



GFANZ

Glasgow Financial Alliance for Net Zero

Transition Finance

Dr Tony Rooke, Head of Transition Finance, GFANZ

June 22, 2023

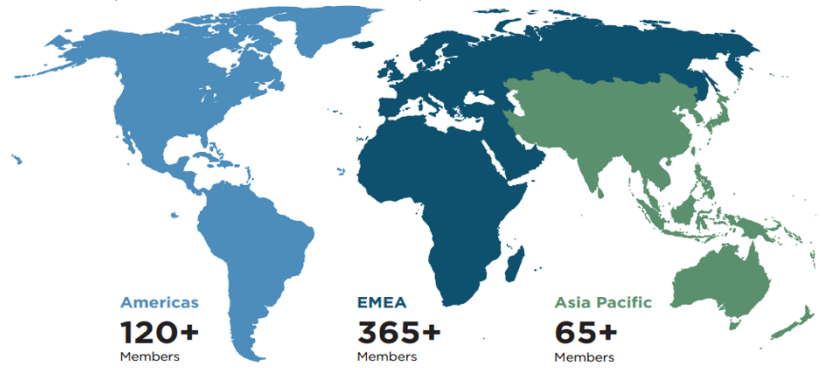
GFANZ is a global coalition of leading financial institutions committed to accelerating the decarbonization of the economy



About GFANZ

- GFANZ is a global coalition of eight **net-zero sector-specific alliances** encompassing more than 570+ firms and operational across 50 jurisdictions
- GFANZ **also collaborates across wider network of stakeholders** in government, companies, multilateral and development finance institutions, NGOs, and civil society, and periodically reports to the Financial Stability Board

Alliance membership¹



¹ GFANZ. [GFANZ 2022 Progress Report](#), November 2022. Total membership count updated as of April 2023.

GFANZ is translating commitments into action

GFANZ has mainstreamed net-zero commitments for FIs

- ✓ **570+ Alliance members, incl. 25/30 GSIBs**
- ✓ **40% of global private finance**
- ✓ **FIs voluntarily committed to net zero by 2050**, interim targets, science-based pathways aligned w/1.5 degrees C
- ✓ **Regional networks in APAC, Africa** (LatAm to be launched)

We develop the frameworks & tools to operationalize commitments

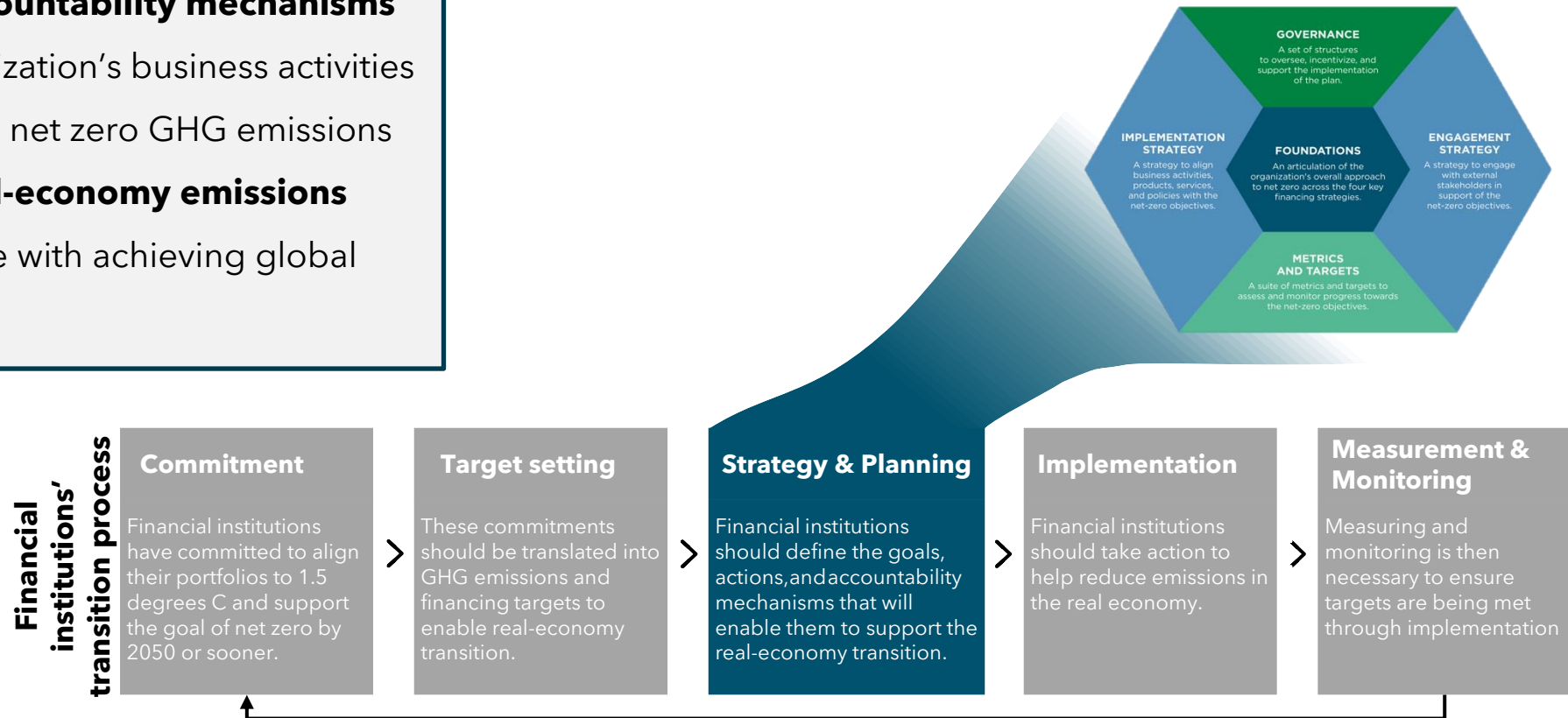
- ✓ Globally consistent definitions of **transition finance** and framework for **transition planning**
- ✓ **Develop Country Platforms/JETPs and catalytic initiatives** to mobilize capital to EMDCs
- ✓ Raise ambition of governments on **climate policy**

We assist in the implementation of commitments by FIs

- **Scaling transition planning and transition finance with consistent global approach**
- Accelerating **transitions in high-emission economic sectors**
- **Mobilizing capital for EMDCs' transition**
- Support development of **Voluntary Carbon Markets**
- Supporting launch of **Net-Zero Data Public Utility**

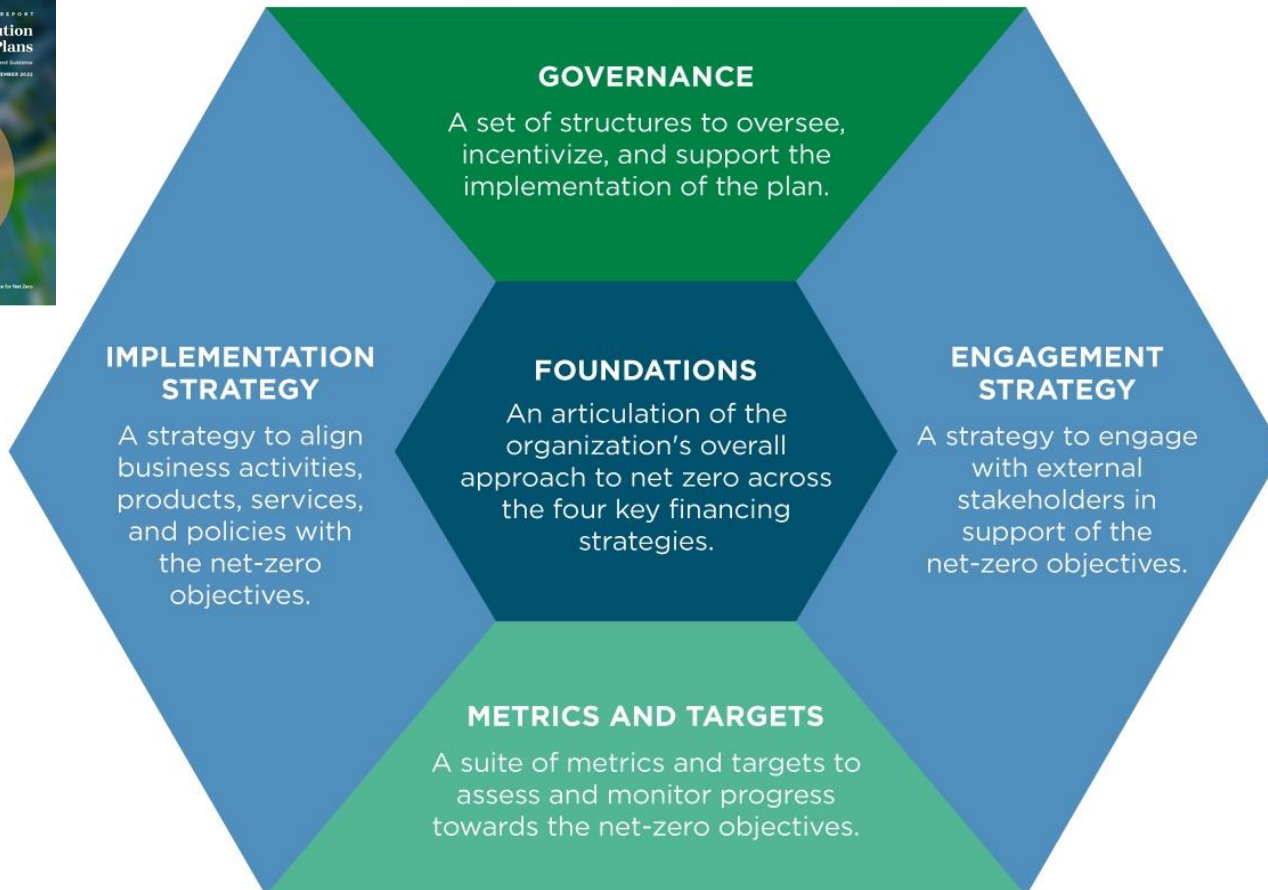
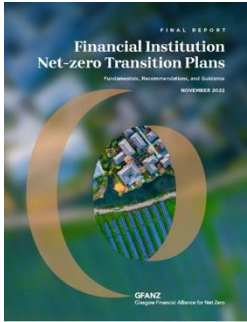
Transition plans are integral to a financial institution's strategic response to climate change

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



Net-zero Transition Plans (NZTP) are composed of five themes and ten components

The GFANZ NZTP framework encompasses five themes and ten components



Foundations:

- Objectives and priorities



Implementation Strategy:

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



Engagement Strategy:

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



Metrics and Targets:

- Metrics and targets



Governance:

- Roles, responsibilities, and remuneration
- Skills and culture

Transition plans articulate the strategy for deploying transition finance to help hard to abate sectors reduce their emissions

Transition Finance - financing emission reductions

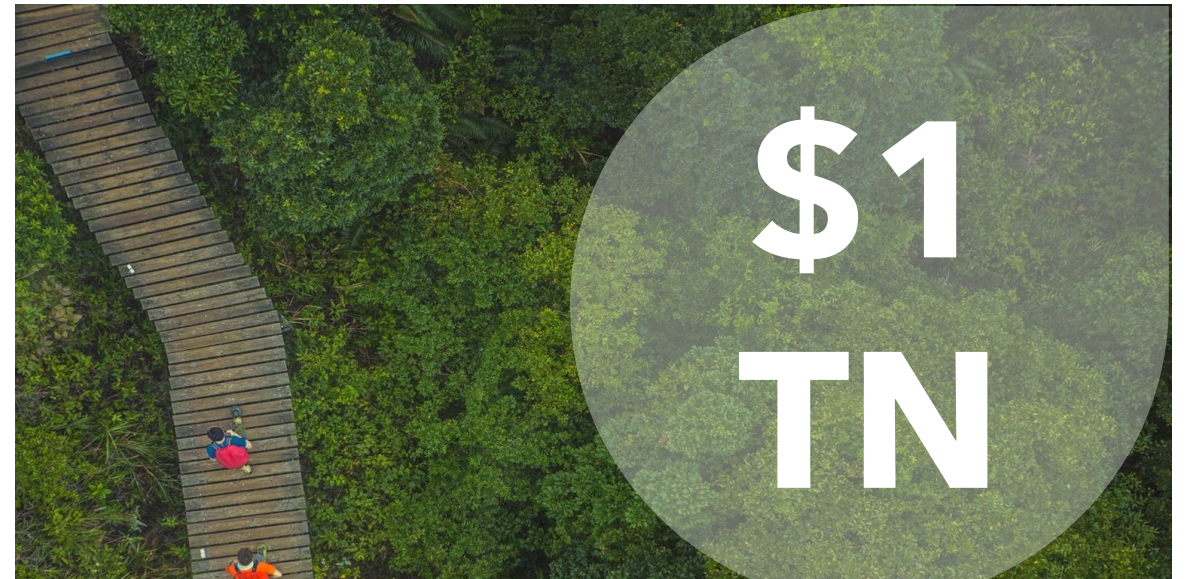
The GFANZ NZTP provides a **framework to support the provision of finance and related services toward real-economy activities** that advance the net-zero transition.



Shifting the transition finance narrative to clean energy / climate solutions



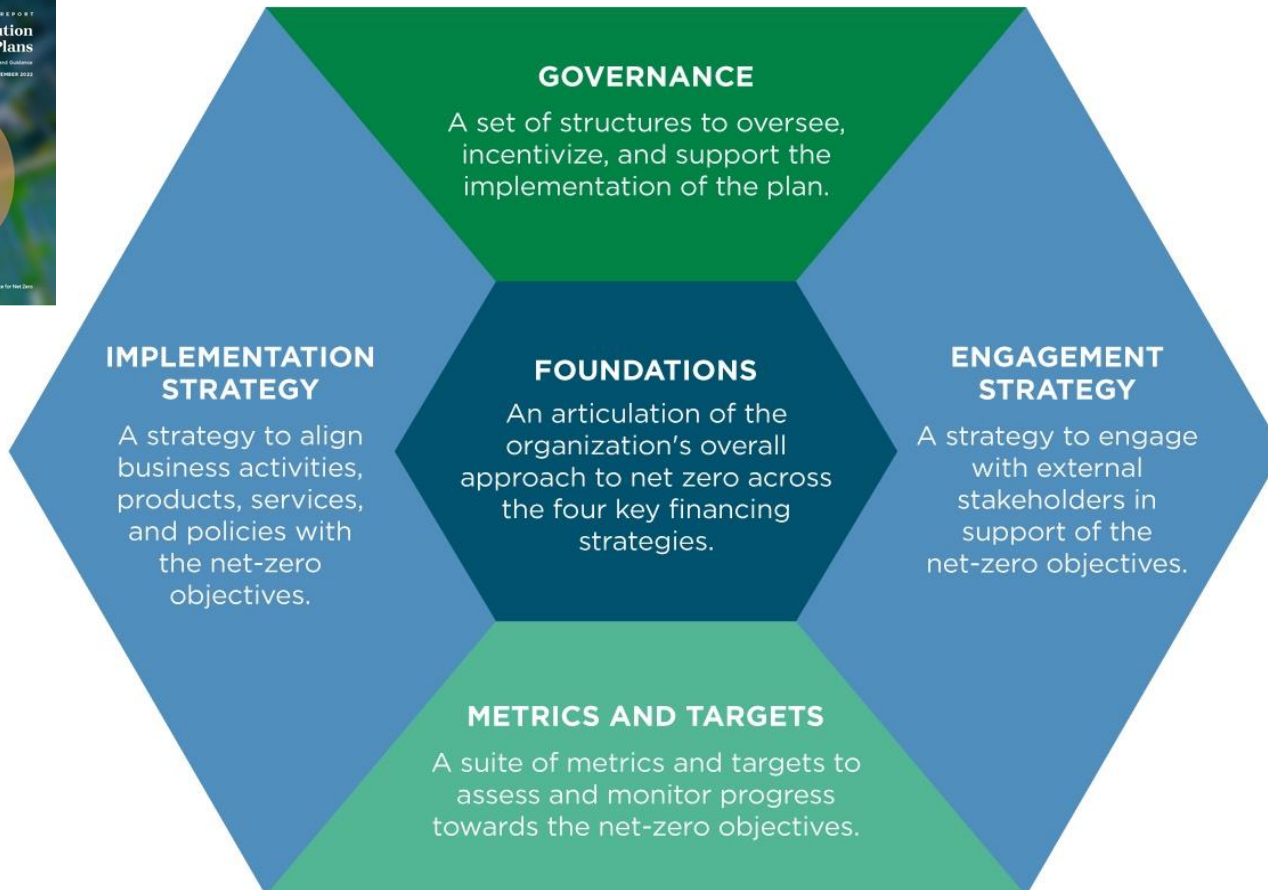
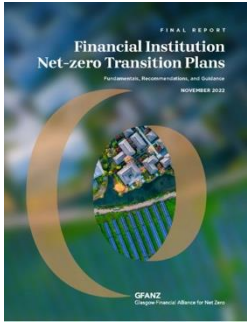
Clean energy/fossil fuel investment¹



Additional annual clean energy investment in EMDCs²

1 Source: Bloomberg New Energy Finance, Investment Requirements of a Low-Carbon World: Energy Supply Investment Ratios, Oct 2022; 2.Source: International Energy Agency, Financing clean energy transitions in emerging and developing economies, June 2021

Credible transition plans need to show what transition and how it will get there



Foundations:

- Objectives and priorities



Implementation Strategy:

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



Engagement Strategy:

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



Metrics and Targets:

- Metrics and targets



Governance:

- Roles, responsibilities, and remuneration
- Skills and culture

