<table>
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<tr>
<th>Section</th>
<th>Title</th>
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<tbody>
<tr>
<td>01</td>
<td>Mark Carney’s private finance agenda for COP26</td>
</tr>
<tr>
<td>02</td>
<td>Introduction to the Glasgow Financial Alliance for Net Zero (GFANZ)</td>
</tr>
<tr>
<td>03</td>
<td>What GFANZ is doing and why (deliverables and post-COP role)</td>
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<td>04</td>
<td>COP26 Summit</td>
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<tr>
<td>Appx</td>
<td>Finance sub-sector alliances – joining the Race to Zero and GFANZ</td>
</tr>
</tbody>
</table>
MARK CARNEY’S PRIVATE FINANCE AGENDA FOR COP26

- UN Special Envoy for Climate Action and Finance
- UK Prime Minister Johnson’s Finance Adviser for COP26
- Leads COP26 private finance team in HMT
- Chair of Glasgow Financial Alliance for Net Zero (GFANZ)

Objective: ensure that every professional financial decision takes climate change into account

- Improve the quality and quantity of climate-related financial disclosures
- Promote alignment of disclosure regimes around the TCFD framework
- Agree pathways to mandatory disclosure

- Have banks and insurers systematically assess the resilience of companies and financial sector to climate risks
- Banks to disclose financed emissions

Ensure financial institutions have the frameworks to:
- Assess the credibility of transition plans
- Measure alignment of investment portfolios with net zero
- Make their own commitments to net zero

Increase private financial flows to emerging and developing economies:
- Develop private carbon offset market
- Develop multi-trillion dollar platform to connect investable projects with willing private capital
- Align development bank funding with climate goals

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GFANZ AS AN ORGANISATION

RACE TO ZERO

- A global campaign by the High-Level Champions of COP26
- It brings together net zero commitments from leading networks and initiatives across society
- To be accredited, initiatives must meet the Race to Zero’s ‘minimum criteria’, institutions cannot join individually

GLASGOW FINANCIAL ALLIANCE FOR NET ZERO (GFANZ)

- Led by COP26 Private Finance Hub in partnership with the COP26 High Level Champions and COP26 Presidency
- Finance-wide net zero coalition that brings together existing financial sector Race to Zero initiatives and supports the creation of new ones, so as to mobilize & elevate net-zero ambition

250+ Member Firms (up from 160 firms at April launch)

+$88T in financial assets across members institutions (up from $70T at April launch)

Firms from across 32 Countries represented

Note: Asset data compiled from data at an institution level provided by each Sub Sector Alliance in July 2021 for their member firms

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# RACE TO ZERO ‘STARTING LINE’ CRITERIA

<table>
<thead>
<tr>
<th>01</th>
<th>Pledge</th>
</tr>
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<tbody>
<tr>
<td>▪ Pledge at the head-of-organization level to reach (net) zero GHGs as soon as possible, and by mid-century at the latest, in line with global efforts to limit warming to 1.5C</td>
<td></td>
</tr>
<tr>
<td>▪ Set an interim target to achieve in the next decade, which reflects maximum effort toward or beyond a fair share of the 50% global reduction in CO2 by 2030 identified in the IPCC Special Report on Global Warming of 1.5C</td>
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<thead>
<tr>
<th>02</th>
<th>Plan</th>
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<tbody>
<tr>
<td>▪ Within 12 months of joining, explain what actions will be taken toward achieving both interim and longer-term pledges, especially in the short- to medium-term</td>
<td></td>
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<thead>
<tr>
<th>03</th>
<th>Proceed</th>
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<tbody>
<tr>
<td>▪ Take immediate action toward achieving (net) zero, consistent with delivering interim targets specified</td>
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<tr>
<th>04</th>
<th>Publish</th>
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<tr>
<td>▪ Commit to report publicly both progress against interim and long-term targets, as well as the actions being taken, at least annually</td>
<td></td>
</tr>
<tr>
<td>▪ To the extent possible, report via platforms that feed into the UNFCCC Global Climate Action Portal.</td>
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<tr>
<th>05</th>
<th>Scope</th>
</tr>
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<tbody>
<tr>
<td>▪ Cover all emissions, including Scope 3 for businesses and investors where they are material to total emissions and where data availability allows them to be reliably measured, and all territorial emissions for cities and regions</td>
<td></td>
</tr>
<tr>
<td>▪ Leading targets may also include: cumulative emissions (for all actors), and consumption emissions (for cities, states and regions)</td>
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<tr>
<th>06</th>
<th>Sinks and credits</th>
</tr>
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<tbody>
<tr>
<td>▪ Alongside immediate abatement measures, potentially including external opportunities, transition to limiting offsets to neutralize “residual” emissions</td>
<td></td>
</tr>
<tr>
<td>▪ Offsets portfolios should transition to permanent removals by the time net zero is achieved. Ensure that all offsets meet robust standards for additionally, permanence, accounting, etc.</td>
<td></td>
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</tbody>
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<tr>
<th>07</th>
<th>Empowerment and Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Seek to enable all actors to contribute to the global transition toward (net) zero through engagement, information sharing, access to finance, and capacity building.</td>
<td></td>
</tr>
</tbody>
</table>
GFANZ OBJECTIVES

**BROADEN**  the Race to Zero participation of financial actors by supporting development of ambitious net zero initiatives for major sub sectors

**RAISE AMBITION**  by ensuring that commitments are backed by robust targets and transition plans

**COORDINATE**  commitments and actions across the sector to support the economy-wide transition needed to achieve net zero

**SUPPORT**  technical collaboration on substantive and cross-cutting issues that will accelerate the alignment of investment and lending with net zero

**SHOWCASE**  the collective efforts and achievements of the sector and of individual firms taking the most ambitious climate actions
BENEFITS OF COLLECTIVE ACTION

Provides a standard for the commitment and interpretation of what net zero means for financial institutions.

Ensures a degree of standardisation of approach while providing an appropriate degree of flexibility.

Provides a platform to amplify firms’ requests to policymakers for a stable and supportive policy environment, as well as asks of real economy stakeholders.

Provides implementation support and eases navigation of the various measurement and reporting methodologies, to develop commonly standard frameworks and to close potential gaps, collaborating with various initiatives (e.g. PCAF, TCFD, etc).

Provides accountability, countering the skepticism around net zero commitments.
**GFANZ PROGRAMME OVERVIEW: WHAT WE ARE DOING AND WHY**

The seven workstreams will generate the commitment, engagement, investment and alignment required to drive forward the global economy’s transition to net zero.

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Engagement</th>
<th>Investment</th>
<th>Net Zero Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building existing and new net zero alliances under the UN’s Race to Zero</td>
<td>Working with the real economy to define net zero sectoral pathways</td>
<td>Clearly defined expectations on real economy transition strategies and disclosure to support investment in transition</td>
<td>Developing the TCFD’s work on Portfolio Alignment tools</td>
</tr>
<tr>
<td>4. Financial institution transition plans</td>
<td>6. Mobilising capital to EMDCs</td>
<td>7. Policy Call to Action</td>
<td></td>
</tr>
<tr>
<td>Bringing together/defining best in class transition strategies for financial sector</td>
<td>Working with MDBs, IFIs and others to better mobilise the trillions of private capital needed to support transition in EMDCs</td>
<td>Call to action for the public policy necessary to build a net zero financial system</td>
<td></td>
</tr>
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</table>
**GFANZ WORKSTREAM OVERVIEW (1/2)**

<table>
<thead>
<tr>
<th>Work streams</th>
<th>CEO lead</th>
<th>Overview</th>
</tr>
</thead>
</table>
| 1. Building commitment    | Thomas Buberl (Axa)       | - Ensure the core of the global financial system is working toward net zero through continued recruitment into GFANZ  
- Help drive the formation of new alliances where needed (e.g. insurers, service providers)  
- Identify and engage with target peers for outreach to join existing and new alliances  
- Not setup as formal work stream or taskforce |
|                            | Noel Quinn (HSBC)         |                                                                                                                             |
|                            | David Schwimmer (LSEG)    |                                                                                                                             |
| 2. Sectoral pathways      | Oliver Bäte (Allianz)     | - Articulate the needs and expectations of Financial Institutions for actionable sectoral transition plans  
- Engagement with sectors as sectoral pathways are being developed to represent financial sector views  
- Support the adoption and elaboration of sectoral net-zero pathways  
- Support the development of mechanisms for the responsible retirement of carbon intensive assets |
|                            | Larry Fink (BlackRock)    |                                                                                                                             |
|                            | Jane Fraser (Citi)        |                                                                                                                             |
| 3. Real economy transition plans | Thomas Buberl (Axa)       | - Facilitate the development of effective, credible transition plans by corporates to help raise the ambition within the real economy to reach net-zero  
- Advance FI evaluation of corporate transition plans to support real economy decarbonisation |
|                            | Alison Rose (NatWest)     |                                                                                                                             |
|                            | David Schwimmer (LSEG)    |                                                                                                                             |
| 4. Financial institution transition plans | Amanda Blanc (Aviva)       | - Set out key components for what financial institution transition plans should include  
- Identify and address cross-financial sector technical issues arising in the design and implementation of financial institution net zero transition plans |
<p>|                            | Noel Quinn (HSBC)         |                                                                                                                             |</p>
<table>
<thead>
<tr>
<th>Work streams</th>
<th>CEO lead</th>
<th>Overview</th>
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</table>
| 5. Portfolio alignment measurement | David Blood (Generation)       | • Drive convergence of portfolio alignment definitions across the financial services industry  
• Increase adoption and disclosure of portfolio alignment metrics |
| 6. Mobilising capital            | Shemara Wikramanayake (Macquarie) | • Deliver a step change in GFANZ members engagement with key EM&DC1 catalytic initiatives, through endorsement and where relevant committed funding  
• Supporting the development of ambitious ‘country platforms’ to accelerate action through stronger collaboration at a country level  
• Transform the level of constructive engagement and collaboration between the private financial sector & MDB/DFIs  
• Commit to increased private sector flows of capital to EM&DCs climate transition, as well as better understanding of capital flows to EM&DCs and the actions required to realise the ratcheting of private capital investment levels |
| 7. Policy call to action         | Amanda Blanc (Aviva) Ana Botín (Santander) | • To put forward the case for critical policy action with a view to enable acceleration of net zero investments  
• To urgently mobilise coordinated and widespread policy action, in particular on financial infrastructure |
**GFANZ COMMUNICATION STRATEGY AND TIMELINE TO COP26**

**SEPTEMBER**
- 14 Sep: UNGA
- 20-26 Sep: NY Climate Week

**OCTOBER**
- 11-17 Oct: IMF/WB Annual Meetings
- 26 Oct: Paris Climate Finance Day
- 30-31 Oct: G20 Summit
- TBC: One Planet SWF
- TBC: Call to Action published

**NOVEMBER**
- 1-12 Nov: COP26 Summit

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**CEO / GFANZ Member commitments and communications**

- W/C 27th Sep: Advisory Panel
- 7th Oct: Principals Group
- 14th Oct: Steering Group
- W/C 18th Oct: Advisory Panel
COP 26 SCHEDULE AND OVERARCHING PRIORITIES

COP 26 Schedule

<table>
<thead>
<tr>
<th>WEEK ONE</th>
<th>COP 26 goals (not exhaustive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sun 31 Oct</td>
<td><strong>Secure global net zero by mid-century and keep 1.5 degrees within reach</strong></td>
</tr>
<tr>
<td>Mon 1 Nov</td>
<td>• Accelerate coal phase -out</td>
</tr>
<tr>
<td>Tues 2 Nov</td>
<td>• Curtail deforestation</td>
</tr>
<tr>
<td>Wed 3 Nov</td>
<td>• Speed up switch to electric vehicles</td>
</tr>
<tr>
<td>Thurs 4 Nov</td>
<td>• Encourage investment in renewables</td>
</tr>
<tr>
<td>Fri 5 Nov</td>
<td><strong>Adapt to protect communities and natural habitats</strong></td>
</tr>
<tr>
<td>Sat 6 Nov</td>
<td>• Protect and restore ecosystems</td>
</tr>
<tr>
<td></td>
<td>• Build defences and resilient infrastructure</td>
</tr>
<tr>
<td></td>
<td><strong>Mobilise finance</strong></td>
</tr>
<tr>
<td></td>
<td>• Unleashing trillions in private and public sector finance</td>
</tr>
<tr>
<td></td>
<td><strong>Work together to deliver</strong></td>
</tr>
<tr>
<td></td>
<td>• Accelerate action through collaboration between governments, businesses and civil society</td>
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<tr>
<th>WEEK TWO</th>
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<tbody>
<tr>
<td>Sun 7 Nov</td>
<td><strong>Adaption, Loss and Damage</strong></td>
</tr>
<tr>
<td>Mon 8 Nov</td>
<td><strong>Gender Science and Innovation</strong></td>
</tr>
<tr>
<td>Tues 9 Nov</td>
<td><strong>Transport</strong></td>
</tr>
<tr>
<td>Wed 10 Nov</td>
<td><strong>Cities, Regions &amp; Built Environment</strong></td>
</tr>
<tr>
<td>Thurs 11 Nov</td>
<td><strong>Closure</strong></td>
</tr>
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<td>Fri 12 Nov</td>
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<tr>
<td>Sat 13 Nov</td>
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</table>
Appendix – Finance sub-sector alliances
- Joining the Race to Zero and GFANZ
The UN-convened Net Zero Asset Owner Alliance (NZAOA) comprises 44 institutional investors, representing $6.7TN in AUM that have all pledged to transition their investment portfolios to net zero by 2050 (as at 7 July 2021).

NZAOA commitment summary:

• Commit to transition investments to net zero by 2050, consistent with 1.5°C, considering the best available scientific knowledge, including IPCC.
• Set interim targets for 2025 to manage down their carbon footprints by up to 29% preferably on a scope three basis, and to be at net-zero by 2050.
• Regularly report on progress, including establishing intermediate targets every five years in line with the Paris Agreement Article 4.9.
• Emphasise real economy emissions reductions.
• Commit to advocating and engaging on corporate and industry action, as well as public policies, for a low-carbon transition of economic sectors.
• The alliance published an inaugural 2025 Alliance Target Setting Protocol in January 2021 to provide guidance for members as they set their first set of interim targets for 2025.

Joining mechanics:
• Become a UN PRI or UNEP FI member
• Sign the NZAOA Commitment Text
• Provide an annual monetary contribution based on firm AUM

Useful resources:
• NZAOA Website
• NZAOA Commitment Form
• Frequent Q&A
• NZAOA 2025 Target Setting Protocol

Note: Asset data compiled from data at an institution level provided by each Sub Sector Alliance in July 2021 for their member firms
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Founded in December 2020, the Net Zero Asset Managers Initiative (NZAMI) is an international group of 128 asset managers, representing $43TN in AUM (as at 6 July 2021).

Members are 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°C; and to supporting investing aligned with net zero emissions by 2050 or sooner.

Summary of the NZAMI commitment text:
- Work in partnership with AO clients on decarbonisation goals, consistent with reaching net zero emissions by 2050 or sooner across all AUM.
- Set an interim target for 2030 for the proportion of assets to be managed in line with net zero emissions by 2050 or sooner, review these targets every 5 years and aim to ratchet up % of AUM until 100% assets are included.
- Implement an engagement strategy, with a clear escalation and voting policy, that is consistent with the ambition for all AUM to achieve net zero emissions by 2050 or sooner.
- Report annually in line with TCFD and submit to the Investor Agenda to ensure consistency with Race to Zero.

Joining mechanics:
- Encourage joining one of the NZAMI founding investor networks (IIGCC, AIGCC, Ceres, IGCC, CDP, PRI)
- Sign the NZAMI Commitment Text

Useful resources:
- NZAMI Website
- NZAMI contact details
- Frequent Q&A

Note: Asset data compiled from data at an institution level provided by each Sub Sector Alliance in July 2021 for their member firms.
Paris Aligned Investment Initiative

- Paris Aligned Investment Initiative (PAII) comprises four investor networks – IIGCC (Europe), Ceres (North America), AIGCC (Asia) and IGCC (Australasia).

- PAII developed a Net Zero Asset Owner commitment text (PAII NZAO) in March 2021.

- 28 signatories with $1.9trn AUM have signed the PAII NZAO commitment text (as at 7 July 2021). They have all pledged to transition their investment portfolios to net zero by 2050.

Summary of the PAII NZAO commitment text:

- Commit to transition investments to net zero by 2050 or sooner
- Set interim targets for 2030 or sooner
- Offsets are only necessary where there are no technologically and/or financially viable alternatives to eliminate emissions
- Ensure policy advocacy supports policy and regulation relevant for achieving global net zero emissions by 2050 or sooner
- Implement a consistent engagement strategy
- Annually report in line with TCFD recommendations

To support implementation, PAII has developed the Net Zero Investment Framework

Joining mechanics:

- Encourage joining one of the PAII founding investor networks (IIGCC, AIGCC, Ceres, IGCC)
- Sign the PAII NZAO Commitment Text

Useful resources:

- PAII Website
- PAII NZAO Commitment Text
- Frequent Q&A
- PAII Net Zero Investment Framework

Note: Asset data compiled from data at an institution level provided by each Sub Sector Alliance in July 2021 for their member firms
GFANZ ALLIANCE MEMBERS
Net Zero Banking Alliance

• Comprises 53 banks from 27 countries (over $37TN) (as at 22 July 2021)
• Members commit to transition the operational and attributable GHG emissions from their lending and investment portfolios to align with pathways to net-zero by 2050 or sooner:
  • Set 2030 interim targets which are in line with a scenario consistent with 1.5 degree warming to cover a significant majority of emissions including in at least one priority sector within 18 months
  • Set interim targets for all or a substantial majority of 9 carbon-intensive sectors within 36 months of signing
  • Annually report on targets and progress
  • Take a robust approach to the role of offsets in transition plans.

• Joining mechanics:
  • Sign the NZBA Commitment Text
  • Provide an annual monetary contribution based on firm balance sheet

• Useful resources:
  • NZBA Website
  • NZBA Commitment Form
  • NZBA Commitment Statement
  • NZBA Target-setting Guidelines

Commitment = 2-page letter + Guidelines

Note: Asset data compiled from data at an institution level provided by each Sub Sector Alliance in July 2021 for their member firms
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Net Zero Insurance Alliance (now in GFANZ)

- 8 insurers and reinsurers launched the Net Zero Insurance Alliance (NZIA) at the Venice Climate Summit on 11 July, where they also committed the group to join GFANZ. All of these (re)insurers are also signatories of the NZAOA.

- The NZIA will commit to transition their (re)insurance portfolios to net zero GHG emissions by 2050 consistent with maximum temperatures rise of 1.5°C above pre-industrial levels.

- High-level summary of NZIA commitment:
  - Set intermediate targets every 5 years in line with the Paris Agreement Article 4.9
  - Develop a NZIA target-setting protocol to support this process
  - Annual individual public reporting

- Ahead of Glasgow, having joined the Race to Zero and GFANZ, the group is working to integrate the wider insurance ecosystem into the alliance, including both brokers and marketplaces.

Service Providers (now launched)

- Establishing alliance for organisations that provide services to, or as part of, the financial sector
- Expected to include stock exchanges, credit rating agencies, index providers, and auditors

- Crux is mainstreaming and aligning net zero to core of business models in a way that will best promote the net zero transition. High-level expectation of service providers will be:
  - Align all relevant services and products to net zero
  - Set an interim target to achieve a proportion of the service and products offered that are aligned to net zero. Review and update targets at least every 5 years
  - Annually report on targets and progress
  - Consistently raise with clients the importance and implications of setting net zero targets and strategies

Note: Asset data compiled from data at an institution level provided by each Sub Sector Alliance in July 2021 for their member firms

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