Net Zero Finance Tracker Methodology 2026

October 2026

CLIMATE POLICY INITIATIVE

NET ZERO FINANCE TRACKER
BY CLIMATE POLICY INITIATIVE

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KEYWORDS

Net Zero, Paris Agreement, Transition Plans, Transition Risks, Climate Risks, Sustainable Finance, Climate Finance, Integrity

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RECOMMENDED CITATION

Climate Policy Initiative. 2026. Net Zero Finance Tracker Methodology 2026. Available at: https://www.climatepolicyinitiative.org/wp-content/uploads/2026/09/Net-Zero-Finance-Tracker-Methodology-2026.pdf

ACKNOWLEDGMENTS

The authors wish to thank the following CPI colleagues and external colleagues for their review and guidance of this and previous editions, listed in alphabetical order. As this methodology document is updated iteratively, we also acknowledge reviewers and contributors to past versions.

CPI colleagues: We thank Pauline Baudry and Elana Fortin for support on design, and Kirsty Taylor for editing this version. Authors, contributors and reviewers to past versions include Angela Falconer, Angela Pastor, Ayush Sharma, Barbara Buchner, Baysa Naran, Bella Tonkonogy, Caroline Dreyer, Chavi Meattle, Daniel Abutu, Dharshan Wignarajah, Donovan Escalante, Eddie Dilworth, Emilie Heijden, Harsha Vishnumolakala, Helene Van Caenegem, Jake Connolly, Jaryeong Kim, Jatin Kudavelly, Joe Burnett, Josh Wheeling, Lea Faucheaux, Luke

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Patience, Maddy Taylor, Matvei Anufriev, Nicole Pinko, Matthew Solomon, Oscar Mills, Pedro Fernandes, Rob Kahn, Rob Macquarie, Sayali Nagwekar, Shengzi Li, Sherin Tan, Shunya Kimura, and Varun Shankar.

External input and guidance: We thank Manveer Gill (CDP), Ronan Hodge (GFANZ), Peter Uhlenbruch (SBTi), and Pernilla Bergmark (WBA) for their inputs to our methodology in this edition. Contributors to past versions include Alex Clark, Amy Owens, Anderson Lee, Andrew Wells, Benjamin Attia, Claudia Gray, Daan Van Acker, David King, Felix Nagrawala, Holly Li, Julie Raynaud, Li Cheng, Louis Worthington, Martin Stavenhagen, Mikhael Gaster, Nestor Toroman, Raphael Tran, Stéphane Voisin, Padraig Oliver, Perrine Toledano, Rémi Hermant, Stephanie Chow-Ashton, Tom Alcoran, William Young, and Xavier Lerin.

This work would not have been possible without the support of our funders: The Laudes Foundation, Bloomberg Philanthropies, and the Hewlett Foundation.

ABOUT CLIMATE POLICY INITIATIVE

Climate Policy Initiative (CPI) is an analysis and advisory organization with deep expertise in finance and policy. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change. CPI has offices in Austria, Brazil, India, Indonesia, South Africa, the United Kingdom, and the United States.

ABOUT THE NET ZERO FINANCE TRACKER

The Net Zero Finance Tracker (NZFT) is the only independent, freely accessible tool to provide the most robust, comprehensive and transparent data on the financial sector's climate transition efforts and their impact on the real economy, informing policy direction, investment strategy, and advocacy decisions. The platform tracks progress by major financial institutions globally, moving from commitments through to action within the institution, and material impacts on the real economy.

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1. INTRODUCTION

Since the adoption of the Paris Agreement in 2015, efforts to align the financial system with climate goals have evolved from a focus on commitments, target-setting, and disclosure toward the implementation of credible transition strategies and the management of climate-related risks. Article 2.1(c) of the Paris Agreement - making finance flows consistent with low-emissions and climate-resilient development - remains central to this agenda, with recent processes including the Baku to Belém Roadmap and the Veredas Dialogue maintaining attention on the role of the financial system in supporting the transition. At the same time, growing recognition of the financial implications of physical and transition climate risks, and the increasing adoption of transition plans, have strengthened the need to assess not only what financial institutions commit to, but how these commitments are implemented and translate into changes in capital allocation and the real economy.

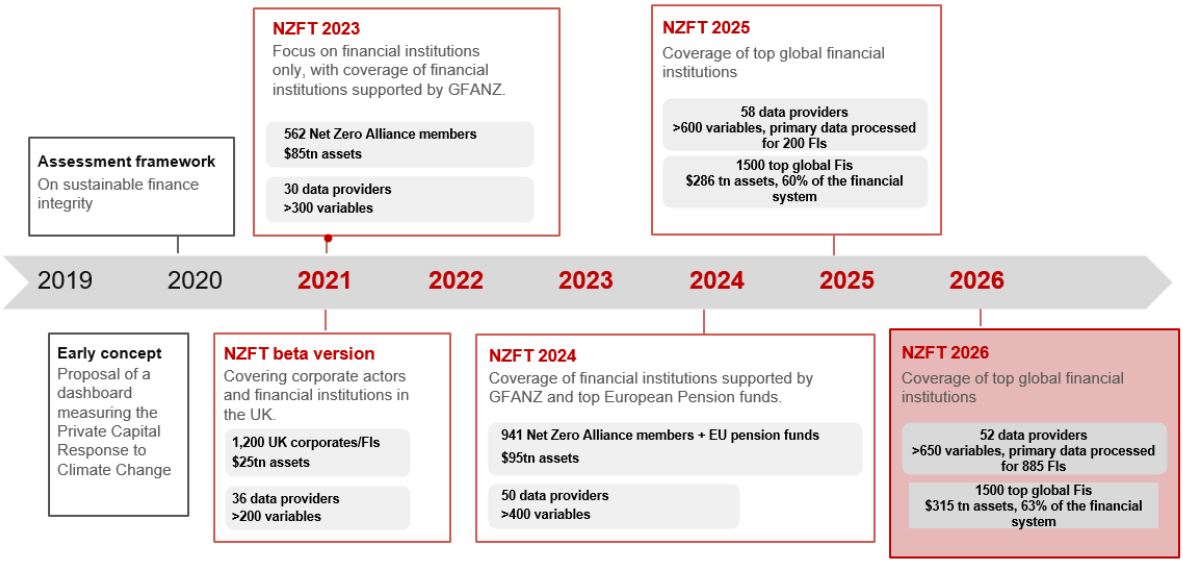
The Net Zero Finance Tracker (NZFT), developed by Climate Policy Initiative (CPI), is an interactive platform that provides a comprehensive assessment of how a sample of financial institutions (FIs) aligns with net-zero goals. It tracks how organizations respond to the Paris Agreement at strategic and operational levels, and whether that response translates into Paris-aligned capital allocations and changes in the real economy.

Since launching a beta version in 2022, CPI has expanded the NZFT scope annually to now include 1,500 FIs, covering the largest banks, insurers, asset managers, and asset owners across all geographies. The combined assets under management/owned (AUM/O) of the sampled institutions is estimated at USD 315 trillion, approximately 63% of global financial assets, or 70% when excluding central banks and public FIs (FSB, 2025).[1] This document outlines the methodological foundations of the NZFT for the 2026 edition. It clarifies the NZFT indicator scoring criteria and rationale, including the frameworks and sources that informed them. This methodology also explains how we process, standardize, and aggregate data to produce these scores.

This living methodology is regularly updated and improved upon, in consultation with data providers and dashboard end-users, as new data becomes available and as Paris alignment and net-zero and transition plan frameworks evolve. Figure 1 shows an overview of the NZFT's evolution.

[1] Financial data on assets managed/owned by institutions in the NZFT sample is gathered from the Bloomberg Terminal, FactSet, S&P Capital IQ, Diligent, IPE's Top 1,000 European Pension Guide, and multiple pension rankings. The share of global financial assets is calculated using the Financial Stability Board's latest Global Monitoring Report on Non-Bank Financial Intermediation, which reports USD 503.7 trillion in total global financial assets at end-2024. The share excluding central banks and public financial institutions uses a denominator of USD 448.1 trillion, calculated by excluding USD 34.1 trillion in central bank assets and USD 21.5 trillion in public financial institution assets from the FSB total. See also Section 3.3.

Figure 1: Evolution of the NZFT



2026 UPDATES

Based on feedback on the 2025 iteration of the NZFT and inputs from a methodology consultation with climate data providers and academic observers in April 2025, this year's methodology has been updated to strengthen the coverage and accuracy of our assessments of FIs. Key updates include:

- **The NZFT 2026 edition includes updated best-practice criteria** for indicators to reflect improved data availability and an evolving understanding of credible net-zero transition planning and real-economy decarbonization. Our framework review now covers 45 frameworks and guidance documents, strengthening alignment with evolving best practices across transition planning, target setting, implementation, portfolio alignment, stewardship, governance, climate risk, and transition finance. New or newly integrated frameworks and guidance include those from IIGCC, Reclaim Finance, the TPI Centre, SBTi, C2ES, ECB, Rezonanz, CISL, Finance Watch, the UK Stewardship Code, the Global Standard on Responsible Climate Lobbying, the University of Oxford, PCAF, and CDP. Alignment with existing frameworks, including ACT Finance, TCFD, CSRD/ESRS E1, and IFRS/ISSB S2, has also been strengthened to reflect updated publications and developments.[2] See Section 2 for details.

[2] **Abbreviations:** IIGCC: Institutional Investors Group on Climate Change; TPI: Transition Pathway Initiative; SBTi: Science Based Targets initiative; C2ES: Center for Climate and Energy Solutions; ECB: European Central Bank; CISL: Cambridge Institute for Sustainability Leadership; PCAF: Partnership for Carbon Accounting Financials; ACT: Assessing low-Carbon Transition; CDP: Carbon Disclosure Project; TCFD: Task Force on Climate-related Financial Disclosures; CSRD: Corporate Sustainability Reporting

- **Additional indicators for the Impact dimension** have been introduced for 2026, including Portfolio Exposure to Transition Risk Climate Value at Risk (CVaR) and Portfolio Exposure to Corporate Transition. Portfolio Exposure to Physical Climate Risk CVaR has also been expanded to incorporate macroeconomic physical risk alongside direct physical risk. Coverage across portfolio-based exposure indicators has been broadened from 500 corporates to around 8,000 mapped companies in the MSCI ACWI IMI universe, alongside further methodological enhancements to portfolio emissions attribution and energy portfolio exposure. See Sections 2.4.3 and 2.4.6 for details.
- **Increased nuance in indicator scoring**, with the addition of a new "Initial" tier - sitting between "Planned" and "Emerging" - to distinguish first-step evidence of action from the more developed "Emerging" tier.
- **Analysis of progress data** retrieved directly from FIs' ESG/sustainability/climate reports, annual reports, and TCFD disclosures (see section 3.3 for details), now moving from 290 to 885 entities on selected actions. These 885 entities represent USD 268 trillion of the USD 315 trillion combined AUM/O of the sampled institutions. Additionally, across 2019–2025, the NZFT processed 5,435 disclosures through its primary data-processing exercise.
- **Comprehensive data sourcing**, drawing on 52 data sources to track 170 standard actions across the NZFT assessment. See Section 3 for details.

Directive; ESRS: European Sustainability Reporting Standards; IFRS: International Financial Reporting Standards; ISSB: International Sustainability Standards Board.

2. DEFINITIONS

Term	Definition
Credit finance	Loans and underwriting of share and bond issuances, typically done by banks. Corporate loans encompass both project finance and loans used for general corporate purposes rather than specific projects.
Divestment from high-emission activities	The act of selling or disposing of financial assets—stocks, bonds, or other investments—in companies or industries involved in activities harmful to the climate (e.g., fossil fuels). Organizations often do so to reduce their exposure to risks deriving from potential policy responses to climate change. Divestment can impact the real economy by affecting cost of capital for carbon-intensive activities, adding financial and social pressure on companies, influencing the adoption of norms, though this is generally disregarded as a primary strategy for decarbonization (e.g., compared to shareholder engagement) (Täger et al. 2023).
Exclusion of high-emissions activities	The immediate cessation of new financial activities related to specific fossil fuel projects or companies. For example, the immediate end of finance to companies in the coal value chain. As with phase-out targets, exceptions are allowed only for financing dedicated to the decommissioning of fossil fuel assets.
Fossil fuel expansion	The growth of any fossil fuel operations across the value chain: increasing extraction (upstream), transportation and processing (midstream), or energy production (downstream). This includes activities such as developing new oil and gas fields, building pipelines and LNG terminals, expanding gas- and oil-fired power plants, and increasing coal mining and infrastructure. The International Energy Agency's Net Zero Scenario has highlighted that no investments in new fossil fuels are needed to reach net zero, and expansion by fossil fuel entities is in breach of this (IEA, 2023). Identifying financing of expansionist fossil fuel companies thus serves as a clear indication of misalignment with net-zero objectives.
Fossil fuel phase-out target	A commitment to end financing for certain fossil fuel activities by a specified date, aligning with global decarbonization pathways. For example, the SBTi (2023) notes that this entails a commitment to phasing out activities related to coal projects and coal companies with a 2030 phase-out for OECD countries and a 2040 phase-out globally. Exceptions are allowed for financing dedicated to decommissioning.
Green finance / investment / bonds	Financial instruments and practices aimed at funding environmentally sustainable projects or initiatives such as renewable energy, clean technology, and conservation efforts.
Mitigation and adaptation finance	• Mitigation finance supports initiatives and projects aimed at reducing GHG emissions. • Adaptation finance supports initiatives and projects that help communities and ecosystems adapt to the impacts of climate change, such as extreme weather events.
Net zero	Refers to the balance between the amount of greenhouse gases (GHGs) emitted into the atmosphere and the amount removed or offset (e.g., through reforestation or carbon capture), resulting in no net increase in atmospheric GHG concentrations. The term carbon neutrality has the same definition, but only for carbon dioxide rather than all GHGs.
Paris Agreement alignment and misalignment	Paris (mis)alignment indicates that an organization is (not) consistent with the goals and targets outlined in the Paris Agreement, aimed at limiting global warming to well below 2°C above pre-industrial levels.[3]
Transition plan	A time-bound strategy setting out how a financial institution will align its business model and activities with the transition to a low-carbon, climate-resilient economy. It typically covers targets, implementation actions, capital allocation, engagement, governance, and progress monitoring, and should be integrated into the institution's strategy and decision-making.

[3] While other interpretations of Paris alignment include consistency with Nationally Determined Contributions (NDCs) or aggregate NDC goals, these are not considered in the NZFT given that NDC aggregates are not in line with the Paris temperature goal.

Term	Definition
Physical climate risk	Financial losses caused by climate hazards, split into two channels. Direct physical risk captures asset-level losses from acute events (storms, floods, wildfires) and chronic effects (sea level rise, rising temperatures) on a company's own facilities and operations. Macroeconomic physical risk captures broader economy-wide losses transmitted through supply chains, productivity, demand, and cost of capital, rather than damage to the company's own assets.
Transition climate risk	Financial losses and opportunities arising from the shift to a lower-carbon economy, including policy changes (e.g., carbon pricing, regulation), technology shifts, and changes in market demand. It combines policy-risk costs, driven by carbon prices and sector exposure, with technology-opportunity effects, driven by low-carbon revenues and innovation
Climate value at risk	An estimate of the potential financial impact of climate risks on investments that can be aggregated up to an investor's portfolio. It is most often expressed as a percentage (loss) of an investment or portfolio climate scenarios.
Engagement (policy, shareholder, and client).	For the purposes of this report: • **Policy engagement** refers to FIs' engagement with government and industry representatives on climate change in a way that encourages, and does not oppose, the climate transition. • **Shareholder and client engagement** refers to active client or shareholder engagement with portfolio companies or clients on climate action in ways that encourage, and do not oppose, the transition.
Project finance	Dedicated, ring-fenced funding for specific infrastructure projects (e.g., a coal mine, LNG terminal, or wind farm).
Validity rule	The validity rule defines the period for which a standard action is considered valid or applicable in the NZFT indicator assessment. It specifies the number of years an action remains in effect once undertaken or evidenced. For example, if an action has a three-year validity rule, evidence of that action from a given year will be considered valid for that year and the following two years. Different standard actions may have different validity periods depending on their nature.
Short-, near-, intermediate and long-term targets	These timeframes refer to the specific periods for which emissions reduction or climate action goals are set. In this dashboard, we refer to: • Up to 2030 for short-/near-term and intermediate targets. • Up to 2050 for long-term targets.
Target, implementation, Impact	These terms are often used in the context of climate action planning: • **Target:** A specific goal for FIs, such as reducing emissions by a certain percentage by a particular year or increasing green investment. • **Implementation**: Steps and strategies they put in place to achieve a target. • **Impact**: The real-world effects and outcomes resulting from implementation and the achievement of targets.

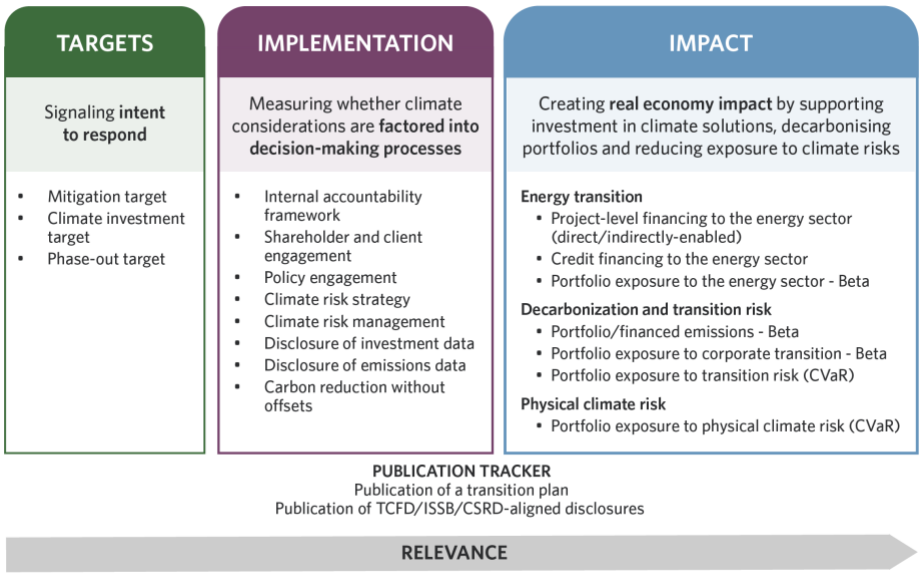
3. DIMENSIONS OF PROGRESS

From the perspective of financial institutions (FIs), Paris alignment requires a **holistic assessment of how climate objectives are translated across targets, transition planning, governance, implementation, risk management, engagement, and capital allocation**, and ultimately into changes in the real economy. More recent guidance reinforces the need to assess transition credibility beyond individual commitments or point-in-time measures. The OECD, for example, emphasizes that credible transition plans should provide a **time-bound and cross-cutting view of targets, actions, progress, and accountability**, integrated with an institution's broader strategy and decision-making. Such an approach enables financial market participants to assess whether transition strategies are credible, manage transition-related risks, and direct finance toward activities consistent with net-zero pathways.[4]

The NZFT maps the progress of private FIs toward alignment with the Paris Agreement goals using a set of indicators that track how they are moving from targets to actions and ultimately to real-economy impacts.

The dashboard shows: 1) what **targets** have been set; 2) their **implementation**—i.e., how these are integrated into due diligence, internal processes, and operations; and 3) how these drive investment decisions and **impacts** on the ground. We use three dimensions to organize the measurement of progress, each with supporting indicators determined through a literature review and in consideration of data availability, illustrated in the figure below. The 2026 dashboard includes 18 indicators measured by 170 standard actions.

Figure 2: Three dimensions with increasing levels of relevance



[4] OECD. 2022. *OECD Guidance on Transition Finance: Ensuring Credibility of Corporate Climate Transition Plans.* OECD Publishing, Paris

The NZFT methodology draws on a review of 45 net-zero/transition frameworks and guidelines, ensuring it remains robust, credible, and aligned with global best practices and the latest industry developments.

The iterations of the NZFT have increasingly focused on FIs' adoption of detailed net-zero transition plans, including comprehensive, science-based target-setting, effective implementation of external and internal engagement strategies, climate risk management, and transparent disclosures.

For details on how CPI has integrated transition plans, see: From Frameworks to Action: Assessing Financial Institutions' Transition Plans with the NZFT (2026). In NZFT's transition plan analysis, we leveraged 13 frameworks to identify the key elements of credible financial institution transition plans and inform our assessment criteria. The Annex further summarizes these frameworks.

Framework	Year
CDP Technical Note on Climate Transition Plans (CDP)	2026
Financial Institutions Net-Zero Standard 1.0 (SBTi FINZ)	2025
ACT Finance Banking Methodology v2.2 (ACT)	2024
ACT Finance Investing Methodology v2.2 (ACT)	
Blueprint Climate Transition Action Plan (Ceres)	2024
IIGCC NZIF - Net Zero Investment Framework 2.0 (NZIF 2.0)	2024
TPI Centre Net Zero Banking Assessment Framework: methodology note (TPI)	2024
Climate-related Disclosures (ISSB IFRS S2)	2023
EU CSRD - European Sustainability Reporting Standard E1 (CSRD-ESRS E1)	2023
The Investor Agenda - Investor Action Plans (ICAPS) Expectations Ladder (ICAPS)	2023
Transition Plan Taskforce - Disclosure Framework (TPT)	2023
Financial Institution Net-zero Transition Plans (GFANZ)	2022
OECD Guidance on Transition Finance (OECD)	2022
UN High-Level Expert Group - Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions (UN HLEG)	2022

In addition to the 13 transition plan frameworks, the NZFT is informed by a further 32 frameworks and guidance documents:

Framework	Year
Net Zero Asset Managers (NZAM) – Commitment	2026
Net-Zero Asset Owner Alliance (NZAOA) – Target-Setting Protocol, Fifth Edition	2026
UK Stewardship Code	2026
C2ES – Navigating the Finance Sector Net-Zero Transition: Levers for Decarbonizing in a Complex Landscape	2025

Rezonanz – Stewardship Field Guide	2025
Banking on Climate Chaos – Fossil Fuel Finance Report	2024
BloombergNEF (BNEF) – Tracking Climate Transition Plans in the Financial Sector	2024
Finance Watch – Transition Planning for Banks and Insurers	2024
Institutional Investors Group on Climate Change (IIGCC) – Net Zero Voting Guidance	2024
Network for Greening the Financial System (NGFS) – Climate Scenarios: Net Zero / Divergent Net Zero Pathways	2024
Network for Greening the Financial System (NGFS) – Credible Transition Plans: The Micro-Prudential Perspective	2024
Net-Zero Asset Owner Alliance (NZAOA) – Thermal Coal Position	2020, edited in 2024
Principles for Responsible Banking (PRB) – Responsible Banking Blueprint	2024
Reclaim Finance – Financial Institutions' Transition Plans: How to Drive Real-Economy Decarbonization	2024
SBTi – Near-Term Financial Sector Science-Based Targets Guidance, Version 2.0	2024
UNEP FI – Guidelines for Climate Target Setting for Banks, Version 2 and Supporting Note	2024
University of Oxford – Principles for Net Zero Aligned Carbon Offsetting, revised version	2024
Glasgow Financial Alliance for Net Zero (GFANZ) – Scaling Transition Finance and Real-Economy Decarbonization	2023
International Energy Agency (IEA) – Net Zero Emissions by 2050 (NZE) Scenario and Sectoral Investment Pathways	2023
International Energy Agency (IEA) – Net Zero Roadmap: A Global Pathway to Keep the 1.5°C Goal in Reach	2023
Net-Zero Asset Owner Alliance (NZAOA) – Position on the Oil and Gas Sector	2023
Principles for Responsible Investment (PRI) – Stewardship for Sustainability Evaluation Tool	2023
SBTi – Fossil Fuel Position Paper	2023
S&P Global – Corporate Sustainability Assessment	2023
European Central Bank (ECB) – Good Practice for Climate-Related and Environmental Risk Management	2022
Institutional Investors Group on Climate Change (IIGCC) – Net Zero Stewardship Toolkit	2022
ISO – Net Zero Guidelines	2022
Partnership for Carbon Accounting Financials (PCAF) – Global GHG Accounting and Reporting Standard for the Financial Industry	2022
The Global Standard on Responsible Climate Lobbying	2022
WWF – Criteria for Credible Climate and Nature Transition Plans for Financial Institutions	2022
Task Force on Climate-related Financial Disclosures (TCFD) – Recommendations	2021
University of Cambridge Institute for Sustainability Leadership (CISL) / Banking Environment Initiative – Let's Discuss Climate: The Essential Guide to Bank-Client Engagement	2021

3.1 SCORING INDICATORS

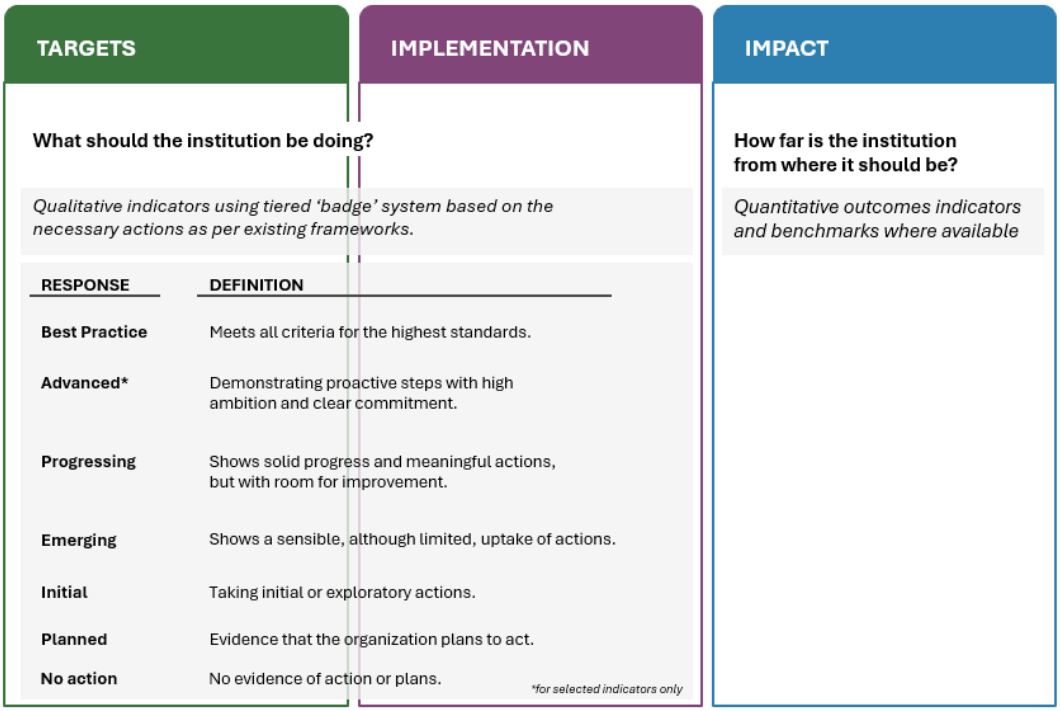
Targets and Implementation indicators are assessed qualitatively, while Impact is assessed using quantitative methods.

Targets and Implementation indicators use a tiered score system, assessing FIs' tracked targets and actions against those considered necessary for a net-zero transition, drawing on the literature listed above and detailed in the Annex. Responses are considered according to their credibility, based on an assessment of the following principles:

- **Transparency:** Either non-transparent or transparent.
- **Concreteness:** At the stage of either commitment or action.
- **Comprehensiveness:** Incomplete, sectoral, partial, or comprehensive.
- **Ambition:** Ranging from low to high.

Impact is assessed through quantitative indicators organized across three areas. Energy Transition captures the extent to which FIs support or remain exposed to the transition through direct and indirectly enabled project-level financing, credit financing to the energy sector, and portfolio exposure to fossil fuels and clean energy. Decarbonization and Transition Risk assesses portfolio/financed emissions, exposure to the transition progress of financed companies, and transition climate risk through climate Value at Risk (CVaR). Physical Climate Risk is assessed separately through portfolio exposure to physical climate risk CVaR. For flow-based indicators, location is attributed by the source of financial flows rather than their destination.

Figure 3: Assessment of indicators within the three dimensions



For this year's assessment, the scoring framework has been updated to introduce an **Initial tier**. This tier takes over the criteria previously associated with Emerging, providing greater differentiation between institutions that have taken only initial steps and those demonstrating more established emerging practice.

3.2 SCORING DIMENSIONS (AGGREGATING INDICATORS)

Once individual indicators have been assessed, qualitative methods are used to score the Targets and Implementation dimensions on an aggregate level, using the following approach.

Table 1: Aggregate scoring dimensions for Targets and Implementation indicators

Response assessment	Conditions for application	Targets	Implementation
Best practice	All indicators in the dimension are scored 'Best Practice'.	All three target types are adopted to the highest standard. Entities disclosed validated short- and long-term mitigation targets covering most of their portfolios with sufficient ambition to reach net zero by 2050, adopted full fossil fuel phase-out policies, and disclosed climate solution investment goals with a precise timeline and clear methodology.	All eight implementation indicators are executed to the highest standard. Entities have a climate change lead and internal incentive systems. They engage with policymakers, clients, and shareholders, adhering to the climate-related disclosure guidelines for climate risk strategy and management, as well as disclosing their emissions and climate investment.
Advanced	⩾50% of indicators score 'Advanced' or higher.	At least two target types are adopted to a high standard but have not been fully disclosed or demonstrate credible ambition to reach net zero by 2050.	At least four implementation indicators are executed to a high standard. Entities demonstrate strong performance across most requirements, though this is inconsistent across implementation areas.
Progressing	≥50% of indicators score 'Advanced' or 'Progressing'.	At least two target types are adopted but are not fully validated or disclosed.	Most minimum conditions are met, including multi-level incentive systems, engagement with policymakers and stakeholders, adherence to climate-related disclosure guidelines and emission reporting standards.

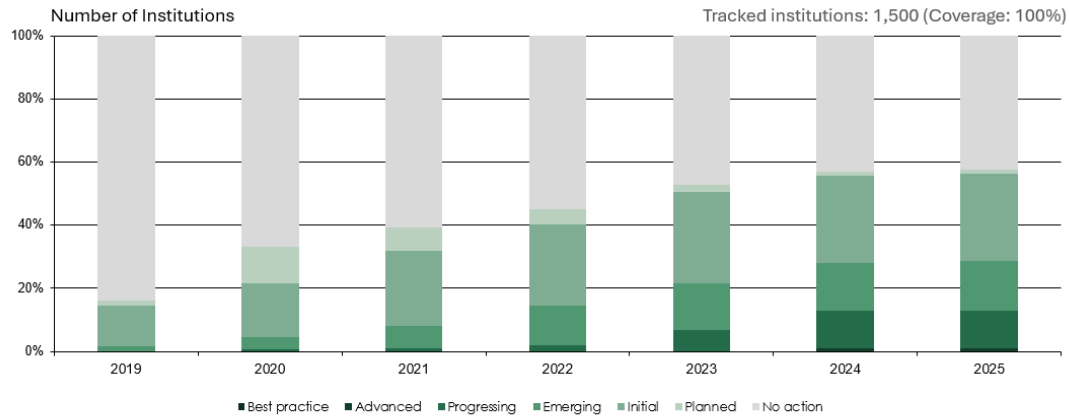
Emerging	⩾50% of indicators score 'Emerging' or higher.	At least one target is adopted, with evidence of sensible action, but implementation remains limited in scope, or incomplete.	At least one action has been taken, with evidence of sensible progress, but implementation remains limited in scope, or incomplete.
Initial	At least one indicator scores 'Initial' or higher.	Targets are adopted, but response requirements are at an early stage.	Some action has been taken, but response requirements are at an early stage.
Planned	At least one indicator scores 'Planned' or higher.	Institutions are planning to adopt targets.	Institutions are planning to implement response measures.
No action	Applied if no action is observed on any indicators.	No evidence of action on targets.	No evidence of implementation action.

3.3 AGGREGATING QUALITATIVE INFORMATION FOR "TARGETS" AND "IMPLEMENTATION"

Once scores have been assigned to individual FIs at the indicator and dimension levels, NZFT aggregates these results across the sample to show the distribution of progress across the financial system. This is distinct from the aggregation of indicator scores into a dimension score described above: here, scores are aggregated across FIs, rather than across indicators within an FI. Results can be presented in two ways: weighted by assets under management/assets owned (AUM/O) or by the number of institutions.

Aggregation by assets under management/assets owned (AUM/O): The default display on the NZFT dashboard aggregates and distributes scores by AUM/O to capture the performance of FIs relative to their weighting in the financial system.

Figure 4: Example of score distribution by number of institutions

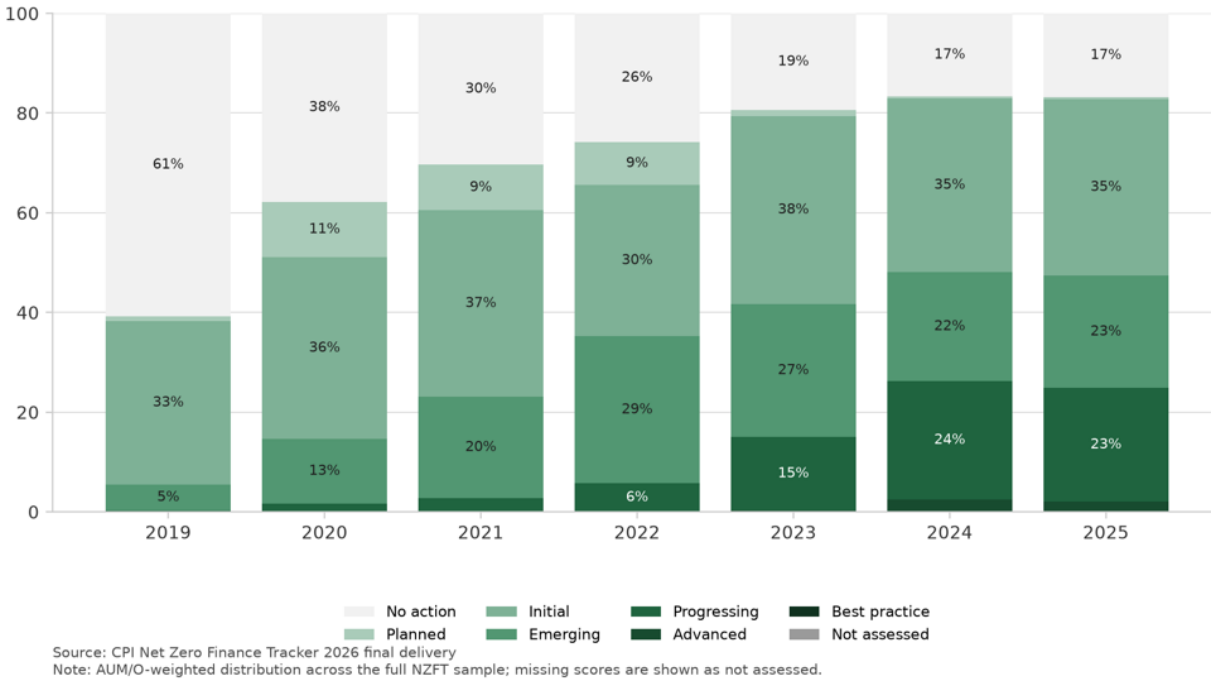


Source: CPI Net Zero Finance Tracker 2026

- **Assets under management** (AUM) are the market value of the entirety of the investments controlled by a financial entity (typically, an asset manager) on behalf of its investors.
- **Assets owned** are used when AUM data is unavailable, particularly for entities such as banks that do not typically report AUM. Assets owned are the sum of all the assets that the FIs own or have a claim on, as reported on the balance sheet. They may include both tangible (cash, property, investments, etc.) and intangible assets (e.g., intellectual property).

Financial data is currently gathered from the Bloomberg Terminal, Factset, S&P Capital IQ, Diligent, IPE's Top 1,000 European Pension Guide 2023 (IPE, 2023), and multiple pension rankings, and the distribution of scores is computed by dividing the sum of AUM/O for all the entities falling within a scoring category by the total sum of that same financial measure across the whole dataset, in the relevant year.

Figure 5: Example of score distribution by AUM/O



Source: CPI Net Zero Finance Tracker 2026 final delivery
Note: AUM/O-weighted distribution across the full NZFT sample; missing scores are shown as not assessed.

Aggregation by Number of Institutions: An alternative form of aggregation provided in the dashboard involves distributing the scores based on the number of institutions in each scoring category. For a given indicator or dimension, the weight attributed to each score is therefore determined by the number of institutions with a specific score in a given year, divided by the total number of institutions tracked in the same year. Our tracker provides the percentage of institutions covered by the chosen aggregation method.

3.4 INDICATOR ASSESSMENT METHODOLOGY

The sections that follow set out the methodology for each indicator in detail, including the standardized actions and metrics tracked, the criteria used to assign indicator-level scores, and the reference frameworks and data sources informing each assessment. In addition to the response assessments specified for each indicator, “No action” is assigned where there is no evidence of action. Further details on the scoring approach and underlying data are available in the NZFT Scoring Methodology 2026.

3.4.1 TARGETS

Indicators	Standard actions/metrics tracked	Response assessment	Reference frameworks and data sources
Adoption of a mitigation target	• Types of assets concerned by the target • Percentage of relevant portfolio covered • Validated long-term target (2030-50) • Validated near-term target (2025-30) • Baseline year for the target is disclosed • Targets are set in absolute values • Portfolio companies' Scope 3 emissions covered by the target • Specifies scenario used for net-zero target • Sector concerned by the target • Net-zero target or long-term target adopted • Intermediate net-zero target adopted • Has carbon neutrality target • Has active portfolio/investment emissions target • Has other active climate-related emissions reduction targets • Commits to adopt a mitigation target • Commits to adopt an intermediate target • Commits to adopt Paris-aligned targets • Commits to adopt short-, long-term, and intermediate targets	• **Best Practice**: Externally validated aligned long-term and near-term portfolio targets in absolute terms, covering 90% or more of the relevant portfolio. Targets' ambition, scope, and methodology reflect the need to reach net-zero by 2050. • **Advanced:** Externally validated aligned long-term and near-term portfolio targets, covering more than 50% of relevant portfolio. • **Progressing**: Transparent long-term and near-term targets, covering a portion of the relevant portfolio. • **Emerging**: Long-term and near-term portfolio targets, covering a portion of the institution's relevant portfolio. • **Initial:** Any form of portfolio target. • **Planned**: Has committed to adopt a target. • **No action**: No evidence of target.	**Reference Frameworks**: **TCFD** Recommendation on Metrics and Targets **SBTi** Near-Term Financial Sector Science-based Target Guidance (5.3 Defining the Boundary of Portfolio Targets/3.2 Scope 1 and 2 Target Time Frame) **SBTi** Financial Institution Net Zero Standard Conceptual Framework and Initial Criteria (4.3. Portfolio Target Boundary Criteria) **CSRD** ESRS E1 Climate Change (Metrics and Targets) **UNEP FI** Guidelines for Climate Target Setting and supporting note (Guidelines 2 & 3) **GFANZ** Financial Institution Net-zero Transition Plans (Metrics and Targets) **OECD** Guidance on Transition Finance (4.2.1 Element 1: Setting temperature goals, net-zero, and interim targets) **UN HLEG** Recommendation 2: Setting net-zero target ISO Net Zero Guidelines **(8.2.6 Interim Targets**) **WWF** Criteria for Credible Transition Plans (Ambition and Prioritization) **Principles for Responsible Banking** Responsible Banking Blueprint **ACT Finance** (Module 1: Target-Alignment of Scope 3 (category 15) emissions reduction target) **TPT** Disclosure Framework (Accountability - 4. Metrics & Targets - 4.3 GHG Metrics and Targets) **Data Sources**: Accounting For Sustainability, BankTrack, CDP, CPI, Diligent Stewardship Data, ECIU, ESG Book, MSCI, NZAM, NZAOA, NZBA, NZIA, Net-Zero Donut, Observatoire de la Finance Durable, PAAO, PRB, PRI, Private Equity Energy Tracker, RTZ, SBTi, ShareAction, Tracenable, TPI, WRI

Indicators	Standard actions/metrics tracked	Response assessment	Reference frameworks and data sources
Adoption of a climate investment target	• Discloses a climate investment target from which an absolute investment commitment can be derived • Discloses a climate investment target that is quantified, but from which an absolute investment commitment cannot be derived • Discloses a climate investment target quantified using another metric type other than the size of the institution's investment commitment • Timeline specified • Climate finance methodology, or taxonomy disclosed • Investment target adopted • Commits to finance climate solutions	• **Best Practice**: Quantified absolute target disclosed, with methodology credibility or transparency. • **Advanced:** Any type of quantified climate investment target disclosed, with methodology credibility or transparency. • **Progressing:** Quantified target disclosed, with a timeline or methodology • **Emerging**: Target adopted without a disclosed timeline or methodology. • **Initial:** Any form of investment target. • **Planned:** Commitment to adopt a target. • **No action**: No evidence of target.	**Reference frameworks:** **SBTi** FINZ **ACT Finance** (Module 1: Target-Financing target) **CDP** Technical Note on Financial Services Transition Plans **CSRD** ESRS E1 Climate Change (Metrics and Targets) **NZAOA** Target Setting Protocol (financing transition targets) **TPT** Disclosure Framework (4.2 Financial Metrics and Targets) **Principles for Responsible Banking** Responsible Banking Blueprint **GFANZ** Scaling Transition Finance and Real-economy Decarbonization **TCFD** Recommendation on Metrics and Targets (capital deployment metrics) **IIGCC NZIF 2.0** (Section 4 Allocation to climate solutions objective) **Reclaim Finance** Financial Institutions' Transition Plans: How to drive real-economy decarbonization **TPI** Net Zero Banking Assessment Framework **Data sources:** CDP, CIC, CPI, Net-Zero Donut, NZAOA, Private Equity Energy Tracker, Reclaim Finance, ShareAction, TPI, NZAM, WBA, WRI Green Targets

Adoption of fossil fuel phase-out and exclusion targets	• Coal-free portfolio • Oil- & gas-free portfolio • Coal Phase-out target date in OECD countries is 2030 • Coal Phase-out target date globally is 2040 • Oil & gas phase-out target date is 2050 or earlier • Coal Exclusion policy applies to expansionist companies/projects • Oil & Gas Exclusion policy applies to expansionist companies/projects • Coal Exclusion policy applies to non-expansionist companies/projects unconditionally • Oil & Gas Exclusion policy applies to non-expansionist companies/projects unconditionally • Coal Exclusion Policy applies to expansionist companies/projects with conditions • Oil & Gas Exclusion policy applies to expansionist companies/projects with conditions • Coal Exclusion policy applies to non-expansionist companies/projects with conditions • Oil & Gas Exclusion policy applies to non-expansionist companies/projects with Conditions • Fossil fuel policy coverage • Fossil fuel divestment target coverage • Undefined coal phase-out policy • Undefined oil & gas phase-out policy • Undefined coal exclusion policy • Undefined oil & gas exclusion policy • Undefined fossil fuel policy	• **Best Practice**: Strong, comprehensive exclusion policy, including non-expansionist companies/projects, and unconditional for expansionist companies/projects and a comprehensive phase-out target with an ambitious timeline, for all fossil fuels. Alternatively, does not hold any fossil fuel investment. • **Advanced:** Exclusion policy on expansionist companies/projects and a comprehensive phase-out policy with a clear set timeline, for all fossil fuels. • **Progressing**: Partial exclusion policy and phase-out policy with a clear set timeline, for coal or for oil & gas. Alternatively, has a divestment policy covering all assets. • **Emerging:** Partial exclusion policy, or phase-out policy, with a transparent partial coverage, for coal or for oil & gas. Alternatively, has a divestment policy with partial coverage. • **Initial:** Has weak or undefined fuel restrictions • **Planned**: Commitment to adopt a coal target. • **No response:** No evidence of target	• **Reference frameworks:** • **ACT Finance** Investing Methodology • **GFANZ** Scaling Transition Finance and Real-economy Decarbonization • **IEA** Net Zero Roadmap a global pathway to keep the 1.5 goal in reach • **IIGCC NZIF 2.0** Implementation Guidance for Objectives and Targets • **NZAOA** Thermal Coal Position • **NZAOA** Position on the Oil & Gas Sector • **Rainforest Action Network** Banking on Climate Chaos • **Reclaim Finance** Financial Institutions' Transition Plans: How to drive real-economy decarbonization • **Reclaim Finance** Moving on from fossil fuel dependence • **SBTi** FINZ • **SBTi** Fossil Fuel Finance Position Paper • **The Investor Agenda** Investor climate action plans: Expectations Ladder • **TPI** Net Zero Banking Assessment Framework • **UN HLEG** Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities, and Regions (Recommendation 5: Phasing out of fossil fuels and scaling up renewable energy) • **WWF** Criteria for credible climate and nature transition plans for financial institutions • **Data sources:** BankTrack, Coal Policy Tracker, CDP, CPI, Diligent, The Divestment Database, Financial Exclusions Tracker, Insure Our Future, Net Zero Donut, NZAM, NZAOA, Oil and Gas Policy Tracker, Powering Past Coal Alliance, Private Equity Energy Tracker, ShareAction, TPI

Indicators	Standard actions/metrics tracked	Response assessment	Reference frameworks and data sources
	• Commits to exclude/phase-out thermal coal		

3.4.2 IMPLEMENTATION

	Standard actions/metrics tracked	Response assessment	Reference frameworks and data sources
Internal Accountability Frameworks	• Has dedicated responsible investment staff • Board is accountable for climate change or transition • Chief-level staff are accountable for climate change or transition • Business-level staff are accountable for climate change or transition • Chief-level staff have a long-term incentive plan tied to climate or transition KPIs • Chief-level staff have a short-term incentive plan tied to climate or transition KPIs • Chief-level staff compensation is linked to climate change or responsible investment	• **Best Practice:** Hired dedicated responsible investment staff, and there is evidence that the organization is accountable for climate change or transition, including climate-aligned incentives and measures to ensure competency on climate issues at the executive level. • **Advanced**: Hired a dedicated responsible investment staff, and there is evidence that the organization is accountable for climate change, including climate-aligned incentives and some measures to ensure competency on climate issues at the executive level. • **Progressing:** Hired dedicated responsible investment staff, some levels of staff are accountable for climate change, and there is some evidence of	**Reference frameworks**: **GFANZ** Financial Institutions Net-Zero Transition Plans (Governance-Roles, responsibilities, and remuneration) **TCFD** Recommendation on Governance **CSRD** ESRS E1 (Chapter 2 Governance) **Ceres** Blueprint for Implementing a Leading Transition Action Plan **CDP** Technical Note on Financial Services Transition Plans **TPT** Disclosure Framework (5. Governance) **ISSB** Climate-Related Disclosures (Governance) **IIGCC** NZIF 2.0 (Governance & Strategy) **IFRS** Sustainability Disclosure Standards (Governance) **ACT Finance** (Management-Oversight of climate change issues/capability and incentives) **ECB** best practices **WWF** Criteria for Credible Transition Plans (Ambition and Prioritization) **NGFS** Credible Transition Plans: The micro-prudential perspective (appropriate governance) **OECD** Guidance on Transition Plans (4.2.9 Element 9: Ensuring sound governance and accountability)

	Standard actions/metrics tracked	Response assessment	Reference frameworks and data sources
	• Board, chief- or management-level staff have climate-related expertise or competency • Has provided responsible investment training for staff and/or board-level members • Commits to integrate sustainability principles in governance	remuneration being linked to climate change or responsible investment. • **Emerging:** Hired dedicated responsible investment staff, and there is evidence that part of the organization is accountable for climate change, or has climate-aligned incentives, or competency. • **Initial:** First measures introduced to increase accountability. • **Planned:** Commitment to adopt measures to increase accountability. • **No response:** No evidence of action.	**C2ES** Navigating the Finance Sector Net Zero Transition **Data sources**: CDP, CPI, Diligent, ESG Book, FinanceMap, MSCI, Net-Zero Donut, PRB, PRI, TPI, WRI, WBA
Shareholder and Client Engagement	• Percentage of votes cast in favor of pro-climate shareholder resolutions • Percentage of votes against say on climate management proposals • Percentage of votes against management items/directors for climate-related reasons out of relevant votes • Has disclosed voting rationale for climate-relevant votes • Has made a predisclosure of voting intention • Number of filings/co-filings of pro-climate shareholder proposals • Discloses voting records • Adopts and discloses a voting policy linked to climate stewardship objectives • Engagement policy includes engagement target/focus	• **Best Practice:** Strong evidence of pro-climate voting across various channels and engagement on climate for all tracked activities. In addition, a clear and ambitious engagement strategy is disclosed. • **Advanced:** Indications of some pro-climate voting and indications of positive engagement. Aspects of a credible engagement strategy are present. • **Progressing:** Indications of some pro-climate voting for tracked activities and indications of positive engagement for tracked activities. An engagement strategy is present. • **Emerging:** Indications of some pro-climate voting for tracked activities. An engagement strategy is present and there is possible evidence of positive engagement.	**Reference frameworks**: **GFANZ** Financial Institution Net-zero Transition Plans (Engagement Strategy) **UN HLEG** Recommendation 4: Include voting (especially proxy) strategies in line with decarbonization and escalation policies, **ACT Finance** (Module 7: Investee engagement) **NZAM** Commitment (Commitment 7) **CDP** Technical Note on Financial Services Transition Plans **Ceres** Blueprint for Implementing a Leading Transition Action Plan **OECD** Guidance on Transition Plans (4.2.8 Element 8: Integration with financial plans and internal coherence) **CSRD** ESRS E1 Climate Change (Disclosure Requirement SBM-2 – Interests and views of stakeholders) **WWF** Criteria for Credible Transition Plans **Principles for Responsible Banking** Responsible Banking Blueprint **PRI** Stewardship for Sustainability Evaluation Tool **TPT** Disclosure Framework (Action - 3. Engagement Strategy - Engagement with value chain) **IIGCC** NZIF 2.0 (Stakeholder and Market Engagement) **IIGCC** Net Zero Stewardship toolkit **IIGCC** Net Zero Voting Guidance **TCFD** Recommendation on Risk Management

	Standard actions/metrics tracked	Response assessment	Reference frameworks and data sources
	• Engagement strategy has an objective/intended outcome • Has an engagement policy • Engagement policy contains escalation strategy • Discloses number of portfolio companies that have been engaged with/number of engagement meetings that have been held • Discloses engagement mechanisms/ escalation tools deployed within the past year • Engaged to drive climate-related behavior in investees • Engages collaboratively • Discloses use of proxy adviser • Commits to engage on climate change or sustainable practices	• **Initial:** First steps at pro-climate voting or engaging, or has set out the terms of their voting/engagement policy. • **Planned:** Commitment to engage. • **No action:** No evidence of action.	**UN HLEG** (Recommendation 4) **TPI** Net Zero Banking Assessment Framework **ECB** Good practices for climate-related and environmental risk management **Rezonanz** Stewardship Field Guide **The University of Cambridge Institute for Sustainability Leadership's (CISL) Banking Environment Initiative** Guide to bank-client engagement **Reclaim Finance** Financial Institutions' transition plans: How to drive real-economy decarbonization **Finance Watch** Safe Transition Planning for Banks and Insurers **UK Stewardship Code 2026** **Data sources:** CDP, Climate Action 100+, CPI, Center for Active Stewardship, Diligent, FinanceMap, Net Zero Donut, MSCI, NZAM, NZAOA, NZIA, PAII, PRB, PRI, PSI, SBTi, ShareAction, TPI, WBA
Policy Engagement	• Directly engages with policymakers independently • Carries out indirect climate policy advocacy, via collective action of trade associations or coalitions, or other intermediaries • Positions itself in favor of specific finance sector focused regulation, including the use of reporting standards and taxonomies, as well as prudential regulation • Positions itself in favor of climate-related real economy policies • Has oversight over the climate alignment of its own direct lobbying	• **Best Practice:** Evidence of positive and extensive direct and indirect engagement on climate change and financial reforms and no negative action. Policy engagement strategy and oversight are fully transparent. • **Advanced:** Evidence of positive direct or indirect engagement and of positive support for climate change policies and no negative action. Policy engagement strategy and oversight are, in part, transparent. • **Progressing:** Indications of general support and no negative action. • **Emerging:** Indications of some general support, but possible presence of negative engagement	**Reference frameworks**: **ACT Finance** (Module 8.3: Policy engagement) **UN HLEG** Recommendation 6: Aligning lobbying and advocacy **GFANZ** Financial Institution Net-zero Transition Plans (Engagement Strategy - Direct and indirect lobbying and public sector engagement) **TPT Disclosure Framework** (Action 3. Engagement Strategy - Engagement with industry/Engagement with government, public sector, communities, and civil society), **WWF** Criteria for Credible Transition Plans **Principles of Responsible Banking** Responsible Banking Blueprint (Advocacy and Partnerships) **CDP** Technical Note on Financial Services Transition Plans **OECD** Guidance on Transition Plans (4.2.8 Element 8: Integration with financial plans and internal coherence) **Ceres** Blueprint for Implementing a Leading Transition Action Plan **ISO** Net Zero Guidelines: (9.1.2 Content of mitigation plans)

	Standard actions/metrics tracked	Response assessment	Reference frameworks and data sources
	activities, or of its indirect engagement via intermediaries • Has oversight over the strategy or has taken steps to influence lobbying intermediaries that are misaligned with its internal lobbying position Has board-level or senior oversight of climate policy engagement • Commits to engage with policymakers, business partners, or industry on ESG or climate	• **Initial:** First steps at engaging, but possible presence of negative engagement, too. • **Planned:** Commitment to engage. • **No action:** No evidence of action.	**IIGCC** NZIF 2.0 (Policy advocacy and Stakeholder and Market Engagement) **TPI** Net Zero Banking Assessment Framework **The Global Standard on Responsible Climate Lobbying** **Data sources:** BEI, CDP, CPI, FinanceMap, Investor Agenda, Occupational Pensions Stewardship Council, Net Zero Donut, NZAM, NZAOA, NZIA, PAAO, PRI, PSI, WMB, Share Action Asset Managers
Climate Risk Strategy	• Integrates the current and potential impact of material climate risks and opportunities in financial planning or strategy • Uses climate scenario analysis to inform strategy • Reviews and assesses climate strategy regularly • Provides temperature trajectories for the scenarios examined • Uses reputable physical climate risk scenarios • Uses reputable energy transition scenarios • Coverage of the scenario analysis is disclosed • Reviews climate risks and opportunities and scenario analysis in different time horizons • Assessed the materiality or substantive effect of climate risks and opportunities	• **Best Practice:** Assesses whether the institution identifies and evaluates material climate risks and opportunities, applies robust and transparent scenario analysis using reputable climate scenarios with high granularity, assesses financial impacts, and integrates these into strategy. • **Advanced:** Assesses whether the institution identifies and evaluates the material climate risks and opportunities, applies robust scenario analysis using reputable climate scenarios, assesses financial impacts, and integrates these into strategy. • **Progressing:** Assesses whether the institution integrates climate risks and opportunities into strategy to some extent, applies scenario analysis with moderate granularity, and assesses materiality. • **Emerging:** Assesses – to some extent - whether the institution integrates	**Reference frameworks**: **TCFD** Recommendation on Strategy **UN HLEG** Recommendation 4: Creating a transition plan, **ISSB** IFRS S2 (Climate-related Disclosures-Risk management) **IIGCC** NZIF 2.0 (Governance & Strategy) **World Economic Forum** Measuring Stakeholder Capitalism **ISO Net Zero Guidelines** (13.2 Scope of reporting and information to include) **Principles for Responsible Banking** Blueprint for Responsible Banking **Ceres** Blueprint for Implementing a Leading Climate Transition Action Plan **CSRD** ESRS E1 Climate Change (Metrics and Targets) **CDP** Technical Note on Financial Services Transition Plans **OECD** Guidance on Transition Plans **TPT** Asset Owners Sector Guidance **S&P** Global Corporate Sustainability Assessment **Data sources:** CAFI, CDP, CPI, FinanceMap, IFRS Sustainability Alliance, PRI, Private Equity Energy Tracker, ShareAction, TCFD

	Standard actions/metrics tracked	Response assessment	Reference frameworks and data sources
	• Defines the methodology used to assess the materiality or substantive effect • Commits to identify, assess and manage climate risks • Commits to TCFD/ISSB/CSRD reporting	material climate risks and opportunities into the strategy and applies scenario analysis with some granularity. • **Initial:** First steps in developing a climate risk strategy. • **Planned:** Commitment to adopt and report a climate risk strategy. • **No action:** No evidence of action.	
Climate Risk Management	• Has process(es) to identify, assess and manage climate-related risks and opportunities • Has process(es) to identify and assess climate-related risks and opportunities • Has process(es) to manage climate-related risks and opportunities • Integrates climate into enterprise risk management • Uses internal carbon pricing as a tool to manage climate risk and opportunities • Uses other tools and metrics to assess and manage climate risk and opportunities • Portfolio coverage in the assessment and management of climate risk and opportunities • Commits to adopt a carbon price • Commits to manage climate risks • Commits to TCFD/ISSB/CSRD reporting	• **Best Practice:** Assesses, manages and discloses climate-related risks and opportunities, comprehensively, using internal carbon pricing and other appropriate tools. Moreover, integrates climate risk management into broader enterprise risk management. • **Advanced:** Assesses, manages and discloses climate-related risks and opportunities, or integrates them into broader enterprise risk management, using appropriate risk management tools for most assets. • **Progressing:** Assesses, manages and discloses climate-related risks and opportunities, or integrates them in broader enterprise risk management, using appropriate risk management tools for some assets. • **Emerging:** Either assesses, manages and discloses climate-related risks and opportunities, **or** integrates them into broader enterprise risk management. • **Initial:** First steps at managing climate risk. • **Planned:** Commitment to manage climate risk.	**Reference frameworks**: **ACT Finance** (Module 5: Management-5.5 Risk Management) **CSRD** ESRS E1 Climate Change (Impact, risk and opportunity management) **CDP** Technical Note on Financial Services Transition Plans **Ceres** Blueprint for Implementing a Leading Climate Transition Action Plan **GFANZ** Financial Institution Net-zero Transition Plans (Relationship between risk management and transition planning) **PRI** (Climate risk: An investor resource guide - Risk Management), **TCFD** Recommendation on Risk Management, and **ISSB** IFRS S2 (Climate-related Disclosures-Risk management) **Data sources:** CAFI, CDP, CPI, CPLC, GCAP, ESG Book, FinanceMap, IFRS Sustainability Alliance, Net Zero Donut, MSCI, PRI, Private Equity Energy Tracker, TCFD, WMB

	Standard actions/metrics tracked	Response assessment	Reference frameworks and data sources
		• **No action:** No evidence of action.	
Disclosure of Investment Data	• The climate solutions investment (amount or ratio) is disclosed • Taxonomy alignment of investment amounts and/or ratios are disclosed • The investment amounts and/or financial exposure to high-emitting assets are disclosed • Discloses taxonomy/methodology/definition used to classify climate solutions investments • Discloses the asset class of the climate solutions investments • Plans to disclose investment data	• **Best Practice:** Evidence of robust and detailed disclosure of climate-aligned and taxonomy-aligned investments, as well as high-emitting investments, including the disclosure of methodologies and investment asset class. • **Advanced:** Evidence of disclosure of climate-aligned or taxonomy-aligned investments, as well as high-emitting investments, including some disclosure of methodologies or investment asset class. • **Progressing:** Evidence of disclosure of climate-aligned or taxonomy-aligned investments, as well as high-emitting investments. • **Emerging:** Evidence of disclosure of climate-aligned or taxonomy-aligned investments. • **Initial:** First steps at disclosing investment data. • **Planned:** Commitment to disclose climate investment data. • **No action:** No evidence of action.	**Reference frameworks**: **ACT Finance** (Module 4: Portfolio Climate Performance) **CDP** Technical Note on Financial Services Transition Plans **UN HLEG** Recommendation 4: Creating a transition plan **ISSB** IFRS S2 (Climate-related Disclosures-Climate-related metrics) **TCFD** Recommendations under Metrics and Targets for Financial Sector **Data sources:** CAFI, CDP, CIC, CPI, MSCI, Net Zero Donut, Reclaim Finance, ShareAction, TPI, WRI

	Standard actions/metrics tracked	Response assessment	Reference frameworks and data sources
Disclosure of Emissions Data	• Capital markets issuance-related facilitated absolute emissions are measured and/or disclosed • Underwriting related insurance-associated absolute emissions are measured and/or disclosed • Investment activity-related financed and/or portfolio absolute emissions are measured and/or disclosed • Emission intensity is measured and/or disclosed • Absolute Scope 1 and/or Scope 2, and/or relevant operational Scope 3 emissions (excluding Category 15) are measured and/or disclosed • Assesses and discloses the materiality of changes in emissions, including drivers of change and any recalculations to baseline • The methodology and/or standards used to calculate financial activity emissions are disclosed • Baseline emissions are disclosed • Progress against target is disclosed • Disclosed financial activity-related emissions are verified externally • Discloses emission data quality • Coverage of portfolio emissions tracked • Institution commits to track and disclose emissions	• **Best Practice:** All financial activity-related emissions and operational emissions are comprehensively disclosed and externally verified. Disclosures describe methodologies and related changes, and progress against targets. • **Advanced:** A majority of financed emissions, or a majority of investment-related emissions, or other financial activity-related emissions is disclosed. Disclosures describe methodologies and related changes, some level of baseline emissions or progress against the target, and report on potential external verification or data quality. • **Progressing:** Financial activity-related emissions are disclosed for at least the minority of the portfolio, along with baseline emissions or progress against the target, and the methodology used. • **Emerging:** Emissions are disclosed on financial or operational activity. • **Initial:** First observable steps taken toward emissions disclosure. • **Planned:** Commitment to disclose emissions. • **No action:** No evidence of action.	**Reference frameworks**: **CDP** (Questionnaire Section C-FS14.1 Portfolio Impact) **UN HLEG** Recommendation 8: Increasing transparency and accountability **PCAF** (Financed, Facilitated and Insurance-related Emissions-The Global GHG Accounting & Reporting Standard Part A, B and C-Financed Emissions) **GFANZ** Financial Institution Net-zero Transition Plans (Disclosure), **IIGCC** NZIF 2.0 (Objectives-Reporting on portfolio financed emissions) **OECD** Guidance on Transition Plans (Element 10: Transparency and verification, labeling, and certification) **CSRD** ESRS E1 Climate Change **ISO Net Zero Guidelines** (13.2 Scope of reporting) **ISSB** IFRS S2 (Climate-related Disclosures-Climate-related metrics) **GRI**-G4 Financial Sector Disclosure **Data sources:** CAFI, CDP, CPI, ESG Book, FinanceMap, MSCI, Net Zero Donut, NZBA, NZAOA, PCAF, PRI, Private Equity Energy Tracker, Tracenable, WBA, WRI

	Standard actions/metrics tracked	Response assessment	Reference frameworks and data sources
Carbon Reduction Without Offsets	• Planning to use high-quality permanent carbon removal credits only for residual emissions abatement for net zero target • Exclusion of using carbon credits in measuring gross mitigation targets • Has a carbon neutrality target • Used/canceled carbon credits for the current year	• **Best Practice**: Exclusion of carbon credits for gross mitigation target and plan to use permanent carbon removal on residual emissions only. • **Advanced:** Exclusion of carbon credits for gross mitigation target. • **Initial:** Evidence of certain reliance on carbon credits beyond its residual emissions. • **No action:** No evidence of disclosure about targets or use of carbon credits.	**Reference Frameworks:** **SBTi** Financial Institutions Net-Zero Standard V 1.0, and Near-Term Financial Sector Science-based Target Guidance **University of Oxford** Principles for Net Zero Aligned Carbon Offsetting **ISSB** IFRS S2 (Climate-related Disclosures-Climate-related metrics-Climate-related targets) **CSRD** ESRS E1 Climate Change **OECD** Guidance on Transition Plans- Element 4: Providing clarity on use of carbon credits and offsets **GFANZ** Financial Institution Net-zero Transition Plans (Disclosure), **UN HLEG** (Restrict Use of Voluntary Carbon Credits) **Data sources:** CDP, ECIU, MSCI, ShareAction, Observatoire de la Finance Durable, TPI, WRI

3.4.3 IMPACT

Indicator	Description	Data sources
Project-level Financing to the Energy Sector (direct/indirectly enabled)	Measures direct primary financing of new energy projects and, separately, financing indirectly enabled through FIs' shareholdings in or corporate lending to project investors. Projects are classified as clean energy, transition, or fossil fuel/high-emissions using CPI's transition finance taxonomy, with results by technology, capital type, region and development status; the financing mix can also be compared with IEA and NGFS net-zero investment benchmarks. Our analysis combines a variety of datasets tracking a total of 59,299 unique projects, adding up to USD 5.6 trillion of investments. Duplicate project records across sources are removed through fuzzy matching.	• Bloomberg LP • Green Street • Global Energy Monitor • World Bank's Private Participation in Infrastructure Bloomberg NEF
Credit Financing to the Energy Sector	Measures annual credit financing provided by the largest 65 banks to clean-energy companies, fossil fuel companies with expansion plans, and fossil fuel companies without expansion plans, covering loans and debt and equity underwriting. Financing to diversified companies is adjusted for the share of business associated with the relevant energy segment.	• Urgewald GOGEL and GCEL • Reclaim Finance (fossil fuel energy) • RAN (clean energy)
Portfolio Exposure to the Energy Sector - Beta	Measures the share of a financial institution's assessed listed equity and corporate debt energy portfolio exposed to companies expanding, maintaining or contracting clean-energy and fossil fuel activities. Company trajectories are derived from changes in asset-level production or capacity, while portfolio exposures are adjusted for each company's share of the relevant energy segment and can be analyzed by sector, geography and instrument. The analysis currently draws on around 1200 companies and their subsidiaries with Asset Impact production data within the MSCI ACWI universe. The indicator is currently a beta, with coverage limited by the availability of asset-level production data.	• Bloomberg LP (holdings); • Asset Impact (production data); • Urgewald GOGEL and GCEL; Reclaim Finance; Profundo; CPI (adjusters)
Portfolio/Financed Emissions - Beta	Measures financed emissions associated with a financial institution's listed equity and corporate debt holdings, using a PCAF-style attribution methodology with EVIC as the primary denominator where available. Estimated emissions draw on a combined corporate emission dataset covering approximately 8,165 companies across MSCI, COGEM, and Asset Impact, and can be broken down by Scope 1+2 or Scope 1+2+3; uncertainty bands reflect variation across these underlying sources. These modeled estimates are presented alongside FIs' own self-reported and disclosed portfolio emissions, sourced from CDP and CPI primary processing of public disclosures, allowing users to compare estimated and disclosed figures and identify methodological inconsistencies or data gaps.	• Bloomberg LP (holdings); • COGEM; MSCI; Asset Impact (corporate emissions); CDP (self-reported, aggregate only)
Portfolio Exposure to Corporate Transition - Beta	Measures the share of a financial institution's assessed listed equity and corporate debt portfolio exposed to companies at different stages of the net-zero transition, from Achieving Net Zero and Aligned through to Not Aligning. The assessment covers 8,165 mapped companies in the MSCI ACWI IMI universe. Company status is based on NZIF 2.0 criteria covering ambition, targets, emissions performance, disclosure, decarbonization strategy and capital allocation, with results available by sector, region, development status and instrument.	• Bloomberg LP (holdings); • MSCI (Corporate Transition Maturity)
Portfolio Exposure to Transition Risk (CVaR)	Estimates the potential valuation impact of transition climate risk on listed equity and corporate debt holdings under three scenarios: 1.5°C / Low Demand, 2°C / Orderly, and 3°C / NDC. The assessment covers 8,165 companies mapped to the MSCI ACWI IMI universe. The methodology combines policy-related transition costs with technology opportunities and applies instrument-specific CVaR estimates to portfolio holdings; results are expressed as a percentage of assessed portfolio value and can be decomposed by transition status, sector, geography, development status and instrument.	• Bloomberg LP (holdings); • MSCI (transition CVaR)

Indicator	Description	Data sources
Portfolio Exposure to Physical Climate Risk (CVaR)	Estimates the potential valuation impact of physical climate risk on listed equity and corporate debt holdings under four warming scenarios from 1.5° C to 4° C. The assessment covers 8,165 companies mapped to the MSCI ACWI IMI universe. The methodology combines separately modeled direct physical risk, reflecting asset-level exposure to acute and chronic hazards, with macroeconomic physical risk, capturing broader economy-wide transmission channels; results are expressed as a percentage of assessed portfolio value and can be decomposed by risk component, sector, geography and development status.	• Bloomberg LP (holdings); • MSCI (direct and macroeconomic physical risk CVaR)

3.4.4 CLIMATE-RELATED DISCLOSURE AND TRANSITION PLAN PUBLICATION

While elements of transition plans are embedded across all NZFT indicators, the NZFT also tracks whether FIs publicly disclose climate-related mandatory and voluntary disclosures and standards and whether they have put in place a climate transition plan. Users can filter FIs by the presence or absence of climate-related disclosures and transition plans, enabling them to assess whether institutions with greater disclosure and/or formal transition planning perform differently across targets, implementation, and impact.

Table 2: NZFT tickers

Description	Assessment	Data sources
TCFD/ISSB/CSRD disclosures assess whether FIs publicly report climate-related information in accordance with TCFD, ISSB, or CSRD requirements. These frameworks provide a structured approach for disclosing climate-related governance, strategy, risk management, targets, metrics, impacts, risks, opportunities, and transition planning. Reporting in line with these frameworks enhances transparency and enables stakeholders to assess an institution's climate-related performance, resilience, and preparedness for the transition to a low-carbon economy.	• **TCFD/ISSB/CSRD Reporting Present:** TCFD, ISSB, or CSRD reporting is available. • **No action:** No evidence of TCFD, ISSB, or CSRD disclosures.	CDP CPI PRI ECIU ShareAction Sustainability Reporting Navigator TCFD Resource Hub
Transition plans outline how institutions will adapt their business models, investment strategies, and risk management practices to support the shift to a low-carbon economy. Having a structured plan helps institutions mitigate climate-related financial risks and align with net-zero targets.	• **Transition Plan Present:** Climate transition plan is present. • **No action:** No evidence of a climate transition plan.	CDP CPI ECIU ShareAction

3.4.5 VALIDITY RULE OF STANDARDIZED ACTION

Due to the sporadic nature of reporting, we apply specific validity rules to determine how long a recorded action remains valid in years where no updated data is available. These rules help ensure that we neither overstate nor understate progress by assuming continuity where it may not exist.

Table 3: Overview of the validity rule currently applied to indicators

Dimension	Validity rule
Targets and Implementation	Commitment actions based on coalition memberships are considered valid for one year, given that memberships change and coalitions can disband.
Targets	The validity period of all standardized actions is **5** years.[5]
Implementation	The validity period of all standardized actions is **3** years,[6] other than some specific actions valid for only **1** year for: **Shareholder engagement:** All voting-related standardized actions [A. Percentage of votes cast in favor of pro-climate shareholder resolutions], [B. Percentage of votes against say on climate management proposals], [C. Percentage of votes against management items/directors for climate-related reasons out of relevant votes], [D. Has disclosed voting rationale for climate-relevant votes], [E. Has made a predisclosure of voting intention], and [F. Number of filings/co-filings of pro-climate shareholder proposals] **Policy engagement:** [A. Directly engages with policymakers independently] and [B. Carries out indirect climate policy advocacy, via collective action of trade associations or coalitions, or other intermediaries] We consider Implementation measures more as actions than long-term strategies or states to avoid overestimating an FI's level of implementation.
Disclosure status	The validity period of all disclosure statuses (transition plan and TCFD/ISSB/CSRD disclosure) is **3** years.

[5] SBTi (2025) recommends that entities review their targets every five years, which informs the 5-year validity period applied to target information.

[6] TPT (2025) recommends that entities should publish a standalone transition plan document at least every three years, which informs the three-year validity period applied to implementation actions.

3.4.6 COMPLEMENTARY NOTES ON IMPACT INDICATORS

USING THE NZFT IMPACT INDICATORS AS AN INTEGRATED ANALYTICAL FRAMEWORK

The NZFT impact indicators are best understood as a connected evidence base rather than as standalone measures or an aggregate certification of alignment. Reading these measures together can reveal relationships that would be obscured by any single indicator. For example, an institution may reduce direct project financing for fossil fuel assets while continuing to provide significant loans or underwriting to companies developing those assets. Conversely, an investor may provide little direct project or credit finance but remain an important source of capital through substantial bond or equity holdings. Similarly, reductions in portfolio emissions need to be assessed alongside changes in portfolio composition, corporate transition progress and climate-related risk to understand what is driving the apparent improvement.

The combined framework is therefore intended to provide policymakers, FIs, researchers and civil society with a more complete understanding of how capital is being allocated, what activities and companies it continues to support, whether those companies are transitioning, and where climate-related risks remain concentrated.

We organize the impact indicators into three categories, reflecting different ways in which FIs affect (or interact with) the real economy: (1) how they support the energy transition, (2) how they decarbonize their portfolios and support corporate transition, and (3) their exposure to physical climate risks.

The sections below set out how the individual NZFT indicators can be used together for these purposes.

1. Energy transition: Steering capital toward aligned pathways

Transforming the energy system requires both a substantial increase in finance for clean energy and enabling infrastructure and a progressive reduction in support for activities that expand or prolong high-emitting capacity. Energy system pathways from the IEA and NGFS provide reference points for the scale and composition of investment required. Financial-sector frameworks—including GFANZ, NZIF 2.0, the SBTi Financial Institutions Net-Zero Standard, OECD Guidance on Transition Finance, the UN High-Level Expert Group's Integrity Matters recommendations and the Investor Agenda's ICAPs Expectations Ladder—connect these system-level objectives to capital allocation, transition finance, corporate engagement and managed phase-out.

Relevant NZFT Indicators

The Project-level Financing to the Energy Sector, Credit Financing to the Energy Sector, and Portfolio Exposure to the Energy Sector indicators provide complementary perspectives on financial activity.

Portfolio exposure provides a stock measure of existing equity[7] and debt holdings[8] and how these evolve over time. These holdings enable their owners to influence corporate actions and also have implications for FIs' risk exposure.[9]

Credit financing captures new corporate loans[10] and bond underwritings[11] flowing to energy companies, showing the broader enablers of corporate activity across the energy value chain.[12]

Project-level financing shows the extent to which these financial exposures and flows translate into new energy capacity being built in the energy system. Tracking investments in newly funded energy sector assets holds financial actors accountable for the real-world impacts of their investments, which could either mitigate or lock in emissions.[13]

The three indicators provide a nuanced and complementary analysis of FIs' climate alignment. For example, a bank may appear to be reducing its exposure to fossil fuel companies while still indirectly enabling construction of new fossil fuel capacity. Another investor may show low project and corporate finance to clean energy companies, but have a high bond exposure, supporting the activity in other ways.

Together, they distinguish between financing for clean energy, transition activities and fossil fuels and, where data permit, between companies or activities that are expanding, maintaining or reducing production and capacity.

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[7] Equity holdings give FIs partial ownership of companies, along with voting rights and influence over strategic direction—depending on the size of the stake.

[8] Debt holdings do not confer ownership rights such as voting but do provide other ways to influence companies. As part of the creditor relationship, the FI is entitled to repayment of debt with interest over time and can attach other conditions.

[9] While shareholdings and bond holdings are bought and sold on the stock exchange, persistent exposure to fossil fuel companies—particularly those pursuing new development—raises questions about ongoing financial risk and transition planning.

[10] Most corporate loans are general-purpose and not earmarked for specific uses, though some may be for project finance.

[11] Underwriting of bond and equity issuances, where FIs—typically investment banks—facilitate companies' access to capital markets. In these cases, banks temporarily purchase shares or bonds to sell on to investors. While the bank's ownership is often short-lived, this enables companies to raise capital. Because credit finance includes both corporate and project finance transactions, it offers a comprehensive view of an FI's role in enabling a company's energy-related activities.

[12] Credit finance is bank-dominated, reflecting the central role of banks in providing loans and underwriting services. Other types of FI are not captured in this indicator. Finance is fungible—i.e., not restricted to particular activities—and many companies are involved in a mix of fossil fuel, transition, and clean energy operations.

[13] Finance to projects refers to funding dedicated to specific infrastructure or assets (e.g., a gas pipeline or solar installation) through project-specific structures (e.g., special-purpose vehicles or syndicated loans) or via balance sheet financing. This provides a clear line of sight on what is being built, where, and with whose support. As a result, it offers precise visibility of what FIs are financing.

Use cases

The indicators can be used to assess whether FIs are following through on their decarbonization targets and fossil fuel phase-out strategies, and to examine whether the direction and composition of financial activity in the energy sector are becoming more consistent with transition pathways.

Breakdowns by technology or activity, capital type, destination region, development status and fossil fuel expansion status help identify where clean and transition finance is growing, where financing gaps remain and where exposure to expanding high-emitting activities is concentrated.

The findings can inform capital allocation priorities, transaction-level due diligence, client and investee engagement, financing conditions and time-bound escalation strategies. They may also support exclusion, phase-out or managed divestment decisions where activities remain inconsistent with institutional policies and credible transition pathways. At an aggregate level, persistent financing gaps in particular technologies or regions may indicate the need for policy engagement, public-private risk-sharing mechanisms, infrastructure investment or other changes to the enabling environment.

2. Decarbonization and transition risks: Assessing portfolio/financed emissions and portfolio exposure to corporate transition

Across the wider portfolio, FIs need to distinguish between three related but different dimensions: the emissions associated with financed companies; the credibility and progress of those companies' transitions; and their potential financial sensitivity to transition pathways, which then also impacts FIs. A portfolio can reduce its reported emissions without contributing to underlying company decarbonization, while a company may publish a transition plan without demonstrating implementation. Transition-related financial risk is also not synonymous with either current emissions or transition status.

The relevant frameworks that provide guidance to assess these dimensions are accounting and measurement guidance such as PCAF and the GHG Protocol, transition planning and disclosure frameworks such as GFANZ, TPT, IFRS S2, CSRD/ESRS E1, CDP, Ceres, OECD, UN HLEG, ICAPs, the ISO Net Zero Guidelines and WWF's criteria for credible transition plans; and Alignment and assessment frameworks such as NZIF 2.0, the SBTi Financial Institutions Net-Zero Standard, ACT Finance, the TPI Net Zero Banking Assessment Framework, the Climate Action 100+ Net Zero Company Benchmark and the World Benchmarking Alliance's ACT methodologies.

These frameworks differ in scope and intended users but collectively emphasize the need to combine emissions data with forward-looking targets, implementation, capital allocation, governance, engagement and performance.

Relevant NZFT Indicators

The Portfolio/Financed Emissions indicator estimates and tracks attributed emissions; Portfolio Exposure to Corporate Transition shows how holdings are distributed across stages of transition maturity; and Portfolio Exposure to Transition Risk estimates potential valuation effects under alternative policy and technology pathways. Taken together, they provide backward-looking, forward-looking and scenario-based perspectives on the portfolio.

Use cases

The indicators should be cross-read to determine whether reported progress reflects real-economy change. The financed-emissions ownership lenses, for example, help distinguish changes in investee-company emissions from changes in portfolio composition and therefore reduce the risk of interpreting divestment or valuation effects as decarbonization. Corporate transition categories provide evidence on companies' ambition, targets, strategy and implementation, while transition CVaR indicates where policy, technology and market developments could have material valuation effects.

Breakdowns by issuer, emissions-change category, sector, transition status, geography, development status and instrument help identify the companies and portfolio segments driving emissions, weak alignment or transition risk. This can support differentiated engagement strategies—for example, distinguishing between an emissions-intensive company with credible transition evidence and one without a plausible implementation pathway. It can also inform portfolio monitoring, credit and investment review, escalation, voting and capital allocation decisions. Where risks or misalignment are concentrated across an entire sector or region, sector-wide stewardship and policy engagement may be more appropriate than company-level action alone.

3. Physical climate risk: measuring exposure and building resilience

Mitigation and adaptation increasingly need to be addressed in parallel. Physical climate impacts can affect companies through asset damage and business interruption, but also through supply chains, productivity, infrastructure, demand, labor markets, financial conditions and wider macroeconomic disruption. CPI's 2026 paper, *Responding to Risk: Tracking Financial Institutions' Progress on Adaptation and Resilience*, finds that the framework landscape is moving beyond risk identification and disclosure toward adaptation planning,

integration into financial decisions, counterparty engagement and the mobilization of adaptation and resilience finance.

The principal references reviewed by CPI include the TCFD recommendations, IFRS S2, CSRD/ESRS E1, the Climate Financial Risk Forum's From Risk to Resilience framework, IIGCC's Climate Resilience Investment Framework and PCRAM, UNEP FI Principles for Responsible Banking adaptation guidance, the Net-Zero Asset Owner Alliance Target-Setting Protocol, and ACT Finance. These are complemented by the NGFS scenarios and scenario-analysis guidance, IPCC assessments, CDP disclosures and provider methodologies such as MSCI CVaR. Together, they provide perspectives on disclosure, scenario analysis, risk integration, adaptation planning, stewardship and resilience finance.

Relevant NZFT Indicators

The Portfolio Exposure to Physical Climate Risk indicator estimates potential valuation effects across warming scenarios and distinguishes between direct physical risk, arising from company assets and operations exposed to climate hazards, and macroeconomic physical risk, transmitted through broader economic and financial channels.

Use cases

The indicator can be used to identify where physical risk exposure is concentrated across issuers, sectors, regions, development status groups, and instruments, and whether the principal source is direct asset-level exposure or wider macroeconomic vulnerability. Direct-risk concentrations can support deeper company and asset analysis, including engagement on adaptation plans, resilience capital expenditure, operational continuity, supply-chain preparedness and residual-risk management. The findings can also inform portfolio construction, investment mandates and stewardship.

Macroeconomic concentrations generally require a broader response. Where risk is driven by regional infrastructure, public-service capacity, supply-chain networks or economy-wide vulnerability, company-level engagement alone may be insufficient. The analysis can therefore support policy engagement, coordination with governments and regulators, public-private financing mechanisms and investment in enabling resilience. High physical risk should not automatically be interpreted as a case for withdrawal: CPI's review emphasizes assessing whether risk can be reduced through feasible adaptation, engagement and risk-transfer measures before considering managed divestment, particularly where withdrawal could further constrain investment in vulnerable sectors or regions.

LINKING THE FINANCIAL SYSTEM WITH THE REAL ECONOMY

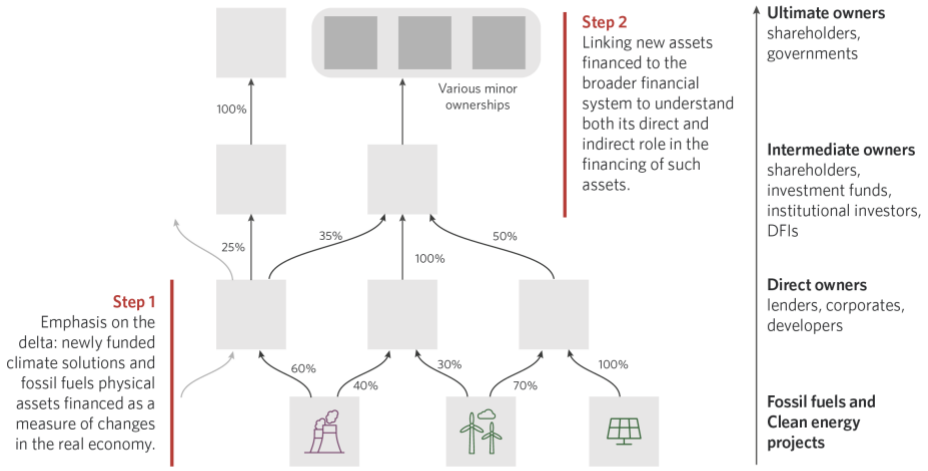
The financial sector has a pivotal role to play in achieving the mitigation objectives of the Paris Agreement and the transition to net-zero emissions. Regulators, coalitions, and FIs require an informed understanding of the real-world impacts of investments in both climate solutions and high-emission assets. For this purpose, CPI has adapted approaches for portfolio emissions accounting (e.g., PCAF) to enable identification of FIs that indirectly enable investment in the real economy as shareholders or corporate lenders.

To do this consistently across indicators, CPI's methodology rests on three related concepts: attribution of activities – tracking a financial flow back through ownership structures to the FIs ultimately responsible for it; aggregation of exposure – combining attributed amounts across an FI's holdings into a single portfolio-level measure; and ownership lenses – the point(s) in time at which ownership data is applied, which determines whether results reflect current holdings, a fixed historical snapshot, or a time series.

Attribution of investment flows:
CPI's core attribution approach takes a two-step method to link FIs' net-zero strategies and targets to their ultimate contributions to investment in the real economy:

- **Emphasis on new assets:** Monitoring investments in newly funded energy projects can help hold financial actors accountable for the real-world impacts of their investments, which could either lock in or mitigate emissions.
- **Financial system's role:** Traditional tracking of investments in climate-aligned projects typically only reflects direct finance. However, many major financial actors invest indirectly, holding either corporate equity or debt in intermediary investors. To fully grasp an FI's contribution to real-world projects or emissions, both direct finance and finance indirectly enabled by financial institutions as shareholders and corporate lenders need to be evaluated.

Figure 6: Attributing real-economy investment to the financial system



Aggregation of exposure:
In 2025, CPI has extended its ownership attribution approach beyond project finance flows to incorporate portfolio emissions and physical climate risk exposure. In 2026, this approach has been further extended to transition climate risk exposure, energy portfolio exposure and portfolio exposure to corporate transition.

For portfolio-based indicators, aggregation refers to the process of combining an FI's individual security- or company-level exposures into a portfolio-level measure. Whereas attribution identifies the financial institution associated with a given activity or outcome, aggregation determines how those attributed exposures are brought together to characterize the institution's overall portfolio. CPI maps FIs' equity and corporate bond holdings to company-level information on energy activities, corporate transition progress, emissions, and physical and transition climate risks, and aggregates these observations using methods tailored to each indicator.

The resulting measures retain the unit most relevant to the underlying indicator: portfolio shares for energy and corporate transition exposure, attributed tonnes of CO_2e for portfolio emissions, and potential percentage changes in portfolio value for climate CVaR. The table below summarizes the aggregation approach applied across these portfolio-based indicators.

The following table compares the various attribution methods and the number of iterations done for the attribution.

Table 4: Attribution methods comparison

	Project-level financing to the energy sector (direct/indirectly-enabled)	Portfolio exposure to the energy sector	Portfolio/ financed emissions	Portfolio exposure to corporate transition	Portfolio exposure to transition risk (CVaR)	Portfolio exposure to physical climate risk (CVaR)
Tracked activity	Project-level financing indirectly enabled by FIs based on shareholding or corporate lending	FI equity and corporate bond holdings in fossil fuel and clean energy companies	Emissions associated with corporates in an FI's equity and corporate debt portfolio	FI equity and corporate bond holdings in companies at different stages of transition	Potential valuation impacts from transition climate risk within corporates in an FI's equity and corporate debt portfolio	Potential valuation impacts from physical climate risk within corporates in an FI's equity and corporate debt portfolio
Real economy/company-level input	Company debt and equity financing transactions into projects	Company exposure to clean energy and fossil fuel activities (based on activity shares) and activity trend	Emissions from companies	Corporate transition maturity classification	VaR of equity and debt of companies	VaR of equity and debt of companies
Attribution and aggregation	Project-level finance is attributed to FIs using debt & equity financing shares across two levels of ownership and summed across the holdings	Company clean and fossil fuel energy activities are attributed to FIs using debt and equity financing shares and summed across the portfolio	PCAF aligned: Corporate emissions are attributed to FIs using debt and equity financing shares, with EVIC as the primary denominator where available, and summed across debt and equity holdings	Corporate transition maturity is linked to FIs' portfolios using debt & equity financing shares and summed across the portfolio.	Company-level CVaR is applied to holdings and aggregated across the assessed portfolio	Company-level CVaR is applied to holdings and aggregated across the assessed portfolio

Ownership lenses

Because financial institutions' holdings change over time, movements in portfolio-based indicators can reflect two different effects: changes in the composition of the FI's portfolio and changes in the performance of the underlying companies. CPI therefore applies two ownership lenses to distinguish between these effects.

The historical lens uses the FI's actual holdings in each year and therefore shows how its portfolio exposure evolved in practice, incorporating investment, divestment, reallocation, and changes in the underlying companies. The 2025 lens holds the FI's most recent portfolio constant across the full time series, allowing changes in the indicator to reflect the performance of the companies the FI holds today rather than changes in portfolio composition.

Together, the two lenses help distinguish actual portfolio-level progress from improvements driven by the transition of current investee companies.

Table 5: Ownership lenses

	Description	Purpose with illustrative examples
Historical	Ownership data is drawn separately for each year in the time series, so an FI's attributed exposure reflects its actual debt and equity holdings and portfolio weights in that year.	Shows the FI's actual historical progress, incorporating both changes in the companies held and changes in the FI's portfolio through investment, divestment, or reallocation. For example, changes in portfolio emissions under this lens reflect how the FI's financed emissions actually evolved over time.
2025	The market value and portfolio weights of the FI's debt and equity holdings are fixed at their 2025 levels and applied across the full time series.	Shows whether the companies the FI currently holds have improved over time and whether their recent trajectory is consistent with transition. For example, applying 2025 ownership to portfolio emissions shows whether emissions from today's portfolio companies have fallen over the historical period, rather than whether the FI reduced reported emissions by selling high-emitting holdings.

3.5 INSTITUTIONS COVERED

The NZFT sample remains fixed at **1,500 FIs** for the 2026 iteration, comprising institutions with the largest AUM/O. While the number of institutions is unchanged from 2025, the sample's combined AUM/O has increased slightly from approximately **USD 286 trillion to USD 315 trillion**, reflecting changes in the assets managed or owned by institutions within the sample.

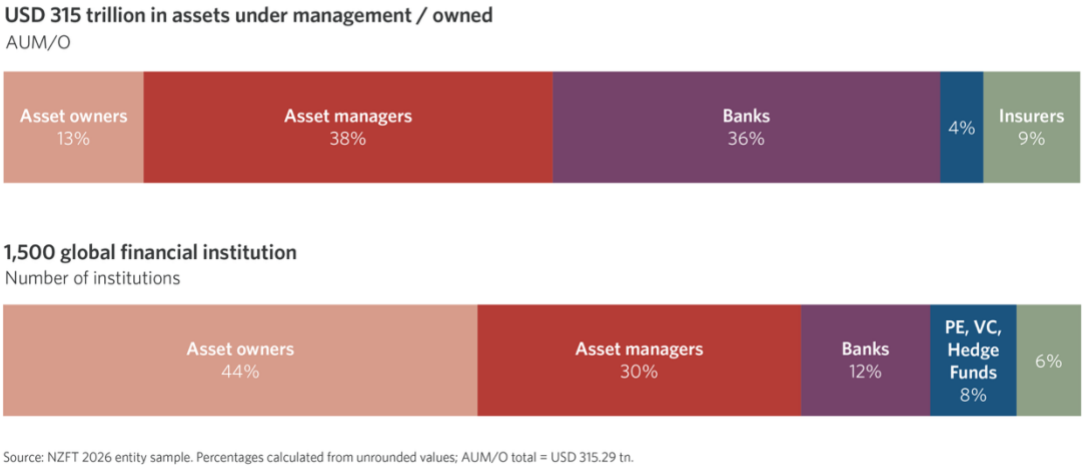
The following categories of private FIs are included in the NZFT dashboard:

Table 6: FI categories

Level 1 (Sectors):	Level 2 (Subsectors):
• **Asset owners** • **Asset managers** • **Banks** • **Insurers** • **PE, VC, and hedge funds**	• **Pension funds** • **Sovereign wealth funds** • **Asset Managers** • **REITs** • **Commercial bank** • **Investment bank** • **Universal bank** • **Insurance** • **Hedge funds** • **Private equity** • **Venture capital**

Figure 7 shows the composition of the NZFT's 1,500-institution sample by financial institution type, both by number of institutions and by assets under management or owned (AUM/O). Asset managers and banks account for the largest shares of AUM/O, while asset owners make up the largest share of institutions in the sample.

Figure 7: NZFT sample composition



Source: NZFT 2026 entity sample. Percentages calculated from unrounded values; AUM/O total = USD 315.29 tn.

The table below summarizes data coverage across the 1,500 FIs in the NZFT sample, distinguishing between institutions covered by primary data, secondary data, both, or neither. Nearly half of institutions have both primary and secondary data coverage, representing 82.0% of total AUM/O. Overall, 81.5% of FIs have at least some data coverage, accounting for 96.1% of the sample's AUM/O.

Table 7: Data coverage across the NZFT sample

Category	Number of FIs	Percentage of FIs	AUM (USD mn)	Percentage of AUM/O
Primary and Secondary Data	744	49.60%	258,500,969	82.00%
Secondary Data Only	409	27.30%	42,677,748	13.50%
Primary Data Only	69	4.60%	1,753,892	0.60%
No Data	278	18.50%	12,360,175	3.90%

The sample also includes **757 FIs that were members of climate coalitions as of December 2025, with a total combined AUM/O of approximately USD 226 trillion**. The sample excludes

members of the Net Zero Investment Consultants Initiative and Net Zero Financial Service Providers Alliance, as they are not capital allocators.

By focusing on global entities, including members of climate coalitions, the dashboard provides a valuable indication of action by both FIs that have committed to achieving net-zero GHG emissions and those that have not adopted such commitments.

Certain categories of institution will be more influential than others in the greening of the financial system. For example, despite having huge assets to deploy, a private asset manager investing in public markets in line with a client mandate may be less able to affect change than a quasi-public development finance institution that can provide risk capital to nascent businesses and may have influence over government policy and its own investment targets. Similarly, a regulated asset manager for which liquidity and client mandates are key considerations may not be well placed to invest in wind farm development, while a lightly regulated private equity fund with a high-risk appetite and lower liquidity requirements could be.

3.6 ACTION ATTRIBUTION

A critical step for the NZFT is the initial attribution of actions to unique entities. CPI attributes the net-zero action of each entity exclusively at the level reported by the original data source, whether a local division, subsidiary, or global/entity headquarters. This means that actions attributed to subsidiaries do not contribute to the score of their headquarters, and vice versa. For example, an action attributed to “HSBC UK” does not alter the score of its parent, “HSBC”. Nor will an action attributed to “HSBC Asset Management” contribute to the parent company or any other HSBC division. Accordingly, an action attributed to “HSBC” will only affect the score for “HSBC” itself, and not that of its divisions or subsidiaries.

While this conservative approach helps avoid double-counting, it also disperses actions across parent entities and subsidiaries, which can cause challenges in accurately reflecting the full scope of governance mechanisms and their practical applications. We hope that increased subsidiary-level reporting will help address information gaps over time. We aim to continually refine our framework to strike a better balance between accuracy, practicality, and clear communication, and we welcome feedback to help us improve in these areas.

This attribution applies exclusively to the **qualitative indicators** within the Targets and Implementation dimensions. For Impact indicators, investments and exposures of subsidiaries are attributed to the parent company, except in cases where consolidated figures for the parent company are directly available in the dataset. This approach enhances coverage for parent companies whose reporting is typically disaggregated at the subsidiary level.

4. DATA SOURCES

4.1 SECONDARY DATA SOURCES

Information is collected from various **publicly and privately available sources** at the level of individual FIs. Sources to date include 654 unique variables, coming from 88 different datasets, from 52 data providers, with our main data partnerships or agreements being with Asset Impact, BNEF, CDP, Diligent, Institut Louis Bachelier, InfluenceMap, Green Street, MSCI, PRI, RAN, Reclaim Finance, ShareAction, Mandate Wire, and Urgewald.

Our sources are listed in alphabetical order below. Details on all derived datasets are available in the metadata file "NZFT 2026 – Metadata," accessible online.

Figure 8: Data sources used in the platform

Asset Impact	International Financial Reporting Standards	Rainforest Action Network
Accounting for Sustainability	Investor Agenda	Reclaim Finance
BankTrack	MandateWire	Science Based Targets Initiative
Bloomberg LP	Morgan Stanley Capital International	ShareAction
BloombergNEF	Net Zero Asset Managers	Stand.earth
Carbon Disclosure Project	Net Zero Banking Alliance	Sustainability Reporting Navigator
Climate Action in Financial Institutions	Net Zero Insurance Alliance	SustainabilityReports.com
Climate Investment Coalition	Net-Zero Data Public Utility	Task Force on Climate-Related Financial Disclosure
Cambridge Institute for Sustainability Leadership	Observatoire de la Finance Durable	Transition Pathway Initiative
Climate Policy Initiative	Occupational Pensions Stewardship Council	Tracenable
Diligent	Paris Aligned Asset Owners (PAAO) Initiative	United Nations Environment Programme Finance Initiative
Energy & Climate Intelligence Unit	Partnership for Carbon Accounting Financials	United Nations Framework Convention on Climate Change
ESG Book	Powering Past Coal Alliance	Urgewald
FinanceMap	Private Equity Climate Risk	We Mean Business Coalition
Global Energy Monitor	Principles of Responsible Investment	World Bank
Green Street	Profundo	World Benchmarking Alliance
Institut Louis Bachelier	Race To Zero	World Resource Institute
Insure Our Future		

From these sources, we retrieved information on specific institutions' responses on Paris alignment for all indicators across the three dimensions of Targets, Implementation, and Impact, relying on the most recent and reliable datasets that best reflect the reality of each indicator. We will work to progressively expand the range of datasets used for the dashboard. Understanding data gaps is critical to doing this effectively.

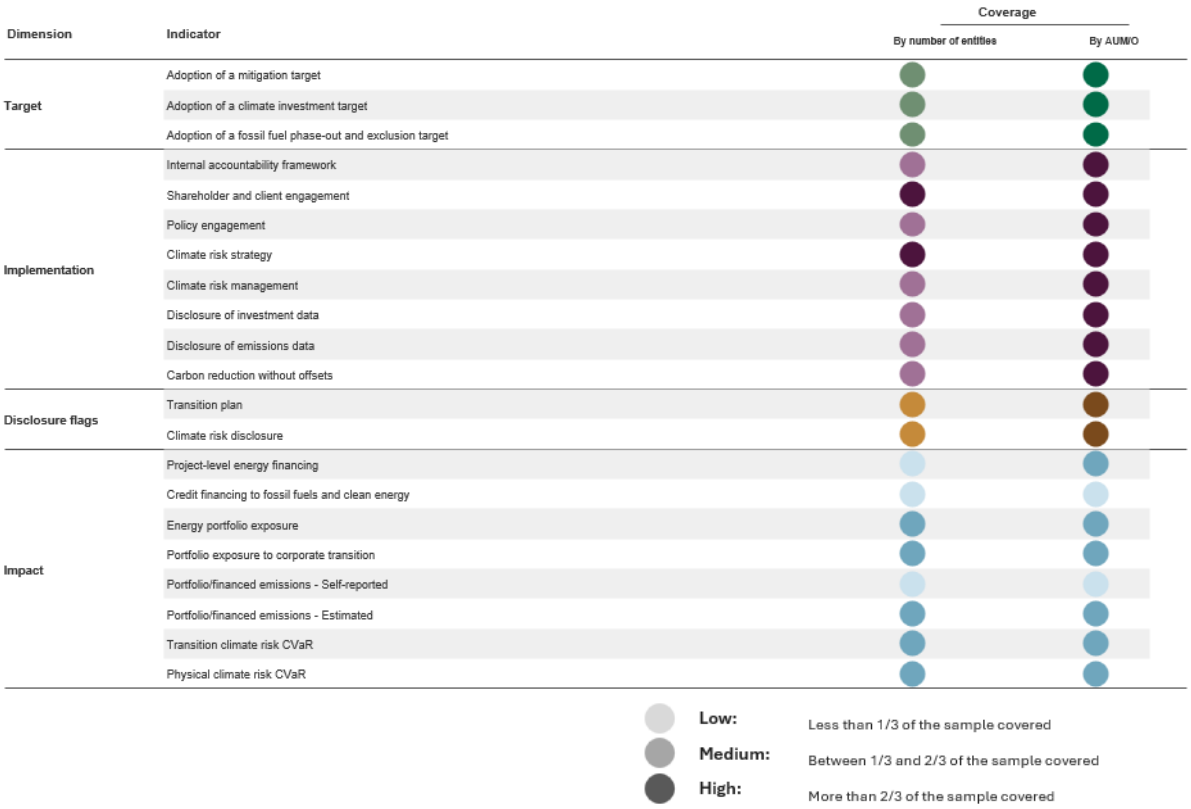
The table below presents the degree of coverage provided by current data sources for each indicator. For this analysis, an entity is deemed to be covered for a given indicator if at least one valid (non-null) data point is available between 2019 and 2025 across any of the datasets used to construct the corresponding score or measure.

Data availability varies across indicators and according to the aggregation method used. For Targets and Implementation indicators, coverage has historically been stronger when measured by AUM/O than by number of entities, reflecting greater data availability for larger FIs.

Remaining gaps are particularly relevant for information on institutions' climate investment targets.

Coverage of Impact indicators varies according to the scope and structure of the underlying datasets. Some indicators cover broad portions of the NZFT sample through portfolio attribution, while others, such as portfolio emissions reported by the FIs themselves, apply to narrower subsets of institutions. **Credit finance flows coverage for which sufficiently granular and reliable financing data is available is limited to 65 banks.** Coverage statistics should therefore be interpreted alongside the methodological scope of each indicator.

Figure 9: Datasets and extent of coverage of attributes/indicators



Note: Coverage counts an FI when any of the datapoints used in the scoring of the indicator reports a non-missing value at least once during 2019–2025. AUM/O weighting uses each FI's 2025 value. Total sample: 1,500 FIs.

4.2 SECONDARY DATA PROCESSING

Data processing for the NZFT has two main goals:

A. **Collection and standardization of data from various sources**. Information is obtained from various original data source formats, including web pages, PDF files, reports, and CSV files. Qualitative datasets, representing the larger share of datasets, usually consist of true/false logical statements that answer specific questions related to climate action or Paris alignment (e.g., "Has the organization committed to mitigation targets?", "Has the

organization adopted a carbon price?").[14] A smaller share contains numeric values (e.g., USD millions invested in low-carbon, climate-resilient projects). Data presented covers the years 2019 to 2025.

B. **Unique identification and categorization of FIs**. In parallel to Process A, reference tables are developed in which individual FIs are uniquely identified. This aims to ensure that information on the same organization, which may be named differently in different datasets, is attributed to a single, uniquely identified entity. These reference tables also include information such as the country of the organization's headquarters and AUM/O, which is used to present the distribution of the scores among the various institution types at the aggregate level (see also Section 2.6 Action Attribution).

Data processing is based on programming code—typically Python—while storage occurs in the cloud, organized in source-specific backend datasets. This enables the development of automated data pipelines that significantly reduce the time required to incorporate new data sources and automate repetitive processes.

Updates are much quicker to implement and easier to track, as the relevant code is hosted in the same environment as the data, which greatly improves internal visibility of the process. Specifically:

- Automation of the data extraction process enables the NZFT to be regularly updated with new additions to coalitions and organization announcements in a way that reduces the need for further human input. By using web scraping or AI techniques such as Natural Language Processing, which extracts relevant data from textual sources such as news articles or organization sustainability reports, data extraction can be automated—increasing our ability to collect the vast data required for the NZFT and the relevance of our data as it can be published with shorter turnaround times and even on a near real-time basis.
- Once data has been retrieved, an updated data warehousing infrastructure allows for greater automation of the data transforming, joining, and scoring process. This involves storing all data, from the ingestion of raw sources through to the final dataset used in the interactive tool, in a single environment.

4.3 DIRECT PRIMARY DATA PROCESSING FROM REPORTS

We undertook primary processing for 885 entities for which we had disclosures, representing USD 268 trillion of the USD 315 trillion in total AUM/O assets tracked. We carried out primary processing through an in-house retrieval-augmented generation application. The tool provides a web interface where the research team defines the query for each standard action, runs extraction across the report corpus, and reviews the result against the underlying PDF, with

[14] Absence of positive evidence coming from questions whose syntax does not allow for a yes/no answer is treated as a missing datapoint altogether, rather than negative evidence.

supporting evidence highlighted in place. The pipeline is built as a set of interchangeable layers—parsing, indexing, retrieval, extraction and adjudication—so that the model provider, embedding model, vector store and parsing strategy can each be substituted without rebuilding the pipeline. There are three stages in the scraping process:

1. **Data preparation.** Text is extracted from each PDF using the tailored libraries, together with word-level coordinates that allow any quoted sentence to be located and highlighted on the original page. The indexing unit is the individual PDF page, so every retrieved passage carries an unambiguous page citation, and the loss of context at chunk boundaries is handled at retrieval time rather than by overlapping the chunks. Each page is embedded and stored in a vector index, sharded so that each institution holds its own index. Each report is parsed and embedded only once and is thereafter reusable across all standard actions and all runs.
2. **Retrieval.** The search query is a set of optimized retrieval keywords held against each standard action, written in the vocabulary reports actually use, including the relevant acronyms and frameworks, common synonyms, and terms covering both the commitment and the measurement aspects of the action. Candidate pages are scored against these keywords, filtered by a minimum similarity threshold, and the strongest matches retained for each report in scope. Each retained page is then expanded into a window of surrounding pages, one page either side by default, and adjustable per run. The overlapping windows are merged, so that evidence split across a page break is passed to the model intact.
3. **Extraction and adjudication.** The retrieved evidence windows, the standard action's question, its definition of valid evidence, and positive and negative examples are passed to a Large Language Model (LLM), balancing the extraction quality against cost. The model is instructed to reason only from the supplied excerpts and to return a structured record for each report: whether the information is available, the assessment itself, the verbatim sentences relied upon with their page numbers, and a rationale detailed enough to be reviewed without opening the source document. Where an institution has several reports in a year, report-level results are preserved individually and then aggregated to a single year-level result.

Manual validation is carried out to ensure data quality. Primary processing was applied to standard actions with poor coverage in secondary sources. For each indicator, we measure how well the secondary sources cover each standard action across all assessment years using two metrics: the share of total AUM covered, and the share of entities covered. A standard action is classified as poorly covered and prioritized for primary processing if it falls below either lower threshold: under 33% of AUM or under 17% of entities. These thresholds are informed by the distribution of secondary-data coverage across standard actions.

A three-phase process is taken to ensure data quality and better coverage. In the first phase, prompts for each in-scope standard action are developed against a fixed sample of entities. Every result in this phase is manually reviewed, with precision (defined as the share of true positives over the total positive results returned by the model). With this sample, prompt engineering, model selection, and retrieval optimization were undertaken. A standard action proceeds to the second phase only once its precision exceeds 90% in phase one.

In the second phase, the finalized prompt is run across the full report corpus. To ensure data quality, we manually review a random sample of the results for each standard action. The sample size is calculated using Cochran's formula, assuming an expected precision of 90%, a 95% confidence level, and a ±5% margin of error. The precision is established by manual review of the random sample of the results. Where an action returned 100% precision in the first phase, this check is reduced to a 10% sample. If sampled precision is at or above 90%, the standard action's result is accepted fully into the dataset. If it falls below 90%, all results for the 100 largest entities by AUM (together accounting for more than 60% of total AUM) are manually reviewed.

In the third phase, all remaining unreviewed positive results are assessed using an LLM-as-a-judge approach. For each result, a separate LLM evaluates the standard action prompt together with the rationale provided for the retrieved data point, without access to the underlying raw evidence. The model assesses whether the rationale is clear, internally coherent, and aligned with the requirements of the original prompt. Results for which the reasoning is insufficiently clear or does not adequately support alignment with the prompt requirements are excluded from the final dataset. Throughout, every result retains its source report, page number and quoted evidence, so that any assessment can be traced back to the disclosure it came from.

5. NOTES AND CAVEATS

These notes clarify how NZFT institution-, indicator-, dimension-, and aggregate-level results should be interpreted. Users should consult the relevant indicator methodology and metadata alongside dashboard results.

Sample scope and representativeness

The 2026 NZFT covers 1,500 FIs with approximately USD 315 trillion in AUM/O, representing about 63% of global financial assets, or 70% excluding the assets of central banks and public FIs.

The tracker provides broad coverage of large private financial institutions but is not statistically representative of all institutions. Selection by AUM/O favors larger entities, which may have greater reporting capacity and resources. Earlier editions, particularly 2024, used different sample compositions and should not be compared directly with 2026 without holding the sample and methodology constant.

AUM and assets owned are different concepts, and the USD 315 trillion is not de-duplicated global capital. AUM/O is also an imperfect proxy for climate influence because institutions have different functions and levels of discretion. Comparisons across institution types should therefore be made cautiously and supplemented with peer-group and business model analysis.

Indicator coverage also varies by activity. Project- and credit finance indicators mainly cover banks, while listed equity and corporate debt indicators can cover a wider range of institutions. Absence from an indicator may reflect the relevant activity universe rather than weak climate action. Insurer investment indicators generally exclude underwriting unless explicitly included, and asset manager results should not automatically be attributed to asset owners, or vice versa.

Observation period, coverage, missing data, and validity rules

The 2026 edition covers 2019–2025. Apparent trends can reflect changes in data availability as well as real-world action. Earlier years have weaker coverage; the latest year may be incomplete because reporting arrives later; voluntary surveys can lag; datasets may use different vintages; and corporate, financing, and disclosure data may be revised later.

“No action” and “no evidence of action” are not always equivalent. Absence of evidence may reflect non-disclosure, inaccessible sources, entity-matching issues, language or format problems, or limited source coverage. “No evidence of action” should therefore be retained where absence has not been established directly.

Validity rules smooth reporting gaps but introduce persistence assumptions: targets are carried forward five years, implementation actions and disclosure statuses for transition plans and climate risk three years, and annually changing activities one year. Evidence of withdrawal, replacement, or expiry should override these defaults. Carried-forward values do not mean CPI re-observed the action in each year.

Changes in institution coverage or assessed portfolio value can also shift aggregate percentages without behavioral change. Trends should therefore include the relevant numerator, denominator, and coverage rate.

Source integration, entity identification, and reporting perimeter

NZFT combines external datasets with different terminology, criteria, entity structures, thresholds, and update cycles. Source-methodology changes or improved coverage can create apparent deterioration or improvement unrelated to actual institutional change.

Entity identification is complicated by groups, subsidiaries, mergers, acquisitions, divestments, and rebranding. Qualitative Targets and Implementation evidence is attributed to the entity reported by the source and is not automatically transferred between parent and subsidiary. For Impact data, subsidiary exposures may be attributed to the parent when consolidated parent data are unavailable. Legal and economic perimeters can therefore differ across dimensions. Group-level actions may apply unevenly across subsidiaries, while subsidiary actions may reflect group-wide policies. Geographic attribution can also refer to headquarters or source of financial flow rather than the location of financed activity.

Qualitative indicators and scoring

Targets and Implementation scores are ordinal tiers, not cardinal quantities. Tier meanings are indicator-specific and should not be assumed comparable across indicators. Dimension-level aggregation can hide substantial differences between underlying indicators. Users should therefore examine indicator-level results as well as dimension labels.

Changes to the scoring framework can create structural breaks. Longitudinal comparisons should use a common methodology where feasible and identify criteria or tier changes that have not been back-cast.

Direct report processing using retrieval-augmented generation

Reports are parsed and indexed by page, evidence is retrieved using action-specific terms, surrounding context is supplied, and assessments retain quotations and page references. Prompts are reviewed on fixed samples, followed by manual validation and additional review where precision is below threshold.

Automated processing still has important limitations. PDF extraction can fail on scans, images, complex tables, footnotes, multi-column layouts, or embedded content. Retrieval can miss evidence because of terminology, language, report style, or dispersed information. Validation primarily measures **precision**, not **recall**. Precision above 90% supports confidence in accepted positive observations but does not show how many true instances were missed. This is especially important where missing retrieved evidence contributes to “No action.” Models can confidently make errors, including missing negation, confusing commitments with completed actions, or misattributing subsidiary evidence.

Impact indicators

Impact indicators should be interpreted together but not treated as interchangeable. They measure different concepts, including financing flows, portfolio stocks, attributed emissions, transition classifications, and modeled financial risk.

A financial relationship does not establish causality or additionality. Holding a security does not prove new capital was supplied; transaction participation does not prove dependence on the institution; selling a security can reduce reported exposure without reducing underlying emissions; continued holding and engagement can coexist with high emissions; and falling attributed emissions can result from valuation or portfolio composition changes.

Impact indicators generally cover only defined parts of an institution's activities. Depending on the indicator, omissions may include sovereign assets, private assets, real estate, mortgages, infrastructure, derivatives, short positions, securities lending, fund-of-fund look-through, cash, off-balance-sheet exposure, facilitated activities, or underwriting. A share of the assessed portfolio is not a share of total institutional assets; assessed and total denominators should be shown together.

Intended use, residual errors, and future revision

The NZFT may retain data gaps, classification and matching errors, source limitations, and model uncertainty. It is intended for transparency, research, policy analysis, engagement, and high-level understanding—not investment advice, institution- or transaction-specific due diligence, credit assessment, or definitive legal or regulatory determinations.

The NZFT should not be treated as a complete sustainability assessment. It focuses principally on climate and transition and does not comprehensively assess biodiversity, pollution, social safeguards, human rights, just transition outcomes, or other ESG issues.

No individual indicator should be used alone to conclude that an institution is Paris-aligned. A robust assessment considers ambition and target coverage, implementation quality, financing flows and exposures, underlying company and asset changes, physical and transition risk, assessed and unassessed activities, and the uncertainty and methodology of each measure.

As disclosure regimes, digital taxonomies, assurance, and machine-readable reporting develop, data quality and comparability should improve. These improvements may also create breaks in historical series as previously unreported information becomes available or definitions become more rigorous.

The NZFT is a living methodology. Future editions should maintain clear methodology and source-change logs, restate historical results where feasible, disclose material breaks, and provide transparent processes for submitting evidence or identifying errors.

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7. ANNEX: TRANSITION PLAN FRAMEWORKS SUMMARY

The text below summarizes the key elements of the 13 frameworks and guidelines used to inform our Transition Plan assessment methodology. For detail on how CPI has integrated transition plans, see: CPI's From Frameworks to Action: Assessing Financial Institutions' Transition Plans with the NZFT (2026).

The 2026 framework mapping draws on **13 transition planning frameworks, standards, and guidance documents** that together capture a range of approaches to transition plan disclosure, target setting, implementation, portfolio alignment, stewardship, governance, and transition finance. The selected frameworks span global and jurisdiction-specific standards and include guidance applicable to asset owners, asset managers, banks, and other financial institutions (FIs). Taken together, they provide a broad view of current expectations for credible transition planning across different regulatory and voluntary contexts. The mapping uses these sources to identify areas of convergence, differences in granularity and prescription, and emerging best practices relevant to NZFT's assessment of FIs' targets and implementation.

CDP – TECHNICAL NOTE ON CLIMATE TRANSITION PLANS (2026)

CDP provides a widely used environmental disclosure system through which organizations report information on climate governance, targets, strategy, financial planning, implementation, and progress. Its Technical Note on Climate Transition Plans provides guidance on the information expected to demonstrate a credible transition plan and links these expectations to disclosures made through the CDP questionnaire. For NZFT, CDP provides a useful reference for assessing both the presence of key transition plan components and the extent to which institutions disclose evidence of implementation and progress over time.

EU CSRD – ESRS E1 (2023)

European Sustainability Reporting Standard E1: Climate Change (ESRS E1) establishes climate-related disclosure requirements for companies under the European Union Corporate Sustainability Reporting Directive (EU CSRD), including disclosure of climate transition plans and their integration into strategy and business models. The standard covers areas including climate governance, mitigation targets, decarbonization actions, policies, resources, metrics, and progress. As a mandatory regulatory standard, ESRS E1 provides NZFT with an important benchmark for the minimum level of transparency and comparability expected from institutions within its scope, while also showing how transition planning is increasingly incorporated into formal sustainability reporting requirements.

ISSB – IFRS S2 CLIMATE-RELATED DISCLOSURES (2023)

IFRS S2 from the International Sustainability Standards Board (ISSB) establishes a global investor-focused baseline for disclosure of climate-related risks and opportunities and is structured around governance, strategy, risk management, and metrics and targets. Where an entity has a climate-related transition plan, IFRS S2 requires relevant information about that plan, including key assumptions and dependencies, how it will be resourced, how climate targets will be achieved, and progress against previously disclosed plans. The IFRS Foundation's subsequent transition-plan guidance further supports entities in applying these requirements. For NZFT, IFRS S2 provides a key reference for linking transition planning to financially material climate risks, strategic decision-making, and measurable progress.

TPT – DISCLOSURE FRAMEWORK (2023)

The Transition Plan Taskforce (TPT) Disclosure Framework sets out good-practice recommendations for robust and credible transition plan disclosures. It organizes transition planning around five elements—Foundations, Implementation Strategy, Engagement Strategy, Metrics and Targets, and Governance—providing a detailed structure for explaining not only an entity's climate ambition but also how that ambition is embedded in business activities and delivered in practice. The framework complements IFRS S2 by providing more granular guidance on transition-plan-related disclosures and is particularly useful to NZFT in assessing implementation, engagement, accountability, and progress. The IFRS Foundation now hosts the TPT materials, which remain content authored by the Transition Plan Taskforce.

SBTI – FINANCIAL INSTITUTIONS NET-ZERO STANDARD (FINZ), VERSION 1.0 (2025)

The Financial Institutions Net-Zero Standard is Science-Based Targets initiative (SBTi)'s dedicated net-zero framework for FIs, designed to support the alignment of financial flows with pathways consistent with limiting global warming and achieving net-zero emissions by no later than 2050. It applies across activities including lending, asset ownership and management, insurance underwriting, and capital markets. The framework emphasizes portfolio alignment, target setting, engagement, and using FIs' influence to support real-economy transformation. For NZFT, FINZ provides a particularly relevant benchmark for evaluating the ambition, coverage, and implementation of financial-sector net-zero targets and strategies.

ACT FINANCE – INVESTING METHODOLOGY, VERSION 2.2 (2024)

Assessing Low-Carbon Transition (ACT) Finance provides an assessment methodology for evaluating how well financial institutions' climate strategies align with the transition required by the Paris Agreement. The Investing Methodology assesses institutions across areas including targets, portfolio climate performance, management, investor and investee engagement, policy engagement, and business model considerations. It combines quantitative and qualitative indicators to assess both the ambition of an institution's transition strategy and evidence of implementation. Its graduated assessment approach is particularly relevant to NZFT's tiered

scoring methodology, providing a reference for distinguishing between early-stage action, more advanced implementation, and practices consistent with low-carbon alignment.

TPI CENTRE – NET ZERO BANKING ASSESSMENT FRAMEWORK: METHODOLOGY NOTE (2024)

The Transition Pathway Initiative (TPI) Centre's Net Zero Banking Assessment Framework provides a granular, bank-specific methodology for assessing institutions' preparedness for and progress toward the low-carbon transition. Its assessment covers areas including net-zero commitments, sectoral targets, financed and facilitated emissions disclosure, historical emissions performance, decarbonization strategy, climate solutions, climate policy engagement, governance, just transition, and reporting and audit. This provides NZFT with detailed criteria relevant to banking-specific transition planning, particularly around financed emissions, sector policies, target coverage, client financing, governance, and the integration of just transition considerations. The framework therefore complements investor-focused methodologies by providing greater granularity on banks' role in financing real-economy decarbonization.

IIGCC – NET ZERO INVESTMENT FRAMEWORK 2.0 (NZIF 2.0) (2024)

The NZIF 2.0 from the Institutional Investors Group on Climate Change (IIGCC) provides an investor-specific framework for aligning investment portfolios and activities with net-zero objectives. It covers areas including governance and strategy, objectives and targets, strategic asset allocation, portfolio alignment, asset-level assessment, stewardship and engagement, policy advocacy, and disclosure. The updated framework expands guidance across a broader range of asset classes and distinguishes between essential and more advanced actions, helping investors identify progressively stronger practices. For NZFT, NZIF 2.0 provides detailed benchmarks for assessing how asset owners and asset managers translate net-zero commitments into investment decisions, stewardship activities, portfolio targets, and approaches intended to influence real-economy decarbonization.

CERES – BLUEPRINT FOR IMPLEMENTING A LEADING CLIMATE TRANSITION ACTION PLAN (2024)

The Ceres Blueprint is an implementation-oriented resource designed to help organizations move from climate commitments to credible and operational climate transition action plans. It structures leading practice around six areas, including setting goals and targets, decarbonizing the business, supporting a just transition, advocating for effective public policy, strengthening integration and accountability, and tracking and reporting progress. The framework supplements these principles with practical examples and maturity-based approaches that illustrate how transition planning can develop over time. For NZFT, it provides a useful implementation-focused benchmark, particularly for assessing whether targets are supported by governance structures, concrete actions, accountability mechanisms, and evidence of progress.

THE INVESTOR AGENDA – ICAPS EXPECTATIONS LADDER (2023)

The Investor Agenda – Investor Climate Action Plans (ICAPs) Expectations Ladder is a voluntary framework that helps institutional investors assess and progressively strengthen their climate action. It organizes investor action across areas including investment, corporate engagement, policy advocacy, investor disclosure, and governance, and provides a progression of expectations that allows institutions to identify their current level of practice and areas for improvement. The framework draws together existing investor initiatives and guidance into a single assessment structure. For NZFT, the Expectations Ladder provides a useful investor-focused reference for distinguishing implementation levels across target setting, portfolio alignment, stewardship, engagement, governance, and disclosure.

GFANZ – FINANCIAL INSTITUTION NET-ZERO TRANSITION PLANS: FUNDAMENTALS, RECOMMENDATIONS, AND GUIDANCE (2022), SUPPLEMENTED BY TRANSITION FINANCE GUIDANCE (2023)

Glasgow Financial Alliance for Net Zero (GFANZ) provides a financial-sector-specific framework for translating net-zero commitments into credible transition plans. Its recommendations are organized around five core components—Foundations, Implementation Strategy, Engagement Strategy, Metrics and Targets, and Governance—and emphasize embedding transition planning in an institution's strategy, decision-making, products and services, engagement activities, and accountability structures. GFANZ also identifies four transition finance strategies: financing climate solutions; financing entities already aligned with a 1.5°C pathway; financing entities transitioning toward alignment; and supporting the managed phase-out of high-emitting assets. For NZFT, GFANZ provides a central reference for connecting institutional commitments with financing strategies and real-economy outcomes.

OECD – GUIDANCE ON TRANSITION FINANCE: ENSURING CREDIBILITY OF CORPORATE CLIMATE TRANSITION PLANS (2022)

The Organization for Economic Co-Operation And Development (OECD) guidance identifies key elements of credible corporate climate transition plans and considers how these can support transition finance while reducing greenwashing risks. It covers net-zero and interim targets, performance metrics and KPIs, the use of carbon credits and offsets, implementation actions, governance and accountability, transparency and verification, prevention of carbon-intensive lock-in, just transition considerations, and links to sustainable finance and responsible business conduct tools. Although primarily focused on corporate transition plans, it is highly relevant to FIs assessing counterparties and allocating transition finance. For NZFT, it provides a broad integrity-based benchmark for assessing the credibility and completeness of transition planning approaches.

UN HLEG – INTEGRITY MATTERS: NET ZERO COMMITMENTS BY BUSINESSES, FINANCIAL INSTITUTIONS, CITIES, AND REGIONS (2022)

The United Nations High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities (UN HLEG) report sets out ten recommendations intended to strengthen the

credibility, transparency, and accountability of net-zero commitments by non-state actors, including FIs. The recommendations cover the design of credible net-zero pledges, interim targets, transition plans, fossil fuel phase-out, scaling the transition, alignment of lobbying and advocacy, governance, transparency, and independent verification. For NZFT, *Integrity Matters* provides a high-level integrity benchmark against which the ambition and implementation of FIs' net-zero commitments can be assessed, helping ensure that transition planning is linked to measurable action rather than commitments alone.