEs and to develop recommendations on how to mobilize capital more effectively.

Across all this work, the GFANZ's regional networks in Africa, Asia Pacific, and Latin America & the Caribbean serve as critical partners to support regionally tailored engagement and capacity building for domestic financial institutions. Through these networks, GFANZ has supported the creation of the Global Capacity Building Coalition¹⁴ - an important piece of global financial architecture to improve the accessibility, availability, and quality of capacity building and technical assistance to support the development of climate finance in EM&DEs.

Working with policymakers to enable a just transition to net zero

While private finance is actively supporting the transition, it cannot be a substitute for government policy, and significant policy gaps remain to be addressed. GFANZ has been consistently engaged in efforts to create a supportive policy environment to accelerate the net-zero transition. In 2021, GFANZ set out in a Call to Action the policy reform areas that G20 governments should focus on, to unlock transition finance at scale. In 2022, GFANZ provided further insight on these topics, as well as assessing progress, in a Call to Action: One Year On.

This year we have focused on driving progress against these priority headings through collaborative work with international organizations, a broad set of international and national policymakers across: (i) the importance of transition planning at the national level and in particular addressing energy sector transition; (ii) key financial sector policy needed to unlock transition finance, including drawing on common practitioner-led frameworks; (iii) supporting progress in carbon pricing and markets, including in particular voluntary carbon markets (VCMs); (iv) catalyzing initiatives designed to make progress on real economy transition; and (v) the work to mobilize private capital for EM&DE transition.

¹⁴ Bloomberg Philanthropies, [Global Capacity Building Coalition](#), 2023.

III. Progress Across GFANZ 2023 Priorities



1. Mainstream Transition Planning



GFANZ has played a pivotal role in the financial sector's shift toward science-based 1.5 degrees C targets, with leading financial institutions independently publishing transition plans based on GFANZ's voluntary guidance, and many countries actively considering implementing transition planning requirements. To expedite this process, GFANZ has developed tools and a common voluntary framework for the adoption of transition planning, defining of transition finance, and ensuring financing genuinely reduces emissions. GFANZ's efforts are driving systemic change within the financial sector, fostering a commitment to achieving net-zero goals and sustainable finance practices. To this effect, in an effort to increase the Mainstreaming of Transition Planning this year GFANZ developed a strategy to focus on:

1. Driving Adoption of Transition Planning: Providing Resources to Financial Institutions
2. Developing Technical Tools and Guidance: Defining Transition Finance
3. Increasing Global Consistency: Engaging with Policymakers and Industry Bodies

An aerial photograph showing a dense forest of evergreen trees on the right side, bordering a calm, teal-colored lake on the left. The text is overlaid on the upper portion of the image.

Driving Adoption of Transition Planning: Providing Resources to Financial Institutions

DRIVING ADOPTION OF TRANSITION PLANNING: PROVIDING RESOURCES TO FINANCIAL INSTITUTIONS

To increase the adoption of transition planning in 2023, GFANZ has developed two main avenues aimed at enhancing the capabilities of companies and aiding those in the development of transition plans: developing resources for the process of net-zero transition planning, and showcasing net-zero transition planning.

Developing Resources for Net Zero Transition Planning

To increase adoption of transition planning GFANZ has developed a series of resources to aid in the implementation of transition planning. To lower the barrier to transition planning GFANZ has developed a series of Workshops in a Box for developing a Net Zero Transition Plan. Workshops in a Box are a series of presentation materials that inform and educate on the GFANZ Net-zero Transition Plan (NZTP) framework. The presentations contain all the information needed to hold workshops with minimal preparation and can be held independently of each other. Presentation materials are designed to be equally useful for anyone wishing to self-educate on the framework. Slides highlighted for audience participation can instead be used for individual reflection on the implications of the content.

These ready-to-use, hour-long roundtable materials are open for anyone to use and can be customized with specific examples. There are three WIBs designed to raise awareness among senior or broad audiences, including board members, C-suite executives, and strategy teams. Additionally, there are eight specialized WIBs that delve into specific aspects of net-zero transition planning, catering to those involved in developing, reviewing, or approving such plans. Lastly, there are three WIBs focused on real-economy companies and disclosure expectations of financial institutions. Thus far, these resources have been used by 325+ institutions.

Showcasing Net Zero Transition Plans

A second pillar of GFANZ's work to increase adoption of transition planning is to showcase examples of transition planning and to provide real world insights into how financial institutions have implemented the GFANZ framework for Net Zero Transition Plans.

The GFANZ Net-Zero Transition Plan Video Series was launched with an initial set of four videos, available on the GFANZ website.¹⁵ The series showcases efforts and perspectives of practitioners developing transition plans within financial institutions and real-economy companies alike. So far the video highlights the creation of the NatWest Group Climate Transition Plan, the implementation strategy of CAE, the engagement strategy of UPP (the University Pension Plan Ontario), and the governance philosophy of Phoenix. These short, easily accessible video snippets feature insights from both financial and real-economy practitioners. They are available for anyone to view and, in some cases, are provided in local languages, making them accessible to a broader audience.

15 GFANZ, [Net-Zero Transition Plan Video Series](#), 2023

This year, GFANZ has also launched a consolidated list of public examples of transition plan themes and components. These are available on our website. This will include financial and real economy transition plans. The adoption of NZTPs is expected to increase as data and methodologies to support the implementation of transition plans mature. To increase transparency in applying the NZTP methodology, GFANZ has published a list of examples of how financial institutions and real-economy companies have approached transition planning. The examples are not intended to represent “best practice”, nor demonstrate disclosures that fully cover all the guidance in GFANZ’s NZTP voluntary framework.

Instead, the mapping of the examples to themes and components in the GFANZ framework shows how these could be integrated into transition planning and are provided to generate inspiration for organizations beginning their transition planning process or for those looking to refine their plan.

The resources and showcased Net-Zero Transition Plans published by GFANZ this year lay the framework for an ease of process in developing NZTPs. Following the decision of a financial institution to voluntarily engage in developing a transition plan, the next step is to get clear on their technical method of transition.

Developing Technical Tools: Scaling Transition Finance



DEVELOPING TECHNICAL TOOLS: SCALING TRANSITION FINANCE

In order to achieve the necessary decarbonization goals that companies, countries, and financial institutions have set, we need consistent approaches to language, definition, and metrics for transition finance. Net Zero Transition Plans are foundational to ensuring that financial institutions can support a whole-economy transition and are achieving emissions reduction in the necessary science-based timeframes. The GFANZ transition plan framework provides guidance and recommendations for financial institutions on financing, investment, and financial services; measuring progress; and structuring governance of ambitious and credible transition plans.

Net zero committed financial institutions are financing transition opportunities and mitigating transition risks. But to scale these activities across the economy, they need greater clarity on what constitutes transition finance - in relation to their own activities, and in relation to the activities of the entities they finance. A broad and diverse set of stakeholders also have an interest in monitoring progress on real-economy decarbonization.

More consistent metrics and methodologies not only support transparent and accurate assessment of the climate impact of investments but also facilitate meaningful comparisons between different assets, portfolios, and institutions. This common ground for measuring decarbonization ensures that financial institutions can more effectively evaluate their progress in reducing carbon emissions and align their strategies with global climate goals. It enhances market transparency, enabling investors and stakeholders to make informed decisions while promoting trust and credibility within the financial sector. Moreover, forward-looking decarbonization metrics, when used together with existing metrics and KPIs, can foster a comprehensive approach toward mitigating climate change, which is an urgent and shared global challenge.

Building on the momentum of net-zero transition plan adoption and to support financial institutions in executing on voluntary net-zero commitments, the GFANZ Secretariat has conducted further work in the following areas:

- Financing the Energy Transition
- Scaling Transition Finance and Real-Economy Decarbonization

Financing the Energy Transition

Transforming the global energy system is at the heart of the net-zero transition and will involve significant shifts in the way we produce and use energy. Private finance will play a significant role in financing the shift to net zero energy systems that displace the need for fossil fuels, whilst meeting growing global energy demand particularly in EM&DEs. GFANZ has engaged with key industry initiatives to ensure finance has the tools to enable the energy transition.

The International Energy Agency (IEA) and Energy Transitions Commission (ETC) have recently released key publications on the role of oil and gas producers in achieving a decarbonized energy sector.^{16 17} These include the role of financial institutions to support assessing the credibility of fossil fuel companies' transition plans. The GFANZ Secretariat has contributed to these efforts and is represented on the new IEA Financial Institution Advisory Board and was a peer reviewer to these and other key publications.

GFANZ has also worked closely with BloombergNEF to develop analysis on energy supply investment ratios (figure below), deepening and extending this analysis to different segments of the financial sector and expanding analysis to investment in energy demand.¹⁸

To develop further resources for financing the energy transition, the GFANZ APAC Network published a report this year on Financing the Managed Phaseout (MPO) of Coal-fired Power Plants in Asia Pacific. The report provides practical guidance for net-zero committed financial institutions considering the provision of financing for the early retirement of coal-fired power plants (CFPPs).¹⁹

It is well established that accelerating the transition away from unabated coal power is crucial to meet the Paris Agreement commitments to combat climate change. Coal power generation is the largest source of carbon dioxide emissions globally. If they continue to operate as planned, coal power will generate enough emissions to exhaust two-thirds of the remaining carbon budget associated with limiting warming to 1.5 degrees C.

The early retirement of CFPPs is crucial to the decarbonization of Asia Pacific as its fleet of CFPPs is relatively young and coal power usage is expected to continue to rise in Asia for several more years due to high dependencies on coal. CFPPs are also typically insulated from market forces through state-owned enterprise ownership, limited open power markets, and fiscal and energy policies including subsidies and power purchase agreements (PPAs) with considerable remaining time to run. To address these challenges, the report provides a principles-based framework for managed phaseout (MPO) of CFPPs, which refers to strategies to finance or enable the early retirement of such assets.

Building on recent experiences with MPO of CFPPs and emerging frameworks such as two reports from GFANZ entitled "Recommendations and Guidance on Net Zero Transition Plans for Financial Institutions" and "Managed Phaseout of High-emitting Assets", the report establishes an ambitious but practical foundation to support catalytic and pioneering coal phaseout transactions involving both private and public finance.

16 International Energy Agency, [The Oil and Gas Industry in Net Zero Transitions](#), 2023

17 Energy Transitions Commission, [Fossil Fuels In Transition](#), 2023

18 BNEF, Investment Requirements of a Low-Carbon World: [Energy Supply Investment Ratios](#), 2022.

19 GFANZ, [Financing the Managed Phaseout of Coal-Fired Power Plants in Asia Pacific](#), 2023.

To address the challenges around financing coal MPO, the report recommends a three-step process, in which individual financial institutions can choose to apply ten recommendations to assess an entity-produced coal phaseout plan. The steps are:

- Ensuring the credibility of relevant energy transition and coal phaseout plans at the governmental, entity and asset levels;
- Optimizing 'meaningful' impact across climate impact, financial viability and socio-economic considerations; and
- Achieving transparency and accountability for coal phaseout plans in line with the GFANZ NZTP framework.

Scaling Transition Finance and Real-Economy Decarbonization

To support a whole-economy transition to net zero, financing and related services across four key transition financing strategies need to scale. The GFANZ 2022 publication on Recommendations and Guidance on Financial Institution Net-Zero Transition Plans outlines four financing strategies that finance or enable the following:

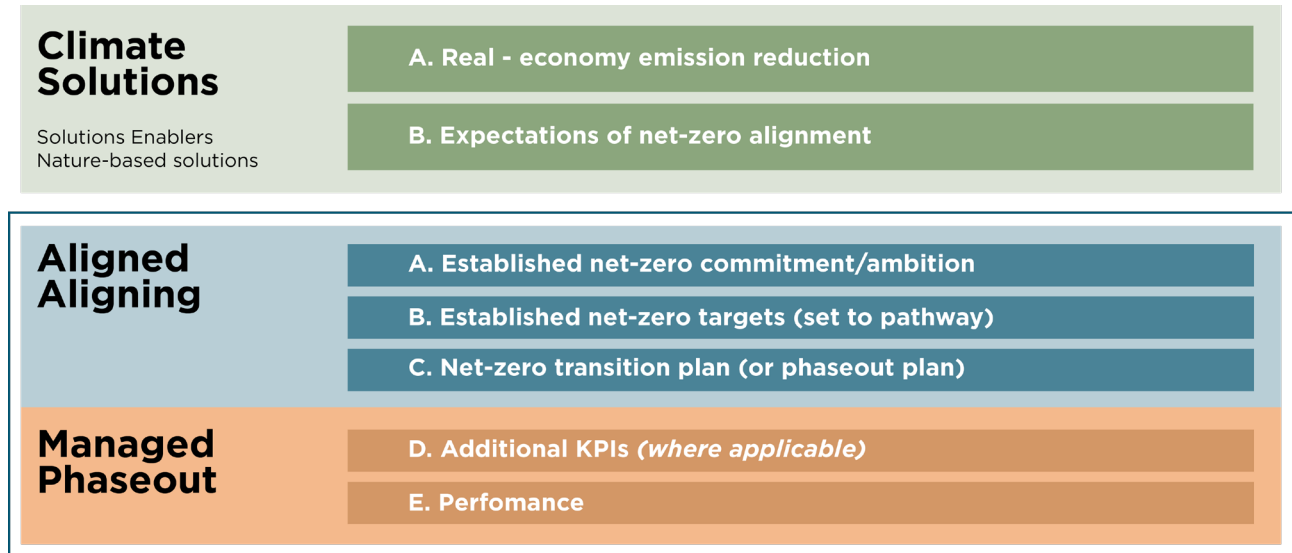
- Climate Solutions - Entities and activities that develop and scale climate solutions
- Aligned - Entities that are already aligned to a 1.5 degrees C pathway
- Aligning - Entities committed to transitioning in line with 1.5 degrees C-aligned pathways
- Managed Phaseout - The accelerated managed phaseout of high-emitting physical assets

These strategies help ensure that finance will be available not only for climate solutions, such as clean energy, that are already fully aligned with the net-zero transition, but also to 'go where the emissions are' to finance companies with credible transition plans to reduce their emissions. The principles also support the responsible managed phaseout of assets that cannot be aligned with the net-zero transition. This more comprehensive approach will support jobs and growth while maximizing emissions reductions across all sectors of our economies.

Over the course of 2023, the GFANZ Secretariat worked with hundreds of market participants to develop technical considerations and released a Technical Review Note in support of financial institutions' efforts to scale their capital allocation and engagement across the four key financing strategies. The Technical Review Note outlines key attributes of the four key transition financing strategies to supplement the NZTP framework and includes:

- Expansion of the sub-types within the Climate Solutions strategy including Enabler assets/entities that provide critical inputs to Climate Solutions;
- Discussion of how net-zero transition plans provide a credible basis for the analysis of an entity's alignment to net-zero over time;
- Mapping to the recommendations of the APAC Coal Managed Phaseout report to the key attributes for identification of Managed Phaseout assets; and
- Identification of potential use cases and considerations of the four key transition financing strategies to inform financial institutions' net-zero transition plans.

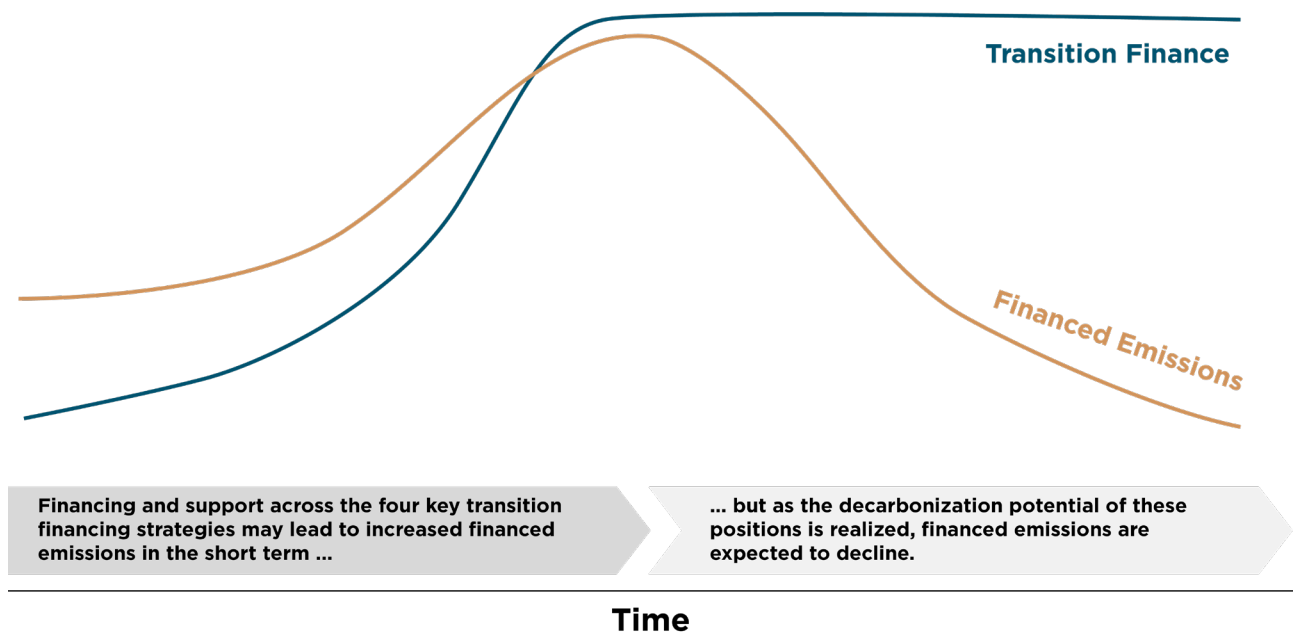
The Note further outlines technical information on complementary, forward-looking measures to capture the expected decarbonization contribution potential of exposures that may be considered alongside other metrics and targets established within net-zero transition plans.



Current mechanisms that rely solely on historic and point-in-time metrics, targets, and considerations may not adequately support capital allocation to critical areas. While there are several methods for measuring emissions produced, forward-looking methodologies have not been widely adopted or consistently applied. To further support and scale transition finance strategies, the Technical Review Note introduces the concept of Expected Emissions Reductions (EER) as a complementary measure to existing KPIs that may offer perspective on the forward-looking decarbonization potential of holdings and opportunities.

The GFANZ Secretariat anticipates adoption and further development of the concepts presented in the Note will continue into 2024 and beyond. While Transition Finance and the four key financing strategies are gaining prominence, policymakers and governments can help bring clarity to the landscape of transition finance, including development of supporting taxonomies, regulations, and enabling policies to facilitate activities across the four key financing strategies and in support of national and global climate goals. The concept of EER is in the early stages of both development and adoption and will require further refinement through testing by practitioners and experts.

Figure 1: Illustrative progress of increasing transition finance activities to support net-zero objectives



Increasing Global Consistency: Engaging with Policy Makers and Industry Bodies



INCREASING GLOBAL CONSISTENCY: ENGAGING WITH POLICY MAKERS AND INDUSTRY BODIES

In the last year, and as progress has been made to identify good practices and apply them across the private sector, there has been increased interest from regulators, policymakers, and global standard setting bodies in transition finance and planning.

To further the cause of real economy decarbonization, GFANZ has continued to engage constructively with national regulators, policymakers, prudential supervisors, and global standard setting bodies to explain its work and support the development of policy frameworks that are as effective as possible in unlocking the finance needed for transition globally.

The Importance of Transition Finance and Planning

GFANZ continues to highlight to policymakers the important role that transition planning by governments and real economy companies can play in ensuring an orderly transition²⁰ as well as the best practices for transition finance and planning being developed and implemented by the private financial sector.

In particular, we have provided updates on our work to many national policymakers, and a broad set of international organizations and standard-setters including, but not limited to, the Financial Stability Board (FSB), the Basel Committee for Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO), and the International Association of Insurance Supervisors (IAIS). An increasing number of national and international standard setters are actively considering how to draw on transition planning from their respective supervisory perspectives.

During 2023, the G7 has highlighted the need for credible transition plans to deliver on corporates' net zero targets, and the International Sustainability Standards Board (ISSB) finalized new standards which included the disclosure of transition plans where those have been developed. A growing number of jurisdictions are moving to develop or implement regulation that would require firms to develop and/or disclose transition plans - including Singapore, Japan, Hong Kong, Australia, Switzerland, the European Union, and the United Kingdom. The US Treasury has released net zero financing and investment principles which are well-aligned with GFANZ's transition finance definitions and planning framework.

Driving Global Consistency

GFANZ promotes consistency in voluntary approaches to transition planning across sectors, and engages with regulators, standard-setters, and policymakers to highlight the value in building on market-based approaches with widespread global adoption.

²⁰ 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.

In the UK, for example, GFANZ has been working closely with the Transition Planning Taskforce (TPT), which has developed a domestic transition plan disclosure framework that is ISSB-consistent and draws on GFANZ's common global framework for net zero transition plans. It is intended that the TPT be implemented in the UK, but it could also inform similar efforts globally. In addition to engaging with official bodies, GFANZ continues to engage with other industry groups to further consistency and interoperability between existing frameworks. For example, GFANZ has worked with the Investor Agenda on demonstrating alignment between the Investor Climate Action Plans (ICAPs) Expectations Ladder and the GFANZ NZTP framework.

GFANZ continues to drive consistency by showcasing the progress financial institutions are making by voluntarily developing and disclosing transition plans, making use of the common tools, technical recommendations, and best practices that GFANZ's global, pan-sector, practitioner-developed framework for credible, comprehensive, and comparable transition plans lays out. We have encouraged and provided forums for conversations between Alliance members who have published their first transition plans and peer groups and regulatory/supervisory bodies, with an eye toward sharing learnings and best practices surfaced by the private sector's experience with transition planning. Many of these firms have highlighted that they find the GFANZ Net Zero Transition Planning (NZTP) framework an intuitive way of articulating their plans to address the risks and opportunities of the transition, including because it aligns with and builds on existing standards, such as the Task Force on Climate-Related Financial Disclosures (TCFD) and ISSB.

To help ensure interoperability, comparability and consistency and minimize reporting costs for firms, GFANZ is continuing to advocate for global consistency and is working to ensure that one transition plan can fulfill multiple purposes.

Supporting Transparency through the NZDPU

Private sector climate data availability and quality continue to impede nations, financial institutions, and non-financial companies working to understand entity-level GHG emissions, set science-based emissions reduction targets, and create and execute on net-zero transition plans. In November 2022, the Climate Data Steering Committee (the Committee or CDSC) published its recommendations for the development of an open data utility for climate transition-related data: the Net-Zero Data Public Utility (NZDPU or Utility). The Utility concept the Committee recommends aims to provide a centralized repository for all stakeholders to easily access and interpret a core set of corporate and financial institution climate transition-related data. The recommended Utility would complement existing and potential upcoming mandatory disclosure initiatives from the public sector, build on the crucial work of existing providers, and be used across a multitude of stakeholders to help ensure consistency in data, analytics, and derived content. The Utility is designed to be built as part of ongoing enhancements to the United Nations Framework Convention on Climate Change (UNFCCC)'s Global Climate Action Portal. The GFANZ Principals Group has endorsed the NZDPU and encourages participation by GFANZ Sector-Specific Alliance Members.

2. Mobilizing Capital to Emerging Markets and Developing Economies



Achieving net zero requires a truly global, whole-economy transition. Estimates indicate that by the end of the decade an additional US\$ 1 trillion per annum will be required at least for clean energy investment in EM&DEs to put the world on track to reach net zero by 2050.²¹ There has been insufficient momentum in mobilizing climate finance in these markets. Rising global interest rates and increasing debt vulnerabilities create a more challenging backdrop, and so require a commensurately greater response.

GFANZ is working to support the net-zero transition in EM&DEs through private-sector leadership and public-private collaboration, including through progress driven by its Mobilizing Capital to EM&DEs workstream. The workstream, composed of 35 financial institutions and civil society organizations across 16 countries, is working to take tangible actions to accelerate capital allocation in support of the net-zero transition in EM&DEs. This includes supporting ambitious country platforms such as the Just Energy Transition Partnerships (JETPs), strengthening ties between multilateral development banks and private finance institutions to enhance de-risking instruments, supporting the development of high integrity carbon markets, and advancing global capacity building efforts.

Private finance cannot substitute for public finance, and it cannot flow in the absence of public policies that support the creation of an investable pipeline of projects. Where these conditions exist, there has been progress, as outlined in the [Mobilizing Capital In and To Emerging Markets and Developing Economies report](#).²² Our shared objective is to help replicate these conditions more broadly to drive the scale of investment required and deliver a just transition. That is why GFANZ is working to drive progress in the following critical areas:

- **Understanding Key Trends and Enabling Actions through Data and Transparency:** Building upon existing efforts to collect data and insights, GFANZ has commissioned BloombergNEF to publish [Mobilizing Capital In and To Emerging Markets and Developing Economies](#) offering a snapshot of current conditions for energy transition investment in EM&DEs, identifying the successes and blockages, expanding upon the original [Mobilizing Capital Into Emerging Markets and Developing Economies report](#) released in 2022.
- **Strengthening Ties Between Multilateral and Private Finance Institutions and De-Risking Investment in EM&DE Transitions:** Building upon activity undertaken by the workstream in 2022, GFANZ is convening multilateral and private finance institutions to identify, promote, and implement the changes and mechanisms needed to de-risk investment and unlock financial flows at scale. This work has fed into the World Bank Private Sector Investment Lab, which many of the financial institutions in the GFANZ workstream also sit on (see below).
- **Supporting Country-led Transitions:** GFANZ is working to increase the mobilization of finance to accelerate the transition of key sectors and deployment of climate solutions in EM&DEs, by playing its part in greater public-private collaboration in country-focused financing, notably through its involvement in the Just Energy Transition Partnerships in Viet Nam and Indonesia, and support for the development of other country platforms.

21 Reflects clean energy investment needed by the end of the decade if the world is to meet net zero by 2050. The data does not include statistics from China. Source: World Energy Outlook, IEA 2023.

22 BNEF, [Mobilizing Capital in and to EMDEs](#), 2023.

- **Scaling Voluntary Carbon Markets:** GFANZ is working with relevant public and private sector stakeholders to help address existing barriers to building high-integrity, liquid VCMs such that these markets can play an increased role in providing financial support for EM&DEs just transitions and protection of natural capital.
- **Regional Networks and capacity building:** The GFANZ Regional Networks in Africa, Asia Pacific, and Latin America & the Caribbean drive forward the goals of the Mobilizing Capital Workstream at a regional level. This work also identified the importance of improving the accessibility, coverage, and quality of capacity building efforts on climate finance. GFANZ has worked with many leading organizations to support the creation of a new [Global Capacity Building Coalition](#) to improve the accessibility and availability of capacity building support for scaling climate finance in EM&DEs.

Understanding Key Trends and Enabling Actions through Data and Transparency



UNDERSTANDING KEY TRENDS AND ENABLING ACTIONS THROUGH DATA AND TRANSPARENCY

In 2022, GFANZ commissioned BloombergNEF to produce a report to better understand energy transition investments across EM&DEs and establish an analytical foundation for future work, [Mobilizing Capital into Emerging Markets and Developing Economies](#). The report provided a review of energy transition investment trends across EM&DEs and highlighted enabling environment success stories that have unlocked significant private investment, as well as the many barriers that continue to impede progress.

This year, GFANZ has commissioned a follow up report from BloombergNEF, [Mobilizing Capital in and to Emerging Markets and Developing Economies](#). The report underscores that investment in and to EM&DEs remains insufficient to reach global net-zero emissions by 2050, but there have been pockets of success—particularly where guarantees have been deployed at scale. This report explores micro and macro enabling environment factors that can accelerate the pace of transition, including through analysis of six country case studies.²³

23 BNEF, [Mobilizing Capital in and to EMDEs](#). November 2023

Strengthening Ties Between Multilateral and Private Finance Institutions



STRENGTHENING TIES BETWEEN MULTILATERAL AND PRIVATE FINANCE INSTITUTIONS

Building upon efforts commenced in 2022, throughout this year GFANZ has expanded engagement efforts with stakeholders to identify, promote, and implement the changes and mechanisms needed to unlock financial flows, including the development of public sector risk-sharing mechanisms.

Private Capital Mobilization Roundtables

As part of broader efforts to scale global climate finance, GFANZ partnered with the International Monetary Fund, the World Bank Group, and the UAE COP 28 Presidency to co-host a series of high-level, closed-door roundtables throughout 2023 to drive progress among the public and private sectors on scaling climate-aligned investment in EM&DEs.

Roundtables were held at key moments throughout the year including the World Bank - IMF Spring Meetings (April 2023), the Summit for a New Global Financing Pact (June 2023), and the UN General Assembly and New York Climate Week (September 2023). The roundtables have enhanced public sector understanding of the challenges faced by net zero-aligned financial institutions in investing at scale in EM&DEs and driven shared understanding on the necessary elements to scale private investment in line with the need to meet global climate goals. The roundtable series has drawn on emerging lessons from – and helped to inform progress on – key innovative approaches to scaling climate finance, including the Just Energy Transition Partnerships, the IMF’s Resiliency and Stability Trust, and various World Bank Group initiatives.

World Bank Group Private Sector Investment Lab

In June 2023, the World Bank Group’s Private Sector Investment Lab was launched to develop and rapidly scale solutions that address the barriers preventing private sector investments in emerging markets. The Lab is Co-Chaired by GFANZ Co-Chair Mark Carney, and Chair of Prudential plc, Shriti Vadera, and reports directly to World Bank Group President Ajay Banga.

While not a GFANZ initiative, there is strong financial sector representation from the institutions in the GFANZ Mobilizing Capital to EM&DEs Workstream amongst the 15 Chief Executive Officers and Chairs that have been named as founding members of the Lab, including the CEO leads of the GFANZ Mobilizing Capital to EM&DEs Workstream, Standard Chartered CEO Bill Winters and Macquarie CEO Shemara Wikramanyake. While the Lab aims to inform efforts around private capital mobilization across the World Bank Group’s mission, the initial focus is on supporting investment in energy transition.

The inaugural Lab meeting was convened in September 2023 alongside the UN General Assembly and New York Climate Week, and the second meeting was convened in early November 2023. The Lab has focused initially on generating recommendations to improve World Bank Group guarantee products, including simplifying ease of access, identifying and addressing specific challenges for financial institutions to use guarantees, and identifying gaps in the product offering that could help scale investment in EM&DEs.

Continuing into 2024, the Lab will consider further topics, which may include tools to manage foreign exchange risk, public-private collaboration to develop and create visibility of pipelines of bankable climate projects, and how to scale institutional investment in emerging market transition assets through liquid capital markets instruments.

Supporting Country- Led Transitions



SUPPORTING COUNTRY-LED TRANSITIONS

GFANZ supports efforts to expand targeted, country-level public-private collaboration to strengthen enabling environments and efficiently deliver public finance to create sustainable markets, catalyze private capital, and ensure a socially just transition.

Recognizing that an unprecedented level of multilateral collaboration will be required to mobilize the scale of capital required for the transition, last year GFANZ articulated support and recommendations for country platforms in the [Private Sector Statement on the Potential for Country Platforms to Mobilize Capital for Net-Zero Transition in EM&DEs](#). This provides a private-sector perspective on the elements of country platforms that, if adopted, could help create the conditions to crowd in private finance. This year, Alliance members have been supporting progress in a number of country platforms such as the Just Energy Transition Partnerships (JETPs) and CFLI India.

Just Energy Transition Partnerships

JETPs define a new model for advancing country-led climate action in EM&DEs while simultaneously prioritizing economic growth by drawing on support from stakeholders across global governments, multilateral development banks and development finance institutions, and international financial institutions towards ambitious climate targets.

The JETP model was first launched at the COP26 climate summit in Glasgow in 2021 with the announcement of the South Africa JETP. A year later, the Indonesia Joint Statement was made at the G20 summit in Bali in November 2022, which for the first time explicitly acknowledged the importance of private capital by including GFANZ in the announcement. The Viet Nam JETP followed suit with the issuance of its Political Declaration in December 2022. The latest announcement of the Senegal JETP was made in June 2023 at the Summit for a New Global Financing Pact.

The JETP model can support the scaling of both catalytic public and private capital to support critical transition investment needs. Financing from the public and private sectors is targeted toward ratcheting up national climate ambitions, including through the early retirement of coal-fired power plants, scaled deployment of renewable energy, and enabling technologies like grid and battery energy storage.

Crucially, the more recent JETPs have included a role for the private sector, which can help support planning, design of projects and financing solutions in ways that stand the best chance of crowding in private finance.

Indonesia

Indonesia's \$20 billion JETP sets out a pathway that would achieve peak power emissions by 2030, hit net zero by 2050, reduce their reliance on coal, and ramp their renewables up to 44 percent by 2030. The GFANZ Secretariat and Working Group firms— Bank of America, Citi, Deutsche Bank, HSBC, Macquarie, MUFG, and Standard Chartered— have been working to support the Indonesia JETP Secretariat, the International Partners Group (IPG), the Government of Indonesia, and the Asian Development Bank in their efforts to mobilize increased levels of private capital towards Indonesia's transition, including but not limited to the \$10 billion conditional commitment under the JETP agreement.

This has included early work to identify bankable transition-aligned pilot projects and help expand the pipeline of renewables, coal decommissioning, and grid investment opportunities. This work serves to simultaneously provide key lessons learned in building for longer term success, while also showing critical progress towards the outcomes of the JETP agreement.

With a view toward the long-term sustainability of Indonesia's transition, GFANZ is also actively engaged in supporting the development of broader infrastructure to finance the transition at scale, including but not limited to the development of Indonesia's Comprehensive Investment Policy Plan (CIPP). To this end, the GFANZ Secretariat has participated in the Financing Working Group, tasked with drafting the CIPP Financing chapter. The first iteration of the CIPP was released on November 21, 2023, with the expectation of future iterations in the coming months and years. GFANZ will continue to support the ongoing work of the Government of Indonesia, the IPG, and other stakeholders on these iterations to ensure the ongoing success of the JETP. In parallel, the GFANZ Secretariat is working to build-out multi-stakeholder efforts to ensure public capital is efficiently allocated across JETP priorities in a way that crowds in private finance.

Viet Nam

Viet Nam's \$15.5 billion JETP declaration intends to achieve peak power sector emissions by 2030, hit net-zero by 2050, including through the gradual phase-out of coal and an aim to expand renewable energy capacity to 47 percent by 2030. As in Indonesia, the GFANZ Secretariat and Working Group firms – Bank of America, Citi, Deutsche Bank, HSBC, Macquarie, Mizuho Financial Group, MUFG, Prudential Plc, Shinhan Financial Group, SMBC Group and Standard Chartered – have been simultaneously supporting short term pilot project identification alongside the creation of the longer term infrastructure of the JETP, primarily through the writing of their Resource Mobilization Plan (RMP).

This RMP sets an important path forward by identifying hundreds of potential projects for JETP investment and establishing an ongoing governance structure to support the broader implementation of the JETP, including the financing of these projects.

Senegal

The Senegal JETP is intended to mobilize 2.5 billion euros in new and additional financing over an initial period of three-to-five years starting in 2023. The GFANZ Secretariat hosted a meeting in Paris on June 23 and in partnership with the GFANZ Africa network in Nairobi on September 6 with members of the Government of Senegal, the IPG, and interested financial institutions to discuss how the JETP can best crowd-in private finance and develop a clean energy system in Senegal. GFANZ and its Africa Network can provide analysis on creating an enabling environment and project pipeline to build momentum for early progress.

Climate Finance Leadership Initiative

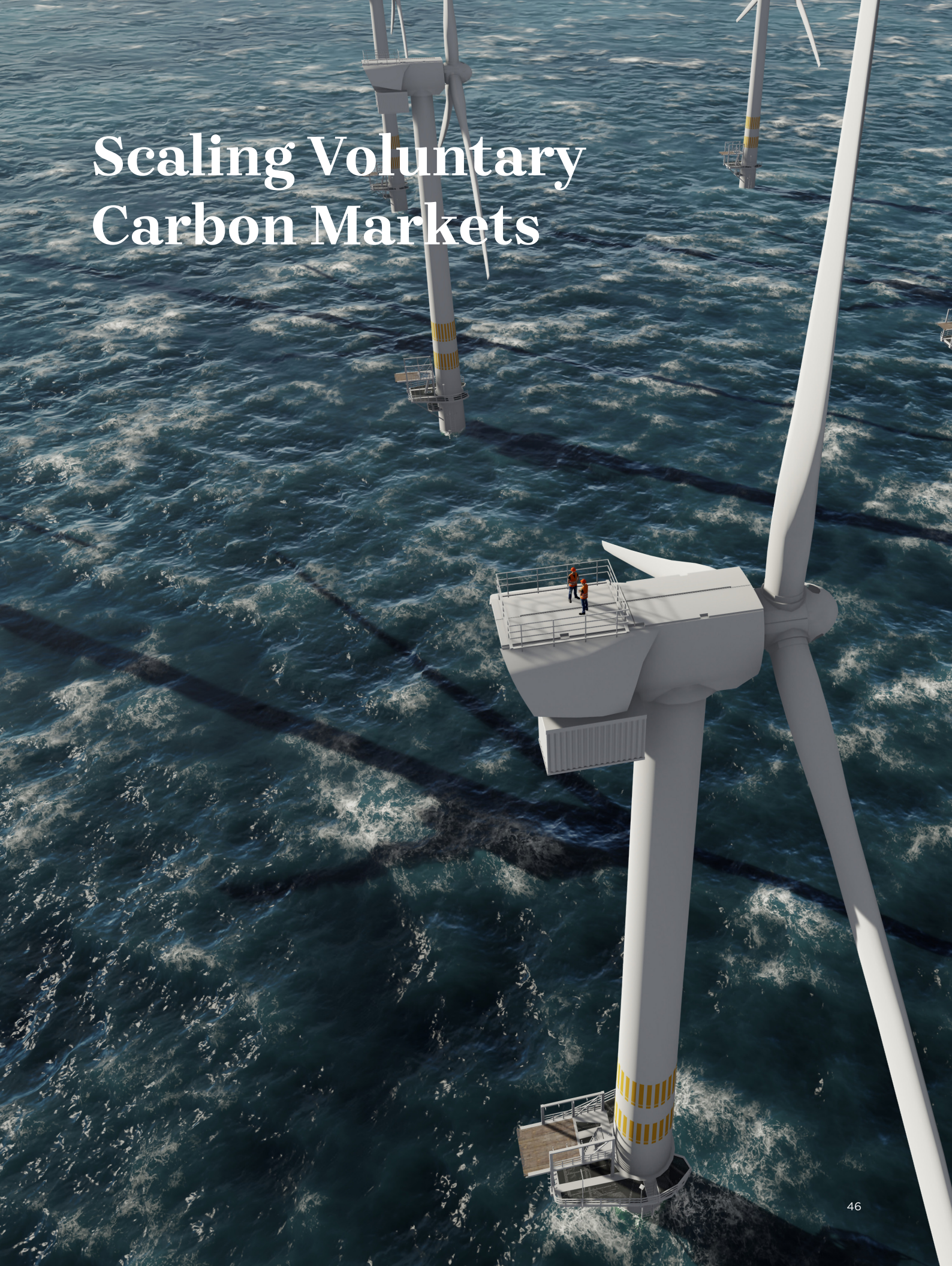
GFANZ endorsed the [Climate Finance Leadership Initiative](#) (CFLI), which convenes country pilots to support in-market climate action in India and Colombia. CFLI brings together leading institutions across the financial value chain working alongside corporates, policymakers, and multilateral institutions to identify barriers to investment and support solutions that accelerate financing for low-carbon and climate-resilient projects in emerging markets.

In 2023, CFLI India announced climate finance solutions with the potential to mobilize over US\$6.5 billion in India across electric mobility, circular economy, and green hydrogen. These solutions can be scaled

in India and replicated in other emerging markets, demonstrating an initial blueprint for how countries – in collaboration with the private sector and multilateral development community – may approach the development of country-specific climate project pipelines.

In Colombia, CFLI originated 12 climate financing and policy solutions across critical sectors including deploying renewable alternative technologies, scaling nature-based solutions, and building resiliency into the grid. These projects have an estimated financial impact of US\$2 billion and seek to mobilize additional financing, working with the multilateral development community.

Scaling Voluntary Carbon Markets



SCALING VOLUNTARY CARBON MARKETS

VCMs can play an important role in helping to close the financing gap - incentivizing investment in new technologies, accelerating the managed phaseout of high-emitting assets, and rewarding the protection and restoration of nature. Land use and forestry projects account for roughly half of the VCM today, but energy transition (ET) credits, grounded in coherent country-led transitions such as JETPs, are also needed to support Managed Phase Out.²⁴

This year, GFANZ has collaborated with partners to co-host dialogues with relevant stakeholders to support the building of high-integrity VCMs with the aim of accelerating the flow of private capital to EM&DEs. The events have brought together His Excellency COP28 President Designate Dr. Sultan Al-Jaber, GFANZ Co-Chair and UN Special Envoy for Climate Action and Finance Mark Carney, the Integrity Council for the Voluntary Carbon Market (ICVCM), and the Voluntary Carbon Markets Integrity (VCMI) initiative. Discussions confirmed the urgency of scaling voluntary carbon markets, building on the new supply and demand side integrity standards. Based on these conversations, the GFANZ Africa Network has launched a Voluntary Carbon Markets working group, working closely with the Africa Carbon Markets Initiative (ACMI), aiming to unlock the potential for carbon markets in Africa.

Next year the Mobilizing Capital to EM&DEs Workstream will continue to advance this work, including looking to expand support for new country platforms in key emerging markets; supporting the development of the Global Capacity Building Coalition; and improving the collaboration between private finance and MDBs.

24 BNEF, [Long Term Carbon Offsets Outlook](#), January 2023.

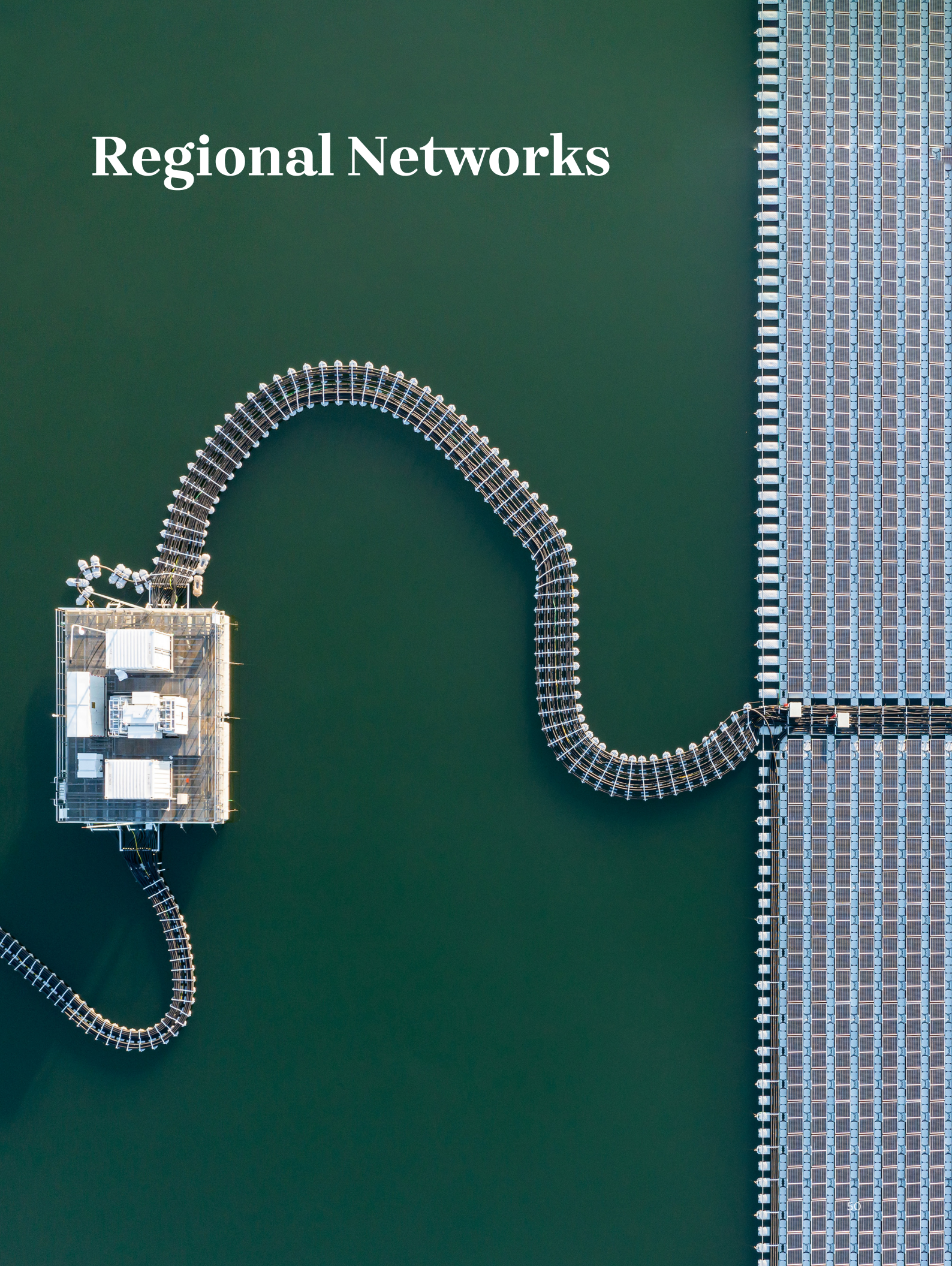
3. Broaden and Deepen Membership and Participation



GLOBAL CAPACITY BUILDING COALITION

Emerging market and developing economy (EM&DE) financial institutions (FIs) are critical intermediaries of international finance and critical actors for mobilizing domestic finance to support the net zero transition in EM&DEs. However, most EM&DE financial institutions are still relatively early in their net-zero journeys and more capacity building support is needed to effectively implement transition across EM&DE financial sectors. To address these needs, GFANZ and Bloomberg Philanthropies supported the launch at COP28 of a new global network of organizations providing capacity building to scale transition and adaptation finance in EM&DEs. The Capacity Building Coalition will be focused on maximizing the accessibility, inclusivity, quality, and provision of technical assistance, training, knowledge sharing, and research - ultimately to enhance EM&DE financial institutions' FIs' access to effective tools to address climate change and the transition to net zero. By creating a platform for the collaboration and consolidation of efforts across the designers, providers, funders and recipients of capacity building, the Coalition will help to promote the uptake and maximize the effectiveness of capacity building efforts. GFANZ looks forward to working together with other leading networks and organizations in the implementation of these efforts in 2024.

Regional Networks



REGIONAL NETWORKS

GFANZ continues to expand its global physical presence to facilitate ongoing collaboration with the global climate community. In 2023, GFANZ launched a new regional network in Latin America & the Caribbean while expanding the focus and reach of the Africa and Asia Pacific Networks. The Africa Network announced a new partnership with the African Development Bank to support the African financial sector to build capacity on transition finance and accelerate climate finance for low carbon investments in the region, and the Asia Pacific Network announced chapters in Japan and Hong Kong to support the net-zero transition across the region.

We look forward in the coming year to continue to execute on the goals of the regional networks to:

- Engage with the financial system and drive net zero action by financial institutions
 - Offer roundtables, workshops and events, and encourage increased geographic diversity of sector-specific Alliance membership and GFANZ workstreams
- Connect stakeholders and amplify resources
 - Provide a resource of regional expertise for workstreams to draw on and to amplify efforts to mobilize capital to the region
- Serve as a center for analysis, research, and knowledge engagement
 - Work in partnership with sector-specific Alliances, partner organizations, and academia to provide content and support tailored to the region
- Facilitate public sector and policymaker engagement and promote enabling environments for net zero transition

APAC NETWORK

Overview of work from 2023

GFANZ APAC Summit 2023

The GFANZ Asia Pacific (APAC) Network celebrated its first year with an inaugural Summit in Singapore. The Summit hosted a week-long series of events which brought together more than 670 stakeholders from APAC's finance sector. Mary Schapiro, Vice Chair of GFANZ, traveled to APAC to celebrate the momentous occasion with the APAC Network's secretariat.

To promote the mainstreaming of net-zero transition plans, the Summit gathered senior executives from the region for a CEO Roundtable where peer-to-peer sharing took place on Financial Institutions Net-Zero Transition Plans. Participants of the Summit also received the latest updates on GFANZ's involvement in the Just Energy Transition Partnerships (JETPs) in Indonesia and Viet Nam during a panel session entitled Financing the Just Energy Transition - Role of GFANZ in JETPs. A much awaited highlight of the Summit was the launch of the Financing the Managed Phaseout of Coal in Asia Pacific consultation paper by Ravi Menon, Chair of GFANZ APAC Network's Advisory Board and Managing Director of the Monetary Authority of Singapore (MAS).

The APAC Network also collaborated with its partners to organize Summit events. The Net Zero Supporting Indexes and Passive Investments roundtable was hosted with SGX to serve as a kick-off meeting setting the foundations for GFANZ's Index Investing workstream.



APAC Summit, 2023. Left: GFANZ APAC Advisory Board members and supporters at the APAC Summit 2023 Right: GFANZ APAC Network Summit launch of the consultation on Financing the Managed Phaseout of Coal in Asia Pacific

Financing the Managed Phaseout of Coal-fired Power Plants in Asia Pacific Consultation Report

The GFANZ APAC Network launched the Financing the Managed Phaseout of Coal-fired Power Plants in Asia Pacific Consultation Report during the GFANZ APAC Summit. The workstream was co-led by DBS and HSBC, supported by the GFANZ secretariat along with Asian Development Bank (ADB) and the Monetary Authority of Singapore (MAS).²⁵

²⁵ GFANZ, [Financing the Managed Phaseout of Coal-Fired Power Plants in Asia Pacific](#), 2023.

Bain & Company and Climate Smart Ventures provided knowledge and advisory support. GFANZ is grateful to the wide range of organizations referenced in the report that have provided support in the drafting of the report. For more information about the consultation report, refer to the section on “Progress Across GFANZ Priorities”.

Asia Pacific Case Studies on Components of Financial Institution Net-zero Transition Plans

In November 2022, GFANZ published its Recommendations and Guidance on Financial Institution Net-zero Transition Plans which describes how financial institutions can operationalize their net-zero commitments and support the real-economy decarbonization.

Since GFANZ published its guidance, leading financial institutions have developed and are starting to implement net-zero transition plans. However, transition planning is an extensive, institution-wide process which requires time, resources, and capacity-building. Many financial institutions, particularly those in the emerging markets and developing economies (EM&DEs), are relatively early in this journey and require support.

In recognition of the support needed by financial institutions in EM&DEs, the GFANZ APAC Network compiled a collection of case studies from financial institutions in APAC. The supplementary report entitled Asia Pacific Case Studies on Components of Financial Institution Net-zero Transition Plans was published to share regional practices and provide context, shaped by regional circumstances, to the framework’s themes and components.

Leadership

The GFANZ Asia Pacific (APAC) Network’s Advisory Board was established with leading regional figures from climate and finance to provide the APAC Network with strategic guidance and amplify its reach in the region.

Ravi Menon, Managing Director of the Monetary Authority of Singapore (MAS) and chair of the Network for Greening the Financial System (NGFS), chairs the Advisory Board and is joined by leading experts on climate finance from both private, public, and civil society sectors.

Woochong Um	Managing Director General, Asian Development Bank (ADB)
Liqun Jin	President & Chair of Board of Directors, Asian Infrastructure Bank (AIIB)
Anna Skarbek	Chief Executive Officer, Climateworks Centre
Dr. Febrio Kacaribu	Chairman, Fiscal Policy Agency (Indonesia)
Loh Boon Chye	CEO of Singapore Exchange (SGX Group)
Hiro Mizuno	Founder & CEO, Good Steward Partners; Special Advisor to the CEO, MSCI
Dr. Jongkyoo Yoon	Former Chairman/CEO, KB Financial Group Inc
Eddie Yue	Chief Executive, Hong Kong Monetary Authority
Masamichi Kono	Senior Advisor, MUFG Bank; Member of Global Advisory Board Mitsubishi, UFJ Financial Group, and Trustee, IFRS Foundation.

GFANZ CHAPTERS

GFANZ Japan Country Chapter

GFANZ APAC Network announced the launch of the Japan Country Chapter in May 2023. To mark the official commencement of its operations, the Japan Country Chapter's Inaugural Event took place on June 9, 2023, attended by Mary Schapiro, Vice Chair of GFANZ, Japanese financial institutions and policymakers. [Japan's Prime Minister Fumio Kishida welcomed the launch of the Chapter](#) as did the Japanese authorities, including the Financial Services Agency, the Ministry of Finance, the Bank of Japan, the Ministry of Economy, Trade and Industry, and the Ministry of the Environment have welcomed the Chapter.

The Japan Chapter will support local financial institutions by sharing knowledge and best practices on developing net-zero transition plans. It will also support financial institutions and their stakeholders on other policies and initiatives that will enable the delivery of a just transition.

The Japan Chapter's Consultative Group, which provides strategic input on the Chapter's activities and work products, is chaired in its first year by Dai-ichi Life Insurance Company Chair of the Board Seiji Inagaki. The Japan Chapter will also be advised by GFANZ APAC Advisory Board member Masamichi Kono, Senior Advisor MUFG Bank and Member of the Global Advisory Board of Mitsubishi UFJ Financial Group.

As part of the official PRI-in-Person, the Japan Chapter hosted an industry feedback session with BNEF on October 3, 2023. The Chapter discussed its work, aimed at responding to the GFANZ global consultation on Defining Transition Finance and Considerations for Decarbonization Contribution Methodologies. The Chapter gathered feedback from international participants on its suggestion for additional principles-based considerations to strengthen the credibility of financing the transition of high-emitting sectors in Japan. A corresponding panel discussion is planned for at the COP 28 Japan Pavilion.

The Japan Chapter also launched a three part webinar series based on the "Workshops in a Box" resource developed by the GFANZ Mainstream Transition Finance Workstream on the GFANZ Net-zero Transition Plan (NZTP) framework. The webinar series is an excellent way to outreach to local financial institutions who have yet to commit to net zero by supporting their capacity building. The webinars not only presents GFANZ's global framework but also mobilizes Alliance members to share their experiences thereby making NZTPs more relevant.



Japan Chapter Launch, 2023

GFANZ Hong Kong Chapter

GFANZ APAC Network announced the launch of the Hong Kong Chapter in August 2023, welcoming Hong Kong Monetary Authority’s Chief Executive, Eddie Yue and Chairman of the Hong Kong Green Finance Association (HKGFA) and former Co-Chair of the G20 Sustainable Finance Working Group, Dr. Ma Jun as its advisors. The Chapter aims to engage and build capacity with financial institutions in Greater China on net-zero efforts, transition planning and scaling of transition finance, working with existing local sustainable finance initiatives to support further progress. Key focal areas will include: (i) analysis, research and knowledge exchange, (ii) engagement with the financial system in Greater China and (iii) connecting stakeholders and amplifying resources.

AFRICA NETWORK

Overview

The GFANZ Africa Network launched in September 2022 and seeks to unlock investment for green growth and support engagement with African financial institutions, ensuring that GFANZ’s work on supporting the global transition to net zero is inclusive and applicable to all.



COP27 Advisory Board including Mike Bloomberg and Mary Schapiro, 2022



Africa Climate Summit, 2023 Advisory Board

The GFANZ Africa Advisory Board convened on November 7, 2022, for its inaugural in-person meeting at COP27 in Sharm El-Sheikh, Egypt – where it approved the GFANZ Africa Network strategy and workplan, for 2023 and beyond.

The Advisory Board will drive the strategy and progress of the GFANZ Africa Network, guided by its members who include leading figures in climate, finance, development, and policy from across the continent. Chaired by Dr. Mahmoud Mohieldin, the UN Climate High Level Champion for Egypt, COP27, the Board discussed and agreed the workplan for GFANZ Africa, for 2023 and beyond, and how the Network will realize its objectives to mobilize finance for the continent.

GFANZ Co-Chair Mike Bloomberg and GFANZ Vice Chair Mary Schapiro also attended the meeting, underlining Mike Bloomberg’s announcement of his commitment to support the work of the GFANZ Africa Network, including a collaboration with Bloomberg Philanthropies to support the transition to accessible, clean energy systems on the continent.

The Advisory Board met in September 2023, during the first Africa Climate Summit and coinciding with Africa Climate Week to drive the strategy and progress of the GFANZ Africa Network, as set out below.

GFANZ’s strategic priorities in Africa

The Network is taking a systematic approach to undertaking the analysis, financial institution engagement and policymaker engagement needed to mobilize capital for Africa, with three overarching objectives:

1. Building momentum on green and transition finance, and showcasing African-led climate action
2. Supporting African financial institutions to ensure they have the tools and guidance to take advantage of the move towards net zero finance and economies
3. Unlocking investment into African countries’ just transition and green growth

GFANZ Africa work plan for 2023 and beyond

GFANZ Africa Network will drive four flagship initiatives to meet our strategic priorities, which will support the broader multi-stakeholder work necessary to lay the foundations for mobilizing climate finance in Africa at scale, with specific attention to attracting a greater share of international finance. Across these initiatives, GFANZ will utilize its convening power, and links with other entities with regional and global convening power to accelerate and expand its impact and reach:

1. Support the development of project pipelines into investable opportunities
2. Work to reduce the cost of climate finance in Africa by better understanding what is needed on de-risking investments to crowd in private finance
3. Contextualize GFANZ’s global tools to Africa – and incorporate African insights into GFANZ’s outputs
4. Drive interventions to maximize carbon currency benefits to Africa

Leadership

Dr. Mahmoud Mohieldin, High Level Climate Action Champion of Egypt, COP 27, serves as the GFANZ Africa Network Advisory Board Chair, and Dr. Mohamed Farid Saleh, Chair of the Egyptian Financial Regulatory Authority, serves as Vice Chair. They are joined by leaders in climate finance from private, public and civil society sectors including :

Hussein Majid Abaza	CEO, Commercial International Bank (CIB)
Tariye Gbadegesin	CEO, ARM Harith Infrastructure Fund Managers
Nezha Hayat	Chair and CEO, AMMC (Capital Markets Authority) Morocco
Frannie Leautier	CEO, South Bridge Investments
James Irungu Mwangi	Executive Director, Dalberg Group
Mark Napier	CEO, FSD Africa
Lesley Ndlovu	CEO, African Risk Capacity
Arunma Oteh	Chairperson, Royal African Society
Solomon Quaynor	Vice President for the Private Sector, Infrastructure and Industrialization African Development Bank
Vera Songwe	Co-Chair of the High Level Expert Panel Group on Climate Finance
Hendrik du Toit	CEO, Ninety-One
Samaila Zuairu	President & CEO, Africa Finance Corporation

The Network is led by GFANZ Africa Director, Timothy Afful-Koomson. Before joining GFANZ, Timothy was the Chief Climate Finance Officer and the GCF Coordinator at the African Development Bank.

Key Milestones

GFANZ Africa Network announced a new partnership with the African Development Bank to support climate action by financial institutions across the continent. On the margins of the Africa Climate Summit in Nairobi, Kenya. GFANZ and the African Development Bank will collaborate through the GFANZ Africa Network and the African Financial Alliance on Climate Change (AFAC), to support the African financial sector to accelerate climate finance for low carbon investments in the region. AFAC will convene working groups to improve climate data access, climate risk analyses and disclosures, climate target-setting and capacity building for transition planning and finance. GFANZ Africa and AFAC will share tools, resources and joint engagements with the financial sector, and collaborate with partners, including UNEP-FI, the Global Centre for Adaptation, and FSD Africa.

GFANZ Africa is supporting the private sector components of the Senegal Just Energy Transition Partnership (JETP), the Egypt Nexus for Water Food and Energy (NWFE), and supporting investment facilitation for the UN High Level Climate Champions' compendium of pipeline that was jointly originated with the United Nations Economic Commission for Africa and the COP27 Presidency.

LATIN AMERICA & CARIBBEAN NETWORK

To bolster the transition finance opportunities in the region, GFANZ announced the launch of its Latin America & Caribbean Network and the creation of its Advisory Board in October 2023 at the UN Latin America and the Caribbean Climate Week held in Panama, Panama.

The GFANZ Latin America & Caribbean (LAC) Network will work with local financial institutions to accelerate efforts to unlock climate finance in the region. This includes supporting financial institutions in planning for the transition, implementing climate targets, building capacity, and engaging with policymakers on actions to accelerate capital mobilization towards the net zero agenda.



The inaugural convening of the GFANZ Latin America & Caribbean Advisory Board was held during the UN General Assembly and New York Climate Week in September 2023.



The GFANZ Latin America & Caribbean Network was formally launched during the UN Latin America and the Caribbean Climate Week in Panama, Panama with a market close of Latinex.

Leadership

The Network's Advisory Board comprises leading regional figures in climate and finance, each serving in their personal capacity. The Board will provide strategic direction, local and regional expertise, and representation in overseeing the work of the Network's work plan and outputs.

Patricia Espinosa Cantellano, former Executive Secretary for the United Nations Framework Convention on Climate Change (UNFCCC) and former Secretary of Foreign Affairs of Mexico, will chair the GFANZ Latin America & Caribbean Advisory Board. Joaquim Levy, Director of Economic Strategy and Market Relations at Banco Safra and Former Minister of Finance of Brazil, will serve as Vice Chair.

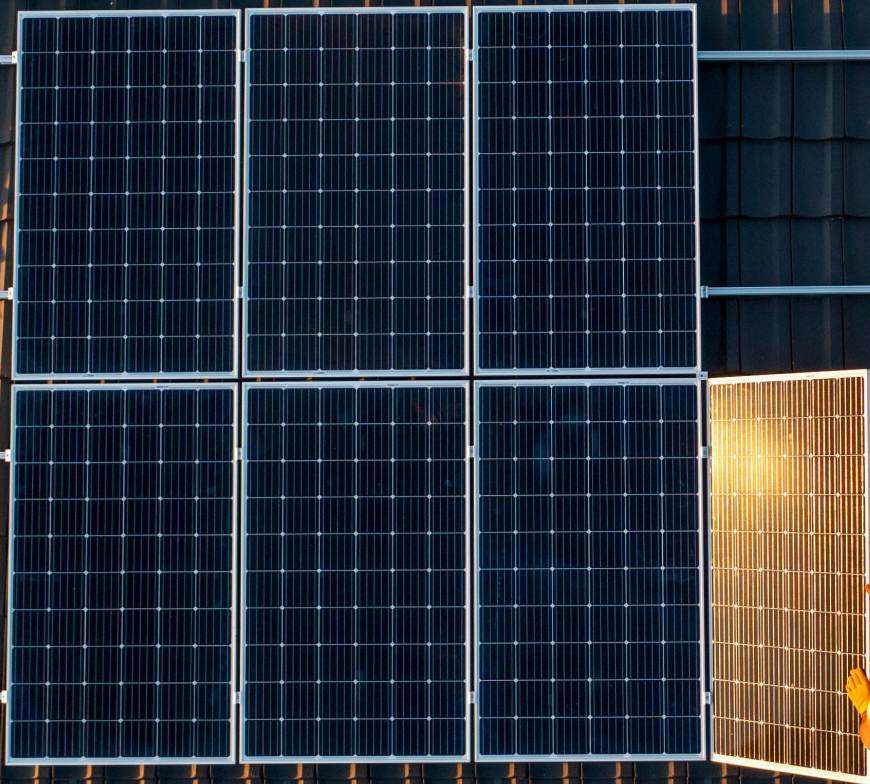
They will be joined by leading experts on climate finance from private, public, and civil society sectors, including:

Daniel Becker	President, Latin American Federation of Banks (FELABAN), and General Director, Grupo Financiero Mifel
María Eugenia Brizuela de Avila	Former Minister of Foreign Affairs, El Salvador and former President, Banco Salvadoreño
Olga Cantillo	Executive President, Bolsa Latinoamericana de Valores (Latinex) and former Chairwoman, Ibero-American Federation of Stock Exchanges (FIAB)
Valentin Galardi	President, Argentine Mutual Funds Association and Chair, Ibero-American Federation of Investment Funds
Ilan Goldfajn	President, Inter-American Development Bank
Juan Carlos Mora Uribe	CEO, Bancolombia
Gonzalo Muñoz	COP25 UN Climate Change High-Level Champion
Racquel Moses	CEO, Caribbean Climate-Smart Accelerator and Global Ambassador for Race to Zero
Azucena Arbeleche	Minister of Economy and Finance of Uruguay, will participate as an Observer to the Advisory Board.

The Network will be led by a senior member of the GFANZ Secretariat, Alan Gómez, as the Managing Director of the Network. Alan previously led sustainability and climate-related initiatives for Citibanamex and was a former member of the Task Force on Climate-Related Financial Disclosures (TCFD).

The Network will be focused on taking advantage of climate-related opportunities and helping to lead global climate solutions, from the region's tropical primary rainforests, which, if protected from deforestation, are critical for carbon storage and biodiversity, to the critical minerals that are crucial for clean energy technologies, to the potential of expanding biodiversity conservation through low-carbon agriculture, and renewable energy including wind, solar, and geothermal to improve energy security, access, and sustainability. The Network is working with regional stakeholders to identify key priorities and develop a work plan.

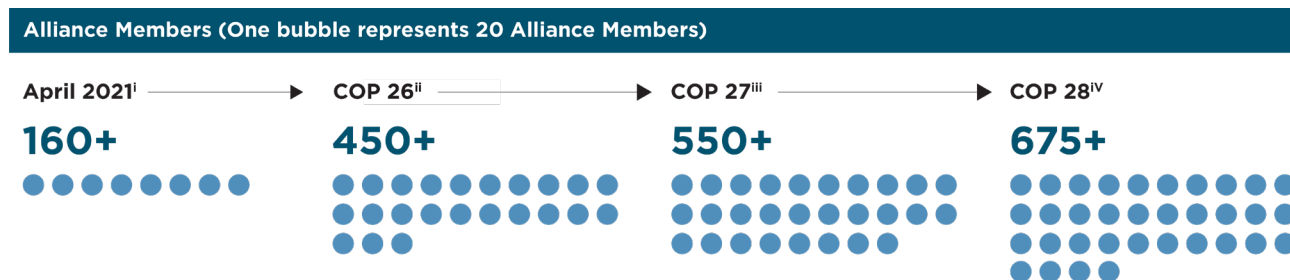
2023 Net Zero Sector-Specific Alliance Update



2023 Alliance Membership Update

Since the launch of GFANZ in April 2021, Alliance membership across the eight financial sector-specific Alliances that comprise the coalition has quadrupled, with ever more financial institutions from across the industry making net-zero commitments, setting science-based targets, and developing transition plans to demonstrate how they will achieve their climate goals. From 160 firms at launch, there are now over 675 financial institutions representing a wide range of sub-sectors, firm sizes, business models, across 50 jurisdictions. GFANZ is encouraged by the growth and increasing diversity of the Alliances' member base, a testament to the ongoing efforts by the Alliances over the past year. We look forward to building on Alliance member participation through our engagement and initiatives around the world, including the GFANZ Regional Network launched this year in Latin America in addition to existing Regional Networks for Africa and APAC.

Alliance Member Update²⁶



Financial assets^{v, vi}

NZAM	NZBA	NZIA	PAAO	NZAOA	NZFSPA	NZICI	VCA
>\$57 ^{TN*}	\$74.9 ^{TN*}	\$210 ^{BN}	\$3.3 ^{TN}	\$9.5 ^{TN}	26	11	81
Assets Under Management	Financial Assets	Gross Written Premiums	Assets Under Management	Assets Under Management	Member Firms	Member Firms	Member Firms

From Commitment to Targets and Net-zero Transition Plans

Each financial institution joining a net zero Alliance voluntarily commits to sector-specific criteria, including achieving net zero emissions by 2050 or sooner, independently setting science-based, near-term targets, and reporting progress annually. Target setting is difficult, detailed work, and GFANZ is pleased to share that as of 30 September 2023, over 460 financial institutions from across the Net Zero Asset Managers initiative (NZAM), the Net Zero Asset Owner Alliance (NZAOA), the Net Zero Banking Alliance (NZBA), Net Zero Insurance Alliance (NZIA) and the Paris Aligned Asset Owners (PAAO) have set interim targets.

26 i) Alliance Membership at the launch of GFANZ, ii) Alliance Membership as noted in 2021 GFANZ Progress Report, iii) Alliance Membership as noted in 2022 GFANZ Progress Report. Financial institutions that are part of multiple Alliances were only counted once, iv) Alliance Membership as sourced from Alliance Secretariats on September 30, 2023, v) As sources from Alliance Secretariats on September 30, 2023, overlap possible as any given financial institution may be part of more than one Alliance, vi) Alliances that do not report on financial assets have been represented by their member or signatory count.

SIGNATORIES OF SECTOR-SPECIFIC ALLIANCES WHO HAVE ISSUED INTERIM TARGETS**NZAM:
244**

signatory's interim targets have been approved

**NZAOA:
69**

members have set and reported on their intermediate targets

**NZBA:
96**

signatories have set interim targets

**NZIA:
3**

signatories have set interim targets

**PAAO:
52**

signatories have set interim targets

TOTAL: 460+

signatories have set interim targets

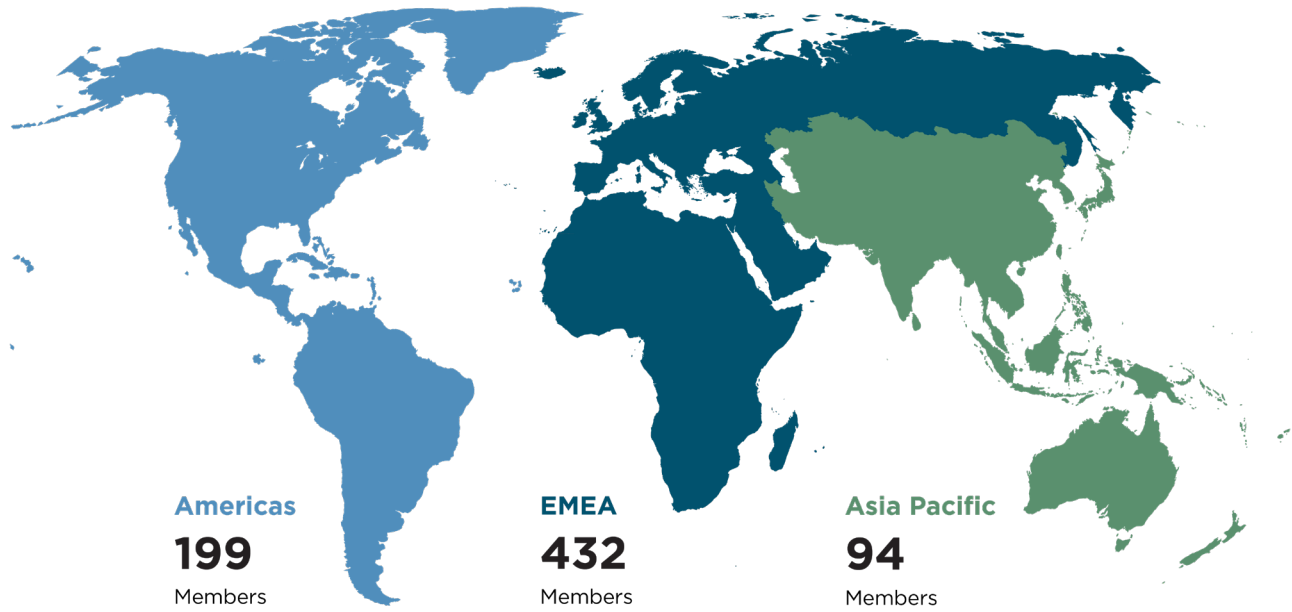
In addition to target-setting, many Alliances also require their members or signatories to develop transition plans, sometimes referred to as climate action plans, to demonstrate how they will achieve their targets. Transition plans articulate the specific actions, metrics, and governance mechanisms an organization will employ to achieve its climate commitments and demonstrate to stakeholders how it plans to manage climate-related risks and seize the opportunities associated with the net-zero transition. In addition, jurisdictions like the UK and the EU are planning to require the disclosure of climate transition plans by listed companies in addition to climate risk disclosures.

SIGNATORIES OF SECTOR-SPECIFIC ALLIANCES WITH COMMITMENTS TO DISCLOSE TRANSITION PLANS WITHIN THE NEXT YEAR**TOTAL: 250+**

Financial institutions have made great strides in developing preliminary transition plans and by the end of the 2023 reporting cycle a number of transition plans are expected to be submitted to the respective net zero Alliance secretariats. Approximately 250+ transition plans are expected to be published within the next year. These financial institutions are also engaging with the companies they lend to, invest in, service, or underwrite on their transition plans, with an emphasis on real-world emissions reductions.

Geographical breakdown

Total members: 675+



Net Zero Alliances (Membership breakdown)



Net Zero Asset Managers (NZAM)

NZAM Signatories

As of September 2023

 **>315** Signatories  **>57^{TN}** Total Assets (US\$)

244 Signatory's interim targets have been approved

193 Signatories disclosed their transition plans through the PRI and CDP reporting frameworks in the 2023 reporting season.

Overview

The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees C. The initiative launched in December 2020 and has grown to include over 315 signatories responsible for the management of over USD 57 trillion in assets under management. The Net Zero Asset Managers initiative is a formal partner of the UNFCCC's Race to Zero Campaign.

Governance

The initiative is governed by six Network Partners: [AIGCC](#), [CDP](#), [Ceres](#), [IGCC](#), [IIGCC](#) and [PRI](#). The Steering Committee is comprised of Network Partners CEOs and senior staff appointed by the CEOs and is responsible for the coordination and implementation of the initiative. This includes ensuring that relevant support is provided to signatories. An Advisory Group of asset manager signatories supports the Steering Committee in its management and coordination of the initiative.

Commitments

All signatories have signed the voluntary Net Zero Asset Managers Commitment Statement. Signatories to the initiative commit to:

- Work in partnership with asset owner clients on decarbonization goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management ('AUM').
- Set an interim target for 2030 for the proportion of assets to be managed in line with the attainment of net zero emission by 2050 or sooner.
- Review this interim target at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included.

As part of this, signatories commit to set interim targets for 2030, consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the IPCC special report on global warming of 1.5°C. The commitment is designed to be 'methodology neutral' and asset managers may choose the most appropriate target methodology for their business, out of the three methodologies recognized and endorsed by the initiative. All signatories also commit to publishing climate transition plans.

As outlined in the Commitment Statement, signatories have committed to engaging with the whole investor universe in a manner consistent with their individual climate strategies, contexts, aims and the fact that jurisdiction, regulation, and best practice will determine the approach that can be taken by a particular signatory. This engagement may include providing asset owner clients with information and analytics on net zero investing and climate risk and opportunity. It may also include implementing a stewardship and engagement strategy, with a clear escalation and voting policy, which is consistent with the ambition for all assets under management to achieve net zero emissions by 2050 or sooner.

In addition, signatories are engaging with actors key to the investment system including credit rating agencies, auditors, stock exchanges, proxy advisers, investment consultants, and data and service providers to ensure that products and services available to investors are consistent with the aim of achieving global net zero emissions by 2050 or sooner, and ensuring any relevant direct and indirect policy advocacy we undertake is supportive of achieving global net zero emissions by 2050 or sooner.

Alliance Resources

Target-setting approaches: NZAM recognizes that all organizations have their own strategies, agendas, starting points and regulatory considerations from which and with which, they make their own unilateral decisions regarding the ways and means with which they will set and reach net zero targets. The commitment is designed to be 'methodology neutral' and asset managers may choose and explain the most appropriate target methodology for their business. The Network Partners, through the Investor Agenda, recognize and endorse three target-setting approaches:

- [Paris Aligned Investment Initiative's Net Zero Investment Framework \(NZIF\)](#)
- [Science Based Targets initiative for Financial Institutions \(SBTi\)](#)
- [Net Zero Asset Owner Alliance Target Setting Protocol \(TSP\)](#)

Fossil fuel expectations: Signatories are encouraged to adopt fossil fuel financing and investment policies and practices that are based on science-based net zero scenarios and that follow the guidance provided by the target-setting methodology adopted by the signatory.

Net Zero Asset Managers (NZAM)

NZAM Signatories

As of September 2023



>315 Signatories



>57^{TN} Total Assets (US\$)

244

Signatory's interim targets have been approved

193

Signatories disclosed their transition plans through the PRI and CDP reporting frameworks in the 2023 reporting season.

244

signatory's interim targets have been approved (i)

149

Signatories with Operational Emissions target

AUM Committed to Net Zero (Trillion)

In 2023, signatories commit on average 38% of their portfolio to net zero.



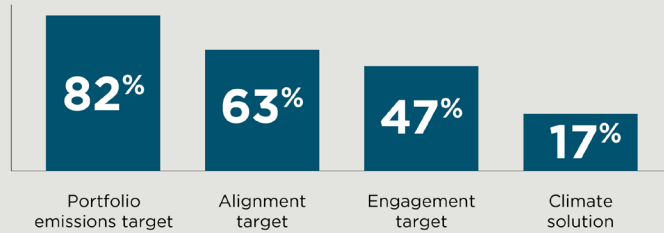
Target setting methodologies and target types

Used for the submitted interim targets

51%

of signatories have used NZIF (ii) to set these, covering the following target types:

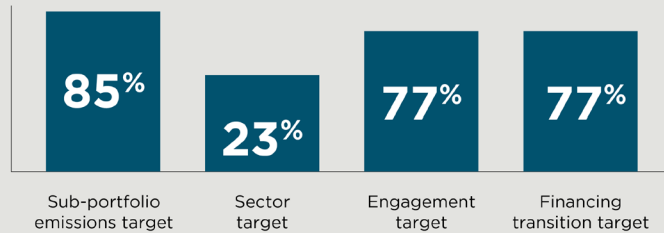
Target types covered



5%

of signatories have used TSP (iii) to set these, covering the following target types:

Target types covered by interim target



22%

of signatories have used SBTI (iv) methodologies to set their interim targets for one or more asset classes

12%

of signatories have used a combination of methodologies

11%

of signatories have used own or other methodologies

58%

of signatories with approved interim targets also have a fossil fuel policy

71

Signatories are due to set interim targets

i) For 2030 or earlier; ii) [Net Zero Investment Framework](#); iii) [Target Setting Protocol](#) (version 2); iv) [Science Based Targets initiative](#).

Net Zero Asset Owner Alliance (NZAOA)

NZAOA Signatories

As of May 2023

86 Signatories **\$ 9.5^{TN}** Total Assets (US\$)

69 members have set and reported on their intermediate targets

71 members were due to set or update their interim targets

Overview

The UN-convened Net Zero Asset Owner Alliance (NZAOA) is a member-led initiative of institutional investors committed to transitioning their investment portfolios to net-zero GHG emissions by 2050 – consistent with a maximum temperature rise of 1.5 °C.

Work Tracks

To support its members, NZAOA has established dedicated working tracks to explore topics and assist members with implementing their commitment, as listed below.

- Monitoring, Reporting, and Verification (MRV) Track.
- Financing Transition Track
- Engagement Track
- Policy Track
- Communications and Recruitment Track

Governance

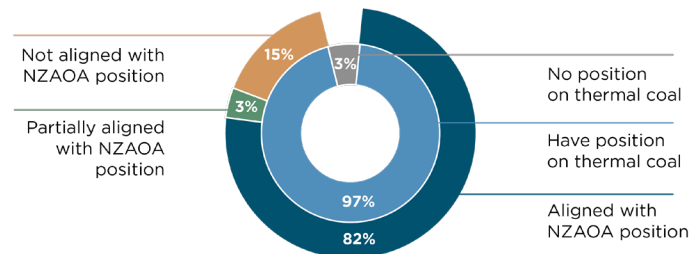
The Alliance’s decision-making bodies include the [Steering Group](#) (advised and represented at the working level by the Steering Group Representatives), the All-Member Principals and the Working Track Leads. The Steering Group (SG) is composed of C-suite executives from member institutions as well as convening organisations. The SG is elected every two years by the all-member Principals. Like the SG, all-member Principals meet quarterly – they discuss key strategic elements of the Alliance, while the SG sets the strategic direction. The Working Track Leads are elected annually, they represent the technical experts in the Alliance, who implement its working plan.

In March 2022, the Alliance implemented its Accountability Mechanism, which includes a traffic-light system for evaluating member’ compliance with target-setting requirements. The Mechanism also describes the procedure on delisting, for cases of severe misalignment.

NZAOA Coal Position

The Net-Zero Asset Owner Alliance’s Thermal Coal Position (2020) underscores the Alliance’s stance that it is necessary for the global economy to transition away from activities that contribute to climate change, and requires members to develop individual positions in alignment with the Alliance’s. This year, NZAOA members reported on their alignment for the first time (see the figure next to this).

Members’ alignment with the Thermal Coal Position

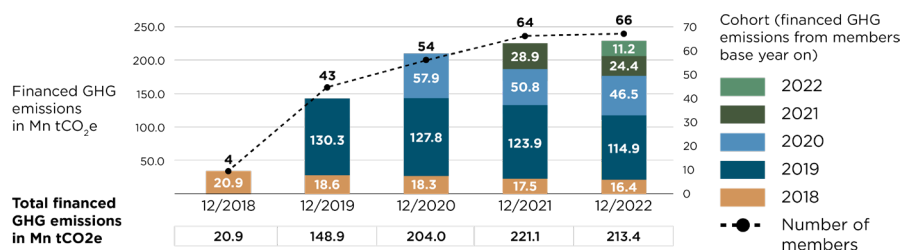


Measuring Financed GHG Emissions

The latest data on the Alliance’s total financed GHG emissions shows that despite membership growth, the Alliance’s total emissions fell from 221.2 million tons of carbon dioxide equivalent (mtCO₂e) in 2021 to 213.4 tCO₂e in 2022.

Importantly, reductions in absolute financed emissions are the result of real-world emissions reductions, allocation changes, or divestment, among other drivers. See NZAOA’s Third progress report for more information

Absolute financed GHG emissions of the Alliance members with intermediate targets (2018-2022)



Signatories Resources

- [Aligning Climate Policy Engagement with Net-Zero Commitments](#) (April 2023)
- [Call to Action to Private Market Asset Managers](#) (November 2022)
- [Development and Uptake of Net-Zero Aligned Benchmarks](#) (November 2022)

Net Zero Banking Alliance (NZBA)

NZBA Signatories

As of September 2023

 **136** Signatories  **74.9^{TRN}** Total Assets (US\$)

96 signatories have set interim targets

51 signatories expected to publish transition plans by Dec. 2023

Overview

The industry-led, UN-Convened Net-Zero Banking Alliance brings together a global group of banks, currently representing over 40% of global banking assets, which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050 in line with limiting global warming to 1.5°C.

Combining near-term action with accountability, this ambitious commitment sees signatory banks setting intermediate targets for 2030 or sooner using robust, science-based guidelines.

NZBA is the flagship climate initiative under the Principles for Responsible Banking to accelerate science-based climate target setting and develop common practice. As the banking alliance within the global efforts on net zero across the finance industry brought together under the Glasgow Finance Alliance for Net Zero (GFANZ), the NZBA is open to all banks globally, including banks that are not UNEP FI members and Principles for Responsible Banking signatories.

The Alliance reinforces, accelerates, and supports the implementation of decarbonisation strategies, providing an internationally coherent framework and guidelines in which to operate, supported by peer-learning from pioneering banks. It recognises the vital role of banks in supporting the global transition of the real economy to net-zero emissions.

The Alliance is convened by the UN Environment Programme Finance Initiative and is a part of the Race to Zero.

Work Tracks

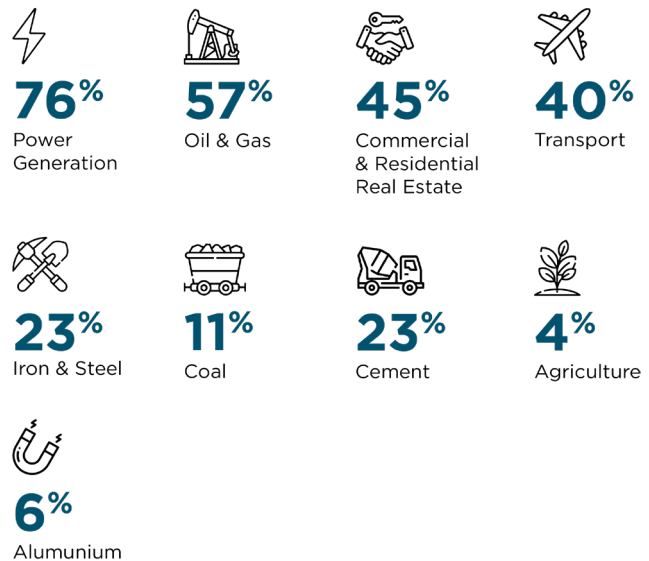
- To support its members, NZBA has established dedicated working groups to explore topics and assist members with implementing their commitment, as listed below.
- Implementation Track. This working group focuses on addressing sector-agnostic data and methodological matters, in particular those linked to the Guidelines on Climate Target Setting, and issues around financing and engagement.
- Sector Track. This working group aims to assist members in meeting their commitment to set sectoral targets in nine priority sectors.

Governance

The Net-Zero Banking Alliance is governed by a 12-member-strong Steering Group and Chair to oversee decision-making and strategy. The Steering Group is selected by member banks, and represents a diversity of geographies and business models. Standard Chartered is the Chair, tasked with driving the ambition and strategic relevance of the initiative. The Steering Group members are: Amalgamated Bank, Bank of America, Banorte, BBVA, Citi, First Abu Dhabi Bank, HSBC, KB Financial Group Inc., La Banque Postale, Morgan Stanley, MUFG, Standard Chartered, Westpac, and the United Nations. Former members include: CIB, and KB Financial Group Inc.

Targets Settings

Sector covered
% of member with intermediate targets have set emissions-based targets in the following sectors



Signatories Resources

- [The Use of Carbon Credits in Climate Target Setting](#) (September 2023): To support Net-Zero Banking Alliance (NZBA) member banks in developing targets, the Alliance has developed this short paper to provide clarification on the already-published Guidelines for Climate Target Setting for Banks outlining how the Alliance views the treatment of offsetting in relation to member commitments.
- [The NZBA Progress Report](#) (November 2022): On Finance Day at COP27, the industry-led, UN-convened Net-Zero Banking Alliance launched its first Progress Report. This report details

the intermediate 2030 decarbonization targets from over 60 member banks, with promising indicators of early progress in target setting. The publication also shares the Alliance's wider vision for creating a predictable and enabling policy environment to accelerate the net-zero transition.

- [NZBA Transition Finance Guide](#) (October 2022): This Transition Finance Guide provides guidance to Alliance members and the banking industry for assessing opportunities, allocating effort, and advocating for supportive policies regarding transition finance for the real economy.

Net Zero Financial Service Providers Alliance (NZFSPA)

NZFSPA Signatories

As of September 2023

 **26** Signatories

 **12** Jurisdictions

Overview

The Net Zero Financial Service Providers Alliance (NZFSPA) is a global group of service providers committed to supporting the goal of global net zero greenhouse gas emissions by 2050 or sooner, in line with the ambition to limit the global temperature increase to 1.5°C above pre-industrial levels. NZFSPA consists of four groups that contribute in separate ways to finance sector action on net zero. Each of NZFSPA's four groups have developed a voluntary, non-prescriptive framework for net zero targets, setting ambition for their sector.

- Auditors build trust and confidence in information through the assurance services they provide on company-prepared financial information.
- Exchanges run and maintain critical infrastructures and networks connecting investors, issuers and regulators. They act as influencers, educators and information gateways.
- Index providers give real-time information about market performance. This is a key input for passive investment products and active investment funds strategies.
- Research and data providers develop the research and data needed by all links in the investment chain. They also engage with and educate their clients, corporate issuers, and others.

Governance

- This year, NZFSPA has welcomed the UN's Sustainable Stock Exchanges initiative on to the secretariat as a co-convenor with Principles for Responsible Investment, growing the secretariat's capacity.
- In 2023 NZFSPA has clarified that members will be held to account through public disclosure of their work on individual targets and their reporting against these, on a comply or explain basis.
- NZFSPA does not enter into discussion of conduct or activities that would violate competition law, including but not limited to the sharing of commercially sensitive information (such as price or wage information) and/or competitive strategy.
- Financial service providers that are unable to form a sub-group due to regulatory constraints or due to lack of peers in the industry can attend the all-member plenary meetings as observers.

Work Tracks

- During 2023 the net zero target-setting Framework of the Exchange Group was officially approved by the UN High-level Climate Change Champions overseeing the Race to Zero campaign. This marked a milestone in the Group's commitment to combating climate change and contributing to the global transition to a sustainable, net zero economy.
- The Framework provides a comprehensive roadmap for capital market infrastructure operators to align their own operations with the goals of the Paris Agreement, and assist their markets to address the climate crisis.
- Developed in collaboration with over 56 industry experts from 28 different organizations, the Framework guides exchanges to set ambitious and credible net zero targets, enabling them to contribute meaningfully to a sustainable future.
- The Exchange Group's members are now translating the targets into action in their markets and will then report on progress against these targets.
- NZFSPA's three other groups have submitted frameworks to Race to Zero for approval. Members will then interpret the frameworks as appropriate for their own organization and services, setting individual targets that are right for them. links in the investment chain. They also engage with and educate their clients, corporate issuers, and others.

Net Zero Insurance Alliance (NZIA)

NZIA Signatories

As of September 2023

 **11** Signatories

 **210^{BN}** Gross Written Premiums (US\$)

3 signatories have set interim targets

Overview

The Net-Zero Insurance Alliance (NZIA) is convened by the UN Environment Programme (UNEP) through its Principles for Sustainable Insurance Initiative. The NZIA was founded in July 2021 to help re/insurers unilaterally and independently transition their respective insurance and reinsurance underwriting portfolios to net-zero emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100 in order to contribute to the implementation of the COP21 Paris Agreement. In a span of just 18 months since its launch, the NZIA and its partners developed the foundational concepts and frameworks that enable insurers, reinsurers, and other insurance market participants across the globe to individually start or propel their respective net-zero insurance journeys and take urgent and ambitious individual and unilateral climate action. These include the NZIA statement of commitment, the NZIA white paper on net-zero insurance, the Partnership for Carbon Accounting Financials (PCAF) Insurance-Associated Emissions Standard, and the NZIA Target-Setting Protocol.

Governance

UNEP and NZIA members remain fully committed to the net-zero transition and are engaging with a broader community of stakeholders on the evolution of the NZIA. To speed up and scale up net-zero insurance thinking and practices globally, priorities include advancing net-zero insurance frameworks, net-zero transition planning by re/insurers, real economy engagement by re/insurers, and tackling barriers to re/insuring the net-zero transition.

Paris Aligned Asset Owners (PAAO)

PAAO Signatories

As of September 2023

 **56** Signatories  **3.3TN** Total Assets (US\$)

52 signatories have set interim targets

56 signatories have committed to publishing transition plans in the 2023 reporting season

Overview

Paris Aligned Asset Owners are a global group of 56 asset owners, with over \$3.3 trillion in assets. They have individually committed to transitioning their investments to achieve net zero portfolio GHG emissions by 2050, or sooner, drawing on the [Net Zero Investment Framework](#) to deliver these commitments.

Work Tracks

- The Net Zero Investment Framework, developed by IIGCC in collaboration with AIGCC, Ceres and IGCC, is the most widely used net zero framework for investors setting voluntary net zero commitments and provides investors with a comprehensive template to develop a robust transition plan. It is also the foundational methodology for PAAO signatories.
- IIGCC is working on the development of the Net Zero Investment Framework 2.0, set to launch in mid-2024, which aims to provide a more interactive online platform for investors and will eventually integrate all tools and guidance into one place and better support investors with the implementation phase of their net zero commitments.
- In November 2022, PAAO published its first [Progress Report](#), which showcased innovation and best practice amongst asset owners for turning net zero commitments into action. The variety of actions demonstrate the dedication of signatories to deliver emissions reductions across our economy whilst supporting a just and equitable transition across the globe.

Governance

Paris Aligned Asset Owners is an outcome of the Paris Aligned Investment Initiative (PAII), which was established in May 2019 as a collaborative investor-led forum, to support investors to align their portfolios and investment activities to the goals of the Paris Agreement. PAII is coordinated by AIGCC, Ceres, IGCC and IIGCC.

The Paris Aligned Asset Owners initiative is delivered by the same four investor networks, which are supporting investors globally to implement the Net Zero Investment Framework 1.0.

Paris Aligned Asset Owners is governed by an Executive Committee made up of investor network CEOs from AIGCC and IGCC, Ceres and IIGCC. Its decisions are informed by the rotating Steering Group, a group of nine asset owners with executives from the Church of England Pensions Board, HESTA Superannuation, APG Asset Management, Lloyds Banking Group Pensions Trustee Limited, PKA, Brunel Pension Partnership, New York State Common Retirement Fund, Railpen and TPT Retirement Solutions.

Commitments

Paris Aligned Asset Owners have made a voluntary commitment to deliver against a 10-point Commitment Statement, in a manner consistent with their fiduciary duties to mitigate risk and preserve long term financial value. At the heart of the commitment statement is the goal to transition their investments to achieve net zero portfolio greenhouse gas (GHG) emissions by 2050, or sooner, and support emissions reductions in the real economy.

As part of the commitment, signatories commit to setting objectives and targets, including an interim target for 2030 or sooner for reducing Scope 1, 2 and 3 emissions associated with their portfolios and setting a target for increasing investment in climate solutions, consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the Intergovernmental Panel on Climate Change special report on global warming of 1.5°C. All signatories also commit to publishing climate transition plans.



Signatories Resources

- [Paris Aligned Asset Owners Initial Target Disclosures](#) (April 2023): This document provides an overview of the targets set by PAAO signatories to date and will be updated to incorporate additional targets from asset owners as they are published.
- [Net Zero Investment Framework component for the private equity industry](#) (May 2023): This provides a global and cohesive framework for pursuing net zero in the private equity industry, with an emphasis on achieving decarbonization of portfolio companies.
- [Net Zero Investment Framework component for infrastructure assets](#) (March 2023): This provides guidance for investors on

- aligning and managing infrastructure portfolios with the goal of achieving global net zero emissions by 2050 or sooner.
- [Net Zero Investment Framework Implementation Guide](#) (April 2021): This provides a common set of recommended actions, metrics and methodologies through which investors can maximise their contribution to achieving global net zero global emissions by 2050 or sooner.
- [Case studies](#): A number of PAAO signatories provided case studies for the 2022 Progress Report, which outlines how they are implementing their commitments as a signatory of PAAO.

Net Zero Investment Consultants Initiative (NZICI)

NZICI Signatories

As of September 2023



11 Signatories

1.5^{BN} Total Assets under Advisement (US\$)

Overview

NZICI is a group of eleven investment consultants committed to supporting clients in achieving the goal of global net zero greenhouse emissions by 2050.

Members help clients prioritise real economy emissions reductions, reflecting the interim target of 50% global emissions reduction by 2030 or sooner, in alignment with objectives set out in the Paris Agreement.

NZICI members are committed to implementing a series of bold actions to develop advisory services and reduce operational emissions. In coming together to make this commitment, they recognize the crucial role of investment consultants as a group within the asset management ecosystem, advising asset owners on strategy and connecting investors with investment managers.

NZICI is a partner of the UN Race to Zero campaign and supported by the Principles for Responsible Investment.

Governance

Current members are: Barnett Waddingham, bfinance, Cambridge Associates, Cardano, Frontier Advisors, Hymans Robertson, JANA Investment Advisers, LCP, Redington, Willis Towers Watson and XPS. Principles for Responsible Investment provides secretariat support to NZICI.

Work Tracks

- NZICI members are considering their clients' climate objectives when providing investment advice. NZICI members are developing training, tools, and software and providing data to enable discussions with their clients on climate risk management. They are also creating governance structures that support transition pathways to a low carbon economy.
- Members are engaging with fund managers to create products and services that align with the needs of their clients. Members are also developing climate and stewardship policies to set targets, measure, and monitor progress. Some members are also engaging with regulators and policymakers through working groups, discussions and consultations to be up to date on emerging issues, risks and opportunities to support net zero goals. Members are expected to report their progress against the reporting framework by December 2023.

Venture Climate Alliance (VCA)

VCA Signatories

As of September 2023



81 Signatories

179^{BN*} (US\$)

*This includes the full AUM of all signatories

Overview

The Venture Climate Alliance was created in 2023 by a group of leading venture capital firms committed to achieving a rapid, global transition to net zero or negative greenhouse gas (GHG) emissions by 2050 or earlier, consistent with the scientific consensus on climate change. Alliance members include both generalist and climate-focused venture firms that have pledged to achieve portfolio alignment with net zero by 2050 or earlier. A core focus of the VCA is to establish best practice for how to define, encourage, and facilitate such net zero-aligned growth across a portfolio of early-stage investments—many of which represent tomorrow's market leaders. The VCA provides a forum through which venture firms can develop and share a common methodology and tools for collecting, interpreting, and reporting GHG footprint and climate impact data from portfolio companies in ways that are appropriate for the earliest stages of a startup's growth trajectory. Membership in the VCA is open to any venture investor, anywhere in the world, including the venture funds of corporations (CVCs) as well as those of multi-asset class investment firms.

Governance

The VCA is governed by a steering committee consisting of representatives of its member firms. As a fiscally sponsored project of Rockefeller Philanthropy Advisors, a U.S. 501(c)(3) non-profit organization, the VCA is also accountable to that organization's board and bylaws.

Work Tracks

- The VCA Methodology Working Group (MWG) is developing a consensus-based Net Zero Aligned Methodology that meets the needs of mainstream and climate-focused venture GPs, LPs and portfolio companies, and allows VCA members to fulfill and report on their commitments. To complement the methodology, the VCA is also developing a Net Zero Transition Plan Template and detailed implementation guidance. The user-friendly template will make it straightforward for VC firms to track and disclose the information required to report transparently on their progress towards net zero goals.

IV. The Road Ahead - 2024 and Beyond



GFANZ initiatives and publications are providing a foundation to support the financial sector in catalyzing the global transition. 2021 and 2022 were primarily focused on commitments and providing the pan-sector frameworks and guidance to operationalize those commitments. 2023 has seen those commitments turn to action. 2024 and beyond must continue this work addressing key implementation challenges in the transition.

GFANZ is committed to working with the Alliances and their members, and a broad array of groups in the net-zero space, including private financial institutions, technical NGOs, research institutions, advocacy groups, governmental organizations, international bodies, and others, in our efforts to mobilize the private and public sector and enable the global transition to net zero.

GFANZ will build upon its efforts to date and continue to work with our partners to address pan-financial sector challenges associated with the net-zero transition, helping to support high levels of ambition and credible action. GFANZ will support the Alliances and provide a forum for the financial community to collaborate with global experts from the scientific community, the official sector, and civil society to develop the global tools, data, and methods needed to implement these commitments.

In 2024, GFANZ will continue to drive forward its work to:

Mainstream and Enhance Transition Finance: Supporting national financial authorities, standard setters, and the climate finance space on transition planning and transition finance. The emphasis remains on drawing on GFANZ's work on transition planning, finance, and decarbonization metrics, including advocating for managed phaseout as a strategic response to decarbonize. GFANZ will continue to enhance its guidance in collaboration with Alliance members on key areas such as integrating considerations of nature and biodiversity, financing strategies for climate solutions, and further work on measuring the decarbonization contribution of finance. GFANZ recently launched Index Investing workstream will build on the work of NZAOA to provide voluntary guidance on the creation and use of "transition to net-zero" indices.

Mobilize climate finance to EM&DEs: GFANZ intends to expand its support for country platforms for new countries, including those that present different transition challenges. GFANZ will continue its work to identify solutions that can be scaled and replicated in its annual [Capital Mobilization Report](#). GFANZ will continue to work with MDBs to better mobilize private capital, and a range of partners to build more robust project pipelines. GFANZ will continue to work with relevant organizations to realize the potential of high-integrity carbon markets and their role in mobilizing capital to the Global South in particular.

Catalyze whole economy transition: As finance partner for the Industrial Transition Accelerator, GFANZ will support key decarbonization challenges where collaboration across industries, finance, policy and technical experts is key. GFANZ will also continue its work to mobilize the breadth and depth of financial institutions committed to supporting the transition to net zero, focusing on underrepresented sectors and geographies, including through the work of the Regional Networks, country chapters, and the Global Capacity Building Coalition.

Support Transparency: To achieve the goals of the Paris Agreement, the world needs better data to be able to track progress and to assess which companies and actors are providing the solutions needed for the net zero transition. GFANZ will support initiatives seeking to address this challenge, including the

Net Zero Data Public Utility. GFANZ will also continue its work with the key climate scenario initiatives to ensure the financial sector has decision-useful climate scenarios and sectoral pathways to support transition planning and risk management.

GFANZ's accomplishments reflect the efforts of financial institutions, policymakers, and global stakeholders, underscoring the necessity of collaboration toward a net-zero future. Continued collaboration is imperative to drive finance, policy, and real-world implementation toward a net-zero future.

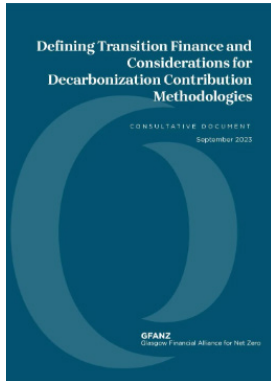
As GFANZ continues its journey, commitment to global climate leadership, policy advocacy, and inclusive transition strategies remains pivotal in achieving a net-zero economy.

GFANZ commits to use its positive influence to support the work of financial institutions, policymakers, and global stakeholders with voluntary guidance on how to accelerate the world's transition to net-zero.

V. Appendices and Library of Resources



INVENTORY OF GFANZ PUBLICATIONS 2022 AND 2023



GFANZ COMMUNITY OF FINANCE-SECTOR ALLIANCES

	Membership and signatories	Commitment
Net Zero Asset Managers initiative (NZAM)	https://www.netzeroassetmanagers.org/signatories/	https://www.netzeroassetmanagers.org/commitment/
Net-Zero Asset Owners Alliance (NZAOA)	https://www.unepfi.org/net-zero-alliance/alliance-members/	https://www.unepfi.org/wordpress/wp-content/uploads/2022/07/AOA-COMMITMENT-DOC-2022.pdf
Net-Zero Banking Alliance (NZBA)	https://www.unepfi.org/net-zero-banking/members/	https://www.unepfi.org/net-zero-banking/commitment/
Net-Zero Insurance Alliance (NZIA)	https://www.unepfi.org/net-zero-insurance/members/	https://www.unepfi.org/psi/wp-content/uploads/2021/07/NZIA-Commitment.pdf
Net Zero Investment Consultants Initiative (NZICI)	https://www.unpri.org/signatories	https://www.unpri.org/download?ac=14611
Net Zero Financial Service Providers Alliance (NZFSPA)	https://www.netzeroserviceproviders.com/signatories/	https://www.netzeroserviceproviders.com/our-commitment/
Paris Aligned Asset Owners (PAAO)	https://www.parisalignedinvestment.org/signatories/	https://www.parisalignedinvestment.org/media/2021/03/PAAI-Net-Zero-Asset-Owner-Commitment-Statement.pdf
Venture Climate Alliance (VCA)	https://ventureclimate.org/	https://mailchi.mp/ventureclimatealliance/methodology
Net-Zero Export Credit Agencies Alliance (NZECA)	https://www.unepfi.org/climate-change/net-zero-export-credit-agencies/	https://www.unepfi.org/wordpress/wp-content/uploads/2023/11/NZECA-Membership-Commitment-Text.pdf

INVENTORY OF ALLIANCE 2023 PUBLICATIONS

