



From Frameworks to Action: Assessing Financial Institutions' Transition Plans with the NZFT

Net Zero Finance Tracker Guidance document

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POLICY
INITIATIVE



NET ZERO
FINANCE
TRACKER
BY CLIMATE POLICY INITIATIVE

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ABOUT 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 Brazil, India, Indonesia, South Africa, the United Kingdom, Austria, and the United States.

ABOUT THE NET ZERO FINANCE TRACKER

Achieving the scale of investment needed for the climate transition—and capturing the economic and environmental benefits that come from it—will require financial institutions (FIs) to play a central role. The Net Zero Finance Tracker (NZFT) is the only independent, freely accessible tool of its kind. It provides 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 major FIs' progress from commitments to institutional action, including their financing of clean energy and fossil fuels. The current edition of the platform displays progress for 1,500 FIs, representing about USD 296 trillion of assets, or 60% of the global financial system.

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. The 2026 dashboard includes 18 indicators measured by 170 standard actions.



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1. INTRODUCTION

Transition plans are becoming central to how financial institutions (FIs) demonstrate the credibility of their climate commitments. While net-zero pledges are widespread across the financial sector, scrutiny is increasingly shifting from ambition statements toward implementation, accountability, and measurable impact.

Regulatory expectations around transition planning are evolving rapidly. Frameworks including ISSB S2, the EU CSRD/ESRS, and the UK TPT are reshaping disclosure expectations and increasingly embedding transition planning into oversight and reporting infrastructure.

At the same time, scrutiny of FIs' climate claims is intensifying from investors, civil society, and markets. Concerns about greenwashing, inconsistent methodologies, and weak implementation have increased pressure on institutions to demonstrate credible pathways to achieve their commitments. Transition Plans are therefore increasingly expected to connect targets to implementation, explain capital allocation decisions, define governance accountability, identify climate-related risks, and demonstrate how financial activity contributes to real-economy transition outcomes.

For FIs, transition planning is becoming strategically relevant for managing several risks and capturing emerging opportunities:

- **Regulatory, legal, and supervisory readiness:** Climate-related disclosure and transition planning expectations are becoming more formalized across major reporting and supervisory frameworks, though requirements vary by jurisdiction. Institutions that lack credible, transparent, and decision-useful Transition Plans may face higher disclosure, assurance, supervisory, litigation, and future compliance risks as expectations evolve. Conversely, robust plans can help institutions anticipate evolving requirements and demonstrate preparedness to regulators, supervisors, investors, and other stakeholders.
- **Credibility, greenwashing, and reputational positioning:** Transition Plans increasingly function as evidence of whether climate commitments are credible and implementation ready. Weak, vague, or unsupported plans can expose institutions to reputational damage, accusations of greenwashing, and scrutiny from investors, clients, civil society, and regulators. Credible plans can help demonstrate that targets are supported by governance, capital allocation, engagement, and progress-tracking mechanisms, while strengthening market confidence and stakeholder trust.
- **Portfolio climate-related financial risk and resilience:** Transition Plans support the identification and management of portfolio-level transition and physical climate risks. Without forward-looking planning, institutions may remain exposed to stranded assets, declining high-carbon sectors, policy and technology shifts, disorderly transition pathways, and physical climate impacts affecting counterparties and assets. Strong plans can support portfolio resilience, risk-adjusted capital allocation, and better integration of climate risks and opportunities into credit, investment, underwriting, and stewardship processes.

- **Strategic opportunities and execution risks:** Transition planning also helps institutions avoid missed opportunities and implementation failure. Institutions that do not translate commitments into products, sector strategies, client engagement, governance, and internal incentives may struggle to capture emerging opportunities in clean energy, transition finance, resilience, and low-carbon technologies. Effective plans can therefore support both delivery against commitments and strategic positioning in growing transition-related markets.

The broader analytical framework of CPI's Net Zero Finance Tracker (NZFT) reflects this evolution by increasingly linking targets, implementation actions, and measurable impact indicators. This document is the second iteration of CPI's mapping of NZFT indicators against transition plan frameworks.

2. SCOPE AND PURPOSE OF THIS DOCUMENT

This report maps 13 leading frameworks relevant to financial institutions' (FIs') transition planning against the NZFT architecture. The analysis identifies areas of convergence and divergence across frameworks, how these align with NZFT indicators and standard actions (SAs),¹ and where the NZFT extends expectations beyond existing frameworks. By combining Transition Plan elements from carefully selected leading transition planning frameworks with the NZFT SAs, the report provides a granular, comprehensive overview of emerging transition planning best practices for FIs. As a result, the mapping exercise gives users a more detailed understanding of the practices, governance structures, implementation mechanisms, and disclosure expectations that contribute to credible, structured transition planning.

The growing body of transition planning frameworks reflects meaningful progress in aligning the financial sector with climate goals. With more than 50 frameworks now shaping expectations around FIs' transition plans globally, the field has matured considerably in both ambition and technical specificity. At the same time, this breadth introduces real complexity for FIs seeking to understand where requirements converge, where frameworks diverge, and how different disclosure, assessment, and guidance approaches relate to real-economy outcomes. The NZFT is designed to address this complexity not by adding to the framework landscape, but by functioning as an interoperability and assessment layer across it. By synthesizing the most relevant requirements from leading frameworks, mapping them against consistent criteria, and enabling structured comparison across institutions, the NZFT provides an integrated basis for evaluation.

The framework selection is not exhaustive; it is a curated selection based on relevance, credibility, and influence in transition planning and climate disclosure. The subset captures a range of perspectives across geographies, regulatory contexts, methodologies, and voluntary approaches. The selection also reflects key functions within the transition planning ecosystem, including disclosure, assessment, and guidance, and highlights areas of convergence and expanded approaches to transition planning across frameworks. It also aligns with the broader analytical scope of the 2026 update of the NZFT by including frameworks relevant beyond investment-focused FIs, such as banks and other credit institutions. The NZFT more broadly integrates a total of 32 frameworks, including transition planning and other net zero frameworks and guidelines, of which this report represents only a subset.

¹ Standard actions (SAs) are the specific actions that the NZFT uses to assess and score each indicator, derived from a detailed review of leading frameworks for climate finance.

3. LANDSCAPE OF TRANSITION PLAN FRAMEWORKS

3.1 THREE FRAMEWORK TYPES

The transition planning landscape has evolved significantly in recent years, requiring FIs to navigate an increasingly diverse range of disclosure frameworks with more granular requirements, both mandatory and voluntary. This has complicated decisions about which framework to comply with, making it essential to understand the specific outcomes toward which a framework's requirements and/or recommendations were developed. To reflect this evolution, this report groups selected frameworks into three categories: Disclosure, Assessment and Guidance.

This distinction facilitates mapping by reflecting the different purposes for which frameworks have been designed: some explicitly address disclosure requirements and do not cover certain aspects because those aspects fall outside their intended objectives, whereas assessment frameworks generally adopt a broader, more granular approach. While the categories provide a useful analytical framework for mapping, the boundaries between them are not always strict, as some frameworks combine disclosure expectations with guidance and/or assessment features.

Table 1A: Overview of transition planning framework categories

Category	Primary focus	Main function
Disclosure	Improving transparency, comparability, and decision-useful information for stakeholders	Prescribe disclosure topics, metrics and reporting expectations; primarily intended for public disclosure purposes
Assessment	Assessing progress and enabling comparability across institutions	Evaluate the quality, credibility, completeness and alignment of Transition Plans; assess performance against predefined criteria, pathways, or benchmarks; generate scores or ratings
Guidance	Supporting entities in operationalizing climate commitments	Recommend approaches, methodologies and good practices; do not prescribe mandatory disclosure or alignment requirements

3.2 CLASSIFICATION OF FRAMEWORKS

Table 1B: Overview of the analyzed transition plan frameworks

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

Table 1 Notes

- ★ = New in the 2026 edition
- Frameworks are in order of publication year, from most to least recent. The first version of the CDP Framework was published in 2022; however, as it is updated annually and the 2026 updates were significant, it is referred to as the 2026 version.
- The ACT Investor and banking frameworks have been merged for simplicity, as their criteria do not differ significantly.
- ***Highly referenced:** Although voluntary, the framework is widely referenced in the development of mandatory disclosure requirements.
- ****Regulator-dependent:** The framework is not mandatory but is widely referenced by policymakers, and, in certain jurisdictions, its application has or may become mandatory depending on local regulatory requirements.

3.3 OVERVIEW OF FRAMEWORKS

The 2026 framework mapping expands the analytical scope of previous editions to reflect the broader applicability of transition planning practices across different types of FIs. The selected frameworks, including the five newly added, capture a range of approaches to transition planning methodologies and implementation-oriented guidance applicable to investors, banks, credit institutions and other financial actors operating across different regulatory and voluntary contexts. This ensures that the mapping offers a more comprehensive representation of current transition planning practices and more granular assessment approaches, while maintaining consistency with the overall NZFT methodological structure.

- [CDP \(2026\)](#): A widely used climate disclosure system based on CDP's structured questionnaire, enabling organizations to report transition plan information in line with established disclosure frameworks. The 2026 guidance strengthens requirements around transition planning, implementation, and progress tracking, making it a key reference for assessing the granularity and operationalization of transition-related disclosures across FIs.
- [CSRD – ESRS E1 \(2023\)](#): The climate standard under the Corporate Sustainability Reporting Directive, establishing mandatory EU disclosure requirements for climate transition plans and their integration into business strategy. It provides a legally binding benchmark for minimum disclosure expectations and comparability.
- [ISSB – IFRS S2 \(2023\)](#): A global climate disclosure standard built on the TCFD framework, requiring disclosure of climate-related risks and opportunities that may affect enterprise value. Structured around governance, strategy, risk management, and metrics and targets, it provides an investor-focused baseline for translating transition risks into financial impacts.
- [TPT \(2023\)](#): A disclosure framework providing guidance on credible and decision-useful climate transition plans aligned with TCFD principles. It supports greater consistency and comparability across sectors and jurisdictions, including FIs, and bridges voluntary transition planning practices with emerging regulatory standards.
- [SBTi FINZ \(2025\)](#): Science-based framework specifically designed to respond to the needs of FIs. While maintaining the scientific basis central to SBTi methodologies, it places greater emphasis on broader aspects of FIs' transition strategies and engagement with external stakeholders, including developing policies that support the sector's net-zero transition rather than divesting from entities not aligned with net-zero pathways.
- [ACT Investing v2.2 \(2024\)](#): An assessment framework evaluating the alignment of FIs with low-carbon transition pathways. It assesses transition plan ambition, implementation capacity, and alignment with Paris goals across financing activities and asset classes.
- [ACT Banking v2.2 \(2024\)](#): The bank-specific companion to ACT Investing, applying a credit finance perspective to the assessment of transition planning in banking institutions. It focuses on project-level lending and portfolio alignment, extending the analytical scope of ACT Investing to credit activities. The framework also emphasizes client engagement strategies specific to banks, addressing implementation dimensions that are less developed in investor-focused frameworks.

- [TPI \(2024\)](#): Provides Management Quality and Carbon Performance assessments for companies and FIs, evaluating transition readiness and alignment with low-carbon pathways. It includes a dedicated Just Transition component, used as a data source for NZFT impact indicators. It also provides granular guidance on emissions reduction targets, climate governance and integrating climate considerations into financial reporting, adding a performance-based perspective to assessing transition plan credibility and implementation.
- [NZIF 2.0 \(2024\)](#): An investor-specific framework providing granular recommendations on governance structure, engagement KPIs, voting records, and policy advocacy in support of net-zero alignment. The framework places particular emphasis on transitioning investment portfolios, including asset allocation strategies and their impact on the real economy. It also provides guidance on integrating transition objectives into investment decision-making, stewardship practices, portfolio alignment assessment and target-setting approaches across portfolio holdings and asset classes.
- [Ceres \(2024\)](#): A practical transition planning guidance aligned with GFANZ and TPT principles, focused on implementation approaches and case studies. It provides guidance for developing Climate Transition Action Plans across six core areas, including decarbonization, governance, policy engagement, and progress tracking, helping translate commitments into operational strategies.
- [ICAPS \(2023\)](#): A framework designed by investors for investors, aimed at improving the understanding of transition planning practices, identifying best practice approaches and supporting institutional self-assessment. The framework adopts a structured approach to climate finance planning across governance, investment strategy, corporate engagement, policy advocacy and disclosure practices. It also provides detailed criteria for target setting, stewardship and portfolio alignment, supporting a comprehensive assessment of transition planning implementation across investment institutions.
- [GFANZ \(2022/23\)](#): A financial sector framework outlining how net-zero commitments can be translated into transition plans through four financing strategies and five core plan components, including governance, engagement, metrics, and implementation. It serves as a key reference for assessing the credibility of FI transition plans.
- [OECD \(2022\)](#): Guidance on transition finance that helps market participants identify and support credible corporate transition plans, reduce greenwashing risks and improve cross-jurisdictional comparability. It provides a cross-cutting reference for transition plan integrity and transition finance.
- [UN HLEG \(2022\)](#): High-level recommendations developed by a UN High-level Expert Group to strengthen the credibility and accountability of net-zero commitments by non-state actors. It sets expectations across target setting, governance, financing, policy engagement, transparency, and verification, serving as a benchmark for credible transition planning.

4. ASSESSING THE TRANSITION PLANNING FRAMEWORK LANDSCAPE

4.1 MAPPING OF TRANSITION PLAN FRAMEWORKS

This mapping exercise assesses the alignment of the 13 selected frameworks against 39 transition plan elements, reflecting current “best practice” in transition planning, as set out in the table below. These elements were identified by combining:

- Transition planning practices reflected across the 13 mapped frameworks.
- Best practice transition plan elements derived from the broader set of frameworks reviewed in the NZFT methodology.

The framework typology introduced in the 2026 methodology (Disclosure, Assessment, and Guidance) also informs the mapping approach. As frameworks serve different purposes, variation in alignment across transition plan elements is to be expected. For instance, within the disclosure frameworks selected across geographies and jurisdictions, shareholder engagement practices are generally not explicitly addressed as core disclosure requirements. In contrast, these elements appear more often in assessment and guidance frameworks, which adopt a broader evaluative scope but place less emphasis on disclosing climate risk policies. This pattern is consistent across the selected sample and reflects differences in framework design and intended purpose.

How to read Table 2 – Full Framework Mapping

Table 2 assesses how each transition plan element aligns with the selected frameworks to determine the degree of alignment. Dimensions and Indicators, following the NZFT convention, are included to clarify how transition plan elements relate to one another. The mapping approach is iterative and adaptive, with identified gaps and methodological limitations to be refined in future editions.

Table 2: Full framework mapping

			Full Alignment	Partial Alignment	Indirect Alignment	Not Alignment/ Applicable									
Dimensions	Indicators	Best practices identified in transition plans	Disclosure				Assessment			Guidance					
			CDP	CSRD	IFRS S2	TPT	SBTi FINZ	ACT	TPI	NZIF 2.0	Ceres	ICAPS	GFANZ	OECD	UN HLEG
Target	Adoption of mitigation target	Mitigation targets include near- and long-term commitments													
		Mitigation targets are validated													
		The target year for reaching net zero is set at 2050 or earlier													
		Emission reduction targets are in line with a 1.5°C pathway													
		Mitigation targets define portfolio, asset, sector, and/or emissions coverage													
	Data/ methodology not available	Interim mitigation targets are to be reviewed at least every 5 years													
		Mitigation targets are aligned with 45-50% GHG emission reduction by 2030													
	Adoption of climate finance target	A time-bound climate finance target is set													
		Provides methodology/taxonomy for green investment to support a climate finance target													
		Climate finance targets are expressed in absolute investment amounts													
	Adoption of fossil fuel phase-out and exclusion targets	Commitments/policies on restrictions/phase-out/exclusion on fossil fuel are set													
		Coal phase-out by 2030 for OECD countries and 2040 globally													
		Restrictions on new fossil fuel development													

Dimensions	Indicators	Best practices identified in transition plans	Disclosure				Assessment			Guidance					
			CDP	CSRD	IFRS S2	TPT	SBTi FINZ	ACT	TPI	NZIF 2.0	Ceres	ICAPS	GFANZ	OECD	UN HLEG
Implementation	Internal accountability frameworks	Board/executive staff have oversight and responsibility for climate change													
		Executive remuneration is linked to climate targets													
		Board/executive staff have climate-related expertise and skills													
	Shareholder and client engagement	Engages with clients and portfolio companies													
		Sets engagement targets with clients and portfolio companies													
		Engagement strategies contain escalation policies													
		Leverages voting and shareholder rights to support engagement objectives													
	Policy engagement	Engages with policymakers													
		Engages through collaborative initiatives/coalitions													
	Climate risk strategy	Assesses the anticipated effects of climate risks/opportunities on financial position													
		Uses climate scenario analysis as a key tool to understand climate-related risks and opportunities													
		Performs materiality assessment													
		Reviews and assesses climate strategy regularly													
	Climate risk management	Integrates climate into entity-level risk management													
n/a	Data/ methodology not available	Integrates Just Transition in strategy													

Dimensions	Indicators	Best practices identified in transition plans	Disclosure				Assessment			Guidance					
			CDP	CSRD	IFRS S2	TPT	SBTi FINZ	ACT	TPI	NZIF 2.0	Ceres	ICAPS	GFANZ	OECD	UN HLEG
Impact / Implementation	Clean energy project-level financing/credit financing	Invests in or creates products and services aligned with net zero by 2050 (e.g., climate solutions)													
	Clean energy/fossil fuel project-level financing/credit financing	Discloses financing toward climate solutions													
	Disclosure of investment data	Discloses financing toward carbon-intensive activities													
Implementation	Disclosure of Emissions Data	Discloses emissions associated with its financing activities (e.g. financed, facilitated, insurance-associated)													
		Discloses progress in reducing financed/portfolio emissions against its mitigation target													
		Reported emissions externally verified by relevant authorities													
		Discloses the emission calculation methodology and recalculation policy													
	Carbon Reduction Without Offsets	Discloses use of carbon credits													
		Does not use voluntary carbon credits to achieve mitigation targets													
Ticker	TCFD/ISSB/CSRD Disclosure Publication	Assesses whether FIs publicly report climate-related information in accordance with TCFD, ISSB, or CSRD requirements.													
	Tracking of Transition Plan	Discloses a set of actions/transition plan to achieve climate targets exists and disclosed													

Notes on Table 2

The mapping in Table 2 reflects the analytical assessment of the frameworks listed in Table 1. The analysis provides a comparative and indicative assessment of alignment rather than a definitive evaluation of frameworks 'completeness' or 'quality'. This qualitative analysis may vary from other evaluations, depending on interpretative considerations where requirements or recommendations are not explicitly articulated in a framework.

Key to framework alignment across transition plan elements is assessed according to four categories:

Alignment	Meaning	Example
Full alignment	The framework explicitly addresses the assessed transition plan element and substantially aligns with the mapping criteria applied in this report.	No explicit, partial, or indirect reference to the transition plan element is identified; classified as not aligned/applicable given the scope of the framework.
Partial alignment	The framework references or partially addresses the transition plan element but does not fully align with the applied criteria or lacks sufficient specificity or prescriptiveness.	GFANZ acknowledges the importance of absolute targets but does not prescribe a clear or exclusive preference; classification is therefore partial alignment. Cross-referenced materials (e.g., footnotes or linked documents) are considered only for interpretative support and not as standalone evidence for full alignment.
Indirect alignment	The framework does not explicitly address the transition plan element in the core framework text, but enables its disclosure through integrated methodologies, reporting tools or related disclosure mechanisms forming part of the framework system.	CDP does not explicitly set out a requirement for interim mitigation targets to be reviewed at least every five years in the core framework text; however, this is operationalized through relevant questions within the CDP questionnaire. The transition plan element is reflected indirectly through an associated reporting tool rather than been directly stated in the framework.
Not aligned/ applicable	The transition plan element is not addressed within the framework system, either explicitly or through indirect operationalization as defined above, or falls outside the intended scope and objectives of the framework.	N/A

Where this year's assessment differed from the 2025 mapping, the previous classification was reviewed as a consistency reference point. Classifications were changed only where the updated methodology or framework analysis clearly supported a different assessment; otherwise, the previous classification was retained to preserve comparability across editions.

The framework categorization adopted allows stricter interpretive criteria. Full alignment was assessed using frameworks' core documentation. Supplementary materials were considered when assessing partial or indirect alignment, but only where they formed part of the wider framework system.

4.2 CONVERGING ELEMENTS AND EXPANDED APPROACHES TO TRANSITION PLANNING

The 13 frameworks broadly converge on four foundational elements of credible transition planning: alignment with Paris climate goals, clear time-bound targets, governance structures with climate accountability, and policy engagement that reinforces climate commitments.

- **Paris Agreement Alignment (1.5°C objective and Net Zero by 2050):** This objective is widely recognized across frameworks as a foundational principle for target-setting and transition planning, although the degree of explicitness and prescriptiveness varies. Its inclusion is closely tied to what constitutes a credible transition plan and to expectations around strategy and governance. Frameworks such as GFANZ and SBTi FINZ require institutions to articulate commitments to a 1.5°C-aligned pathway, while methodologies such as ACT assess the alignment against sector-specific low-carbon benchmarks. Several frameworks also link Paris alignment to the scaling of climate solution financing, reflecting its influence on financial products, portfolio strategies and engagement activities.
- **Time Horizon of Targets:** Time is a critical dimension across the mapped frameworks, particularly in relation to the credibility and measurability of transition progress. Most frameworks stress the importance of defining near-, medium- and long-term targets, although the degree of prescription varies, and of periodically reviewing to ensure alignment with evolving internal and external conditions. For example, SBTi FINZ requires both near- and long-term science-based targets, while CDP and CSRD call for disclosure of baseline and target years, and progress metrics. ACT complements this approach by assessing the achievement of past targets. Others, such as TPT, emphasize time-bound planning but do not prescribe specific review cycles. Temporal structuring is widely acknowledged, but less consensus exists on disclosing historical performance, which some frameworks treat as recommended rather than essential.
- **Board and Executive Climate Governance Responsibilities:** Across frameworks, governance bodies are expected to assume responsibility for climate-related issues and ensure their integration into strategic decision-making and operational processes. CDP, CSRD, TPT and GFANZ broadly converge on board-level accountability and remuneration linked to climate change, while ACT and ICAPS provide more granular expectations regarding remuneration structures and oversight of transition planning. This illustrates a shared understanding that governance arrangements should support the implementation of climate commitments. However, convergence is lower on explicit requirements for board climate-related expertise, which only a subset of frameworks address in detail.
- **Policy Engagement:** FIs are expected to engage constructively in policy-making processes and avoid activities that could undermine climate-positive regulation. Participation in coalitions, lobbying activities, associations and industry initiatives that support climate objectives is generally encouraged. Frameworks such as ACT, TPT, Ceres, and UN HLEG all highlight the importance of aligning public policy engagement with institutional climate commitments. By contrast, disclosure frameworks like CSRD and IFRS do not explicitly address engagement with policymaking processes. Moreover, few frameworks provide detailed guidance on how institutions should respond when affiliated associations adopt climate-negative positions, leaving this area open to interpretation.

Six areas show where frameworks vary in depth and approach, reflecting differing degrees of ambition, specificity, and operationalization: the treatment of Scope 3 and financed emissions, the specificity of fossil fuel phase-out requirements, how climate risks are addressed, expectations around board and executive training, the integration of financial planning into net-zero strategy, and the role of third-party verification in substantiating reported progress.

- **Scope 3 Emissions:** Frameworks increasingly incorporate Scope 3 and financed emissions but vary in the depth and specificity of their requirements. Research also highlights limitations in these metrics, including the risk that they may encourage paper decarbonization.² ACT, NZIF 2.0, and SBTi provide explicit requirements and methodological guidance, building on the broader expectation, shared by GFANZ and TPT, that value chain emissions should be disclosed. The difference lies in the degree of methodological specificity and the role these emissions play in target-setting. Overall, disclosure remains constrained mainly by data availability across the real economy value chain, though increasing emphasis on value chain mapping and engagement may support wider adoption of more rigorous approaches over time.
- **Phase-out of Coal, Oil & Gas, and Deforestation:** High-emitting activities are widely recognized as material to transition planning, and several frameworks take this further by introducing explicit phase-out or exclusion criteria. ACT includes specific indicators for fossil fuel and deforestation activities, and SBTi FINZ requires phase-out commitments for certain sectors, building on broader expectations from frameworks like GFANZ and TPT on exposure and management approach. Institutions retain meaningful discretion in balancing engagement, management, and phase-out, reflecting the range of credible pathways available.
- **Climate Risk Strategy and Management:** Climate-related risk is addressed across all frameworks, with disclosure frameworks such as IFRS, CDP, and CSRD extending this into more operational requirements around assessment, financial impact disclosure, and integration into governance and risk management. TPT and SBTi acknowledge climate risk at a more general level, without setting specific requirements on how it should be assessed and managed, while OECD and UN HLEG establish the principles-level foundation on which more operational approaches build. Together, these reflect a spectrum of maturity in translating recognition of climate risk into integrated practice.
- **Financial Planning and Net Zero Strategy:** Several frameworks, including CDP and CSRD, build on the general expectation of financial alignment by explicitly connecting climate risks and opportunities to financial impacts, capital allocation, and time-bound metrics. Others, such as GFANZ and ACT, affirm the importance of this link while allowing more flexibility in how it is operationalized. This area is still developing, but it is increasingly seen as important to the credibility of transition plans.
- **Verification:** KPIs and metrics are valued across all mapped frameworks, and CSRD and CDP extend this further by recognizing the importance of external assurance on both target-setting and emissions data. Other frameworks prioritize transparency as the foundation, with verification increasingly emerging as a complementary mechanism as practices mature.

² Paper decarbonization refers to changes in reported portfolio emissions resulting from the sale of high-emitting assets.

- **Board- and Executive-level Climate Expertise:** Governance bodies are widely recognized as responsible for climate-related issues, and ACT goes further by emphasizing structured training and human capital development to build relevant skills over time. Most other frameworks establish the foundational expectation that boards disclose their climate-related expertise, leaving considerable flexibility in how institutions develop and maintain that expertise.

5. USING THE NZFT TO TRACK PROGRESS OF TRANSITION PLANS

5.1 WHAT THE NZFT COVERS

Table 3 shows which transition plan elements the NZFT covers and where it extends beyond the requirements and recommendations of the analyzed frameworks. The column 'What the NZFT currently covers' maps existing transition plan coverage and interprets the analytical elements added in 2026. Together, the entries illustrate how the updated NZFT deepens granularity in selected domains and flags where data and corresponding analysis remain limited.

Table 3: What the NZFT currently covers

Dimensions	Indicators	Best practices identified in transition plans	What the NZFT currently covers
Targets	Adoption of mitigation target	Mitigation targets include near- and long-term commitments	More granular expectations for methodological robustness and comparability in target-setting, combining coverage breadth with clearer specification of target design. This enables the assessment of: - Portfolio and asset coverage, including high coverage thresholds - Inclusion of value chain emissions dimensions (companies' Scope 3 emissions) - Use of consistent baseline year to support comparability over time, including defined net-zero time horizons Overall, these criteria support a more structured evaluation of target coherence, comparability, and operational credibility beyond the existence of mitigation targets.
		Mitigation targets are validated	
		The target year for reaching net zero is 2050 or earlier	
		Emission reduction targets are in line with a 1.5°C pathway	
		Mitigation targets define portfolio, asset, sector, and/or emissions coverage	Enhanced granularity in defining and structuring mitigation target coverage across portfolios and activities. - Specification of extent of coverage across asset and emissions dimensions - Quantitative thresholds for portfolio coverage, including minimum levels of assets under management and financed emissions exposure, capturing the extent of target applicability - Differentiation of target scope across emission types and investment activities, including value chain emissions This enables a more structured evaluation of the completeness, coherence and integration of financial and emissions boundaries within mitigation targets across FIs.

Dimensions	Indicators	Best practices identified in transition plans	What the NZFT currently covers
	Data/ methodology not available	Interim mitigation targets are to be reviewed at least every 5 years	CPI will monitor ongoing developments in disclosure practices to determine the feasibility of incorporating relevant data in future NZFT iterations. As an approximation, the current NZFT methodology assumes a five-year validity for target-related information if no new evidence emerges. However, we cannot track whether targets are reviewed every five years or the outcomes of such reviews.
		Mitigation targets are aligned with 45-50% GHG emission reduction by 2030	Future NZFT iterations will aim to define the appropriate threshold percentage of emission reduction for targets with varied baseline years and timeframes.
	Adoption of climate finance target	A time-bound climate finance target is set	The NZFT matches all the requirements specified by the selected Transition Plan frameworks.
		Provides methodology/taxonomy for green investment to support a climate finance target	
		Climate finance targets are expressed in absolute investment amounts	Climate finance targets introduce explicit quantification of financial commitments in absolute monetary terms, reflecting the volume of capital allocated to climate-related objectives. This enables the assessment of: - Scale of investment associated with climate targets, beyond the identification of eligible activities - Magnitude of capital deployment as an independent evaluative criterion within transition planning This introduces a more direct analytical link between target definition and financial impact, shifting the focus from activity definition to measurable investment scale and its contribution to transition outcomes.
	Adoption of fossil fuel phase-out and exclusion targets	Commitments/policies on restrictions/ phase-out/exclusion on fossil fuels are set	The NZFT introduces more structured expectations regarding restrictions and phase-out approaches for high-emitting assets, including coal, oil and gas exposures and limits on new fossil fuel activities. - Scope of fossil fuel exclusion policies across asset bases and financial activities - Existence of defined phase-out pathways for coal, oil and gas, with time-bound expectations - Coverage of fossil fuel policies across value chain and operational activities This in turn enables clearer evaluation of whether transition strategies are operationalized through defined conditions and thresholds rather than broad exclusion statements, and whether exposure reduction is consistently embedded across financial activities.
		Coal phase-out by 2030 for OECD countries and 2040 globally	The NZFT matches all the requirements specified by the selected Transition Plan frameworks.
		Restrictions on new fossil fuel development	Restrictions on new fossil fuel development are captured through conditions in exclusion policies and limits on financing new fossil fuel projects. This focuses on preventing the financing of new carbon-intensive capacity rather than managing existing exposures, through: - Application of conditions within fossil fuel exclusion policies for expansion activities - Constraints on financing new fossil fuel development - Degree of forward-looking restriction on the emergence of new high-emitting assets This supports the evaluation of how explicitly transition plans address fossil fuel expansion risks within investment policies.

Dimensions	Indicators	Best practices identified in transition plans	What the NZFT currently covers
Implementation	Internal accountability frameworks	Board/executive staff have oversight and responsibility for climate change	Climate governance extends accountability across multiple layers within the NZFT, moving beyond exclusive senior management oversight to expand across the organization, reinforced through incentive structures and competency requirements. This enables the assessment of: ▪ Distribution of climate accountability across business functions, from board to operations ▪ Presence and development of climate-related expertise and competency across governing bodies and staff This allows for a more structured evaluation of how governance systems translate climate objectives into accountability structures and operational implementation capacity across FIs.
		Executive remuneration is linked to climate targets	
		Board/executive staff have climate-related expertise and skills	
	Shareholder and client engagement	Engages with clients and portfolio companies	More structured expectations around engagement practices with clients and portfolio companies, including target setting and escalation mechanisms. ▪ Stringent evidence of positive climate engagement and absence of negative actions ▪ Integration of escalation pathways and tools within engagement processes, including their application in practice This enables a clearer assessment of whether engagement is systematic and outcome-oriented, rather than general statements of intent, including of the extent to which FIs actively shape portfolio companies' behavior. The updated NZFT introduces granular criteria on the use of voting rights and stewardship practices, enabling the assessment of how climate stewardship is operationalized beyond general engagement commitments. It allows the analysis of measurable voting behavior, escalation practices, and transparency as indicators of accountability and implementation credibility.
		Sets engagement targets with clients and portfolio companies	
		Engagement strategies contain escalation policies	
		Leverages voting and shareholder rights to support engagement objectives	
	Policy engagement	Engages with policymakers	Policy engagement is assessed through structured expectations regarding direct engagement with policymakers, including participation in regulatory processes and indirect advocacy. ▪ Degree of direct engagement with policymakers on climate issues ▪ Alignment with financial sector regulatory developments, including reporting standards, taxonomies and prudential frameworks ▪ Support for real-economy climate policies within public policy positions This supports the evaluation of whether policy engagement is aligned and supports transition objectives, reinforcing climate commitments.
	Climate risk strategy	Engages through collaborative initiatives/coalitions	The NZFT matches all the requirements specified by the selected Transition Plan frameworks.
		Assesses the anticipated effects of climate risks/opportunities on financial position	
		Uses climate scenario analysis as a key tool to understand climate-related risks and opportunities	The NZFT's climate risk assessment places stronger emphasis on forward-looking analysis of impacts on financial position and uses scenario analysis as a core tool. ▪ Clearer evaluation of how climate considerations are embedded into financial planning ▪ Strategic decision-making considers different future pathways Overall, it supports a more structured assessment of how forward-looking climate risks and opportunities are incorporated into financial assessment through scenario-based analysis.

Dimensions	Indicators	Best practices identified in transition plans	What the NZFT currently covers
		Performs materiality assessment	A more granular assessment of material climate-related risks and opportunities, with specific requirements on: ▪ Identification and evaluation of the material/physical/substantive impacts on financial and operational strategies ▪ Disclosure of methodologies and/or other thresholds used to assess materiality This enables a more comprehensive assessment of how FIs identify, prioritize, and integrate material climate-related impacts into strategic decision-making.
		Reviews and assesses climate strategy regularly	The NZFT treats regular review of climate strategies as a distinct component of transition planning. This enables periodic reassessment and updating of climate risk strategies in response to evolving internal and external conditions, supporting strategic priorities over time.
	Climate risk management	Integrates climate into entity-level risk management	The NZFT assesses the integration of climate into risk management through specific criteria covering the entirety of FIs' risk processes, the use of dedicated risk management tools to identify, measure and manage climate-related risks and opportunities, and the extent of portfolio coverage. This supports the assessment of how systematically climate considerations are embedded within risk management processes and strategic planning, rather than addressed individually or temporarily.
n/a	Data/ methodology not available	Integrates Just Transition in strategy	A methodology will be developed in future NZFT iterations to systematically capture FI's progress on Just Transition, which is currently addressed inconsistently and in a fragmented manner across sectors.
Impact/ Implementation	Clean energy project-level financing/credit financing	Invests in or creates products and services aligned with net zero by 2050 (e.g., climate solutions)	The NZFT matches all the requirements specified by the selected Transition Plan frameworks.
	Clean energy/ fossil fuel project-level financing/ credit financing Disclosure of	Discloses financing toward climate solutions Discloses financing toward carbon-intensive activities	Disclosure of financing flows toward climate solutions and carbon-intensive activities is treated with greater granularity, requiring dedicated reporting that distinguishes between positive and high-emitting capital allocation. This enables a clearer assessment of how FIs allocate finance across transition-relevant activities and the extent to which financing decisions reflect and reinforce decarbonization objectives.

Dimensions	Indicators	Best practices identified in transition plans	What the NZFT currently covers
Implementation	Disclosure of Emissions Data	Discloses emissions associated with its financing activities (e.g., financed, facilitated, insurance-associated)	Disclosure of financial activity emissions is extended beyond financed and portfolio emissions to include facilitated and insurance-associated emissions, broadening the coverage across business lines. This enables the assessment of: - Coverage of emissions disclosures across different financial activities and business models - Completeness of portfolio emissions reporting, including full asset coverage - Use of established methodologies and transparency regarding drivers of emissions changes over time Overall, it supports a more structured evaluation of the breadth, consistency, and interpretability of emissions disclosures across FIs.
		Discloses progress in reducing financed/ portfolio emissions against its mitigation target	The NZFT matches all the requirements specified by the selected Transition Plan frameworks.
		Reported emissions externally verified by relevant authorities	
		Discloses the emission calculation methodology and recalculation policy	More specific requirements for disclosing the methodologies, standards, and assumptions used to calculate financial activity emissions, alongside recalculation policies. This enhances the transparency and reliability of emissions data, improving traceability, comparability, and consistency over time. It also captures how FIs address methodological updates, revised data, or variations in emissions baselines, supporting the assessment of progress against emissions reduction targets.
	Carbon Reduction Without Offsets	Discloses use of carbon credits	The NZFT matches all the requirements specified by the selected Transition Plan frameworks.
		Does not use voluntary carbon credits to achieve mitigation targets	
TCFD/ISSB/ CSRD Disclosure Publication	Assesses whether FIs publicly report climate-related information in accordance with TCFD, ISSB, or CSRD requirements		
	Tracking of Transition Plan	Discloses a set of actions/transition plan to achieve climate targets exists and is disclosed	

Tables 2 and 3 offer complementary perspectives on transition planning practices across the selected frameworks and the areas in which the NZFT adopts a broader and more granular assessment approach. Table 2 maps how each framework addresses the transition plan elements identified in transition plan guidance, disclosure, and assessment, while Table 3 highlights where the NZFT has coverage and the additional dimensions, criteria, and analytical depth through which it extends beyond prevailing framework expectations. Together, they support a clearer understanding of the current transition planning landscape for FIs, identifying areas of convergence across frameworks, remaining gaps and inconsistencies, and how the NZFT strengthens the assessment of transition plan credibility, implementation quality, and alignment with real-economy decarbonization objectives.

5.2 ADDITIONAL FRAMEWORKS UNDERPINNING THE NZFT

While this report focuses on the main frameworks shaping transition planning best practices, the NZFT draws on a broader set of standards that enable it to translate principles into measurable indicators and outcome-oriented metrics that track real-economy impacts. No single framework captures every dimension of a credible transition plan, and the NZFT therefore incorporates complementary lenses from several sources to identify global best practices and build a complete assessment.

This approach is illustrated through the target-setting dimension. In addition to the [SBTi FINZ](#), the NZFT draws on the [ISO Net Zero Guidelines](#), which sharpen the assessment of operational credibility in target design, and on the [NZAOA Target-Setting Protocol](#) and [UNEP FI's Guidelines for Climate Target Setting for Banks](#), both of which provide the granularity needed to assess portfolio coverage and the sector-level treatment of financed emissions. The PRI strengthens the NZFT's evaluation of governance, [climate risk management](#) and [stewardship](#) quality, the [PRB's Responsible Banking Blueprint](#) informs the assessment of bank-specific commitments, and [WWF's credibility criteria](#) support the evaluation of fossil fuel phase-out ambition. The [PCAF Global GHG Accounting and Reporting Standard](#) plays a similarly foundational role, providing the attribution methodology that underpins the NZFT's portfolio emissions indicator.

These frameworks allow the NZFT to capture elements beyond what single transition plan frameworks track. A description of each standard, and its specific contribution to the methodology, is provided in NZFT's [2026 methodology](#).

5.3 WHERE THE NZFT GOES FURTHER THAN TRANSITION PLAN FRAMEWORKS

As highlighted in Table 3, the NZFT introduces more granular requirements than those embedded in broader climate disclosure and transition planning standards, drawing on a thorough assessment of existing frameworks to identify best practice for FIs and to define the analytical baseline for data collection. The areas below are illustrative rather than exhaustive: they represent a selection of the clearest examples of where the NZFT extends beyond prevailing framework expectations.

TARGET SETTING

The NZFT goes considerably beyond the target-setting expectations embedded in the standards used to define transition planning best practices. It specifies detailed requirements for target design, including asset class and portfolio coverage, the inclusion of portfolio companies' Scope 3 emissions, quantitative thresholds for minimum AUM and financed emissions exposure, and differentiation of target scope across emission types and activities. These requirements build on more granular provisions in the NZAOA Target-Setting Protocol and the UNEP FI Guidelines and reflect the ISO Net Zero Guidelines' approach to assessing target robustness. These requirements move beyond the existence of a target to assess whether its boundaries and methodology are sufficiently defined to support robust, comparable progress tracking over time. The NZFT also requires institutions to quantify climate-related capital allocation in terms of its real-economy impact, going beyond the disclosure of aspirational capital allocation plans or targets, an approach reflected in the NZAOA Target-Setting Protocol. In addition, it sets structured expectations on fossil fuel reduction commitments, including defined phase-out timelines, breadth of coverage across portfolios, and forward-looking restrictions on new fossil fuel development, reflecting the emphasis the WWF Criteria place on fossil fuel phase-out, and enabling an evaluation of whether transition strategies are operationalized through specific conditions rather than broad exclusion statements.

ENGAGEMENT STRATEGY

The NZFT sets more stringent expectations for engagement practices than most analyzed frameworks, covering engagement with clients and portfolio companies as well as with external actors such as policymakers and sectoral associations. On investee and client engagement, the NZFT requires concrete evidence of positive climate engagement and the absence of negative actions, rather than disclosure of engagement policies alone, a distinction not consistently required even among frameworks with detailed criteria. This requirement draws on the stewardship expectations set out in the PRI and the PRB Blueprint. On voting and shareholder rights, it introduces criteria on quantitative voting metrics, such as support for climate-related proposals and votes against management for climate reasons, moving beyond the binary disclosure of a voting policy to evidence of how it is applied, drawing on the PRI's Stewardship for Sustainability Evaluation Tool. On policy engagement, the NZFT requires clarity on the nature of interaction with policymakers, including alignment with regulatory developments and the absence of positions that contradict institutional climate commitments, reflecting expectations in both the PRB Blueprint and the WWF Criteria.

CLIMATE RISK

The NZFT provides more structured requirements on how climate risk is integrated into strategic and operational decision-making than most analyzed frameworks. It requires evidence that climate risk is embedded across an institution's risk management processes, including financial planning, rather than addressed within a standalone sustainability function, and that dedicated risk tools are applied across the full breadth of the portfolio, an approach informed by the PRI's guidance on climate risk governance. It also introduces specific requirements on materiality assessment methodology and thresholds and treats periodic reassessment of climate risk strategy as a distinct, scoreable criterion requiring review at least every three years, a cadence not present in most analyzed frameworks.

LIMITATIONS

Certain indicators remain constrained by current disclosure practices across the sector. Scope 3 and financed emissions remain difficult to measure comprehensively and comparably, reliable financing data is currently available mainly for a sub-sample of larger banks, and areas such as interim target reviews and Just Transition considerations are not yet disclosed with sufficient consistency to support reliable assessment. These limitations are documented transparently in the NZFT methodology and are expected to narrow as disclosure practices mature.

5.4 MEASURING THE IMPLEMENTATION AND REAL-ECONOMY OUTCOMES OF TRANSITION PLANS

Transition plans establish the targets, strategies, governance arrangements and implementation mechanisms through which FIs intend to support the climate transition. Assessing the credibility of these commitments is essential, but transition planning also requires evidence that commitments translate into changes in financial activity, portfolio composition and climate-related outcomes over time.

This distinction is increasingly reflected across transition planning and assessment frameworks. Frameworks including GFANZ, NZIF 2.0, the SBTi Financial Institutions Net-Zero Standard, TPT, OECD guidance and ACT connect credible transition planning not only to target-setting and governance, but also to capital allocation, portfolio alignment, emissions performance, engagement and the management of climate-related risks. These elements provide evidence on whether transition strategies are being implemented and whether FIs' activities are becoming more consistent with their stated transition objectives.

The NZFT builds on this approach by complementing its assessment of targets and implementation practices with quantitative indicators that track observable financial activity, portfolio characteristics and climate-related risk. These indicators should be understood as a connected analytical framework rather than as standalone measures or as an aggregate certification of transition-plan alignment. Taken together, they help assess whether implementing transition plans is associated with changes in the activities and companies FIs finance, the emissions and transition characteristics of their portfolios, and the climate-related risks those portfolios remain exposed to.

Reading the indicators together is important because progress in one area does not necessarily imply progress across the institution. For example, an institution may reduce direct project financing for fossil fuel assets while continuing to provide significant lending or underwriting to companies developing those assets. An investor may provide little direct project or credit finance but remain an important source of capital through substantial bond or equity holdings. Similarly, a decline in portfolio emissions may reflect underlying company decarbonization, changes in portfolio composition, or both. The integrated framework therefore provides policymakers, FIs, researchers and civil society with a more complete view of how transition commitments are being implemented and what financial, transition and risk outcomes are observable across portfolios.

1. STEERING CAPITAL TOWARD THE ENERGY TRANSITION

A core objective of financial-sector transition planning is to support the reallocation of capital toward activities consistent with the energy transition, while progressively reducing support for activities that expand or prolong high-emitting capacity. Frameworks including GFANZ, NZIF 2.0, the SBTi Financial Institutions Net-Zero Standard, OECD guidance, UN HLEG and the Investor Agenda's ICAPS Expectations Ladder connect transition planning to capital allocation, transition finance, corporate engagement and the managed phase-out of high-emitting activities.

The NZFT assesses this dimension by examining both flows of new finance and the stock of existing portfolio exposure. This makes it possible to distinguish between changes in current financing decisions and the broader composition of FIs' portfolios. Considered together, the indicators provide evidence of whether capital allocation is moving toward clean energy and transition activities, whether financing continues to support fossil fuel expansion, and how FIs remain exposed to companies expanding, maintaining or reducing high-emitting activities.

Indicators	What the indicator captures
Project-level financing to the energy sector (direct/indirectly-enabled)	Tracks FIs' direct and indirect financing of new clean energy, transition and high-emissions energy projects.
Credit financing to the energy sector	Measures annual bank lending and underwriting to clean energy companies and fossil fuel companies, including whether fossil fuel recipients have expansion plans.
Portfolio exposure to the energy sector - Beta	Assesses the share of equity and debt portfolios exposed to companies expanding, maintaining or reducing clean energy and fossil fuel activities.

2. ASSESSING PORTFOLIO DECARBONIZATION, CORPORATE TRANSITION AND TRANSITION RISK

Across the wider portfolio, assessing transition-plan implementation requires distinguishing between several related but different dimensions: the emissions associated with financed companies, the extent to which those companies are progressing through their own transitions, and the FI's exposure to transition-related financial risk. These dimensions cannot be inferred from one another. A portfolio can reduce its reported emissions without contributing to underlying company decarbonization, while a company can publish a transition plan without demonstrating implementation. Similarly, transition-related financial risk is not synonymous with either current emissions or transition progress.

A range of accounting, transition-planning and assessment frameworks supports this broader perspective. PCAF and the GHG Protocol provide foundations for emissions measurement; frameworks such as GFANZ, TPT, IFRS S2, CSRD/ESRS E1, CDP, Ceres, OECD and UN HLEG link transition planning to implementation and performance; and frameworks such as NZIF 2.0, SBTi FINZ, ACT Finance and the TPI Net Zero Banking Assessment Framework provide additional approaches to assessing alignment and transition progress.

The NZFT brings these perspectives together by combining backward-looking emissions information, forward-looking assessments of corporate transition and scenario-based measures of transition risk. This enables users to examine not only whether portfolio emissions are

changing, but also what may be driving those changes, whether portfolio companies are themselves progressing through the transition, and where financial exposure to different transition pathways remains concentrated.

Indicators	What the indicator captures
Portfolio/financed emissions - Beta	Estimates the greenhouse gas emissions attributed to FI's listed equity and corporate debt holdings and tracks how these change over time.
Portfolio exposure to corporate transition - Beta	Measures how portfolio exposure is distributed across companies at different stages of a net-zero transition pathway.
Portfolio exposure to transition risk (CVaR)	Estimates the potential valuation impact of transition-related policy, technology and market changes on listed equity and debt portfolios under different transition scenarios.

3. BUILDING RESILIENCE TO PHYSICAL CLIMATE RISK

Transition planning increasingly needs to consider mitigation and resilience in parallel. Physical climate impacts can affect companies directly through asset damage and business interruption, but can also be transmitted through supply chains, infrastructure, productivity, demand, labour markets, financial conditions and wider macroeconomic disruption. Understanding these exposures is therefore important both for assessing the resilience of FI's portfolios and for evaluating whether climate considerations are being incorporated into financial decision-making.

The wider framework landscape increasingly reflects this shift from climate risk identification and disclosure toward scenario analysis, risk integration, adaptation planning, counterparty engagement and resilience finance. Relevant approaches include 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 guidance, the Net-Zero Asset Owner Alliance Target-Setting Protocol and ACT Finance, alongside NGFS scenarios, IPCC assessments and climate risk methodologies.

Within the NZFT, physical climate risk is assessed as a complementary outcome and resilience measure rather than as a direct measure of transition-plan success. It provides evidence of the extent to which portfolios remain financially exposed to physical climate impacts under different warming pathways, helping users assess an important dimension of climate resilience alongside progress on mitigation and transition.

Indicators	What the indicator captures
Portfolio exposure to physical climate risk (CVaR)	Estimates the potential valuation impact of direct physical hazards and broader macroeconomic climate effects on listed equity and debt portfolios across warming scenarios.

6. USER'S GUIDE TO TRACKING FIS' TRANSITION PLANS

The NZFT framework and 2026 mapping can be used by a range of stakeholders to assess transition plans, understand alignment across frameworks, identify leading practices, and prepare for evolving disclosure and supervisory expectations. The mapping tables, scoring methodology, and benchmarking platform each provide different but complementary insights.

FOR ALL FINANCIAL INSTITUTIONS

FIs can use the NZFT mapping to assess transition plans against the analyzed frameworks, identify gaps in existing disclosures, and understand where NZFT criteria go beyond current framework requirements. While many institutions are focused on compliance with emerging requirements such as CSRD, ISSB S2, and TPT, the mapping also highlights areas that may strengthen the credibility, comparability, and implementation of transition plans.

Table 2 enables institutions to identify which of the 39 identified transition plan elements different frameworks address and where additional disclosures or actions may be required. Table 3 highlights areas where NZFT criteria exceed existing framework requirements, providing insight into emerging best practices and areas of increasing stakeholder focus. These may help institutions identify opportunities to strengthen transition planning beyond minimum compliance expectations.

The NZFT platform complements the mapping by allowing institutions to benchmark performance against peers, compare transition-planning approaches, and identify relative strengths and weaknesses. Together, these tools can support transition plan development, internal reviews, regulatory preparation, and stakeholder engagement.

FOR ASSET OWNERS AND ASSET MANAGERS

Asset owners can use the NZFT mapping and platform to assess how external asset managers align with transition planning expectations and to support engagement in leading practices. The mapping provides a common reference point for discussing the quality, completeness, and implementation of Transition Plans, while the benchmarking platform can help contextualize performance across managers and identify areas for improvement.

Asset managers can similarly use the framework to demonstrate alignment with recognized transition planning practices, respond to asset owner expectations, and benchmark their approach against peers.

FOR INDUSTRY ASSOCIATIONS, FINANCIAL CENTERS, AND NET ZERO COALITIONS

Industry associations, financial centers, and net zero coalitions can use the mapping to understand how different frameworks align, identify common areas of convergence, and support capacity-building efforts across their members. Analyzing where NZFT criteria exceed existing frameworks may also inform discussions on emerging market practices and evolving expectations for transition planning.

FOR REGULATORS AND POLICYMAKERS

For regulators and policymakers, the NZFT mapping provides a structured cross-reference between voluntary and mandatory transition planning frameworks and the criteria used to assess FI progress. It can support supervisory guidance development, highlight areas where mandatory requirements remain limited or ambiguous, and provide context for interpreting disclosures as standardized assessment methodologies continue to evolve.

Table 2 enables regulators to identify which Transition Plan elements are covered by mandatory frameworks, such as CSRD/ESRS E1 and ISSB S2, and which remain addressed primarily through voluntary guidance and assessment frameworks. This can help identify areas where regulatory expectations may require clarification or further development. Table 3 highlights areas where NZFT criteria exceed existing frameworks and may provide insight into emerging practices that could inform future supervisory or disclosure approaches.

The NZFT should be understood as a methodological reference rather than a regulatory tool. It is not a certification, rating, or supervisory endorsement, and should be used alongside other supervisory and policy inputs.

7. NEXT STEPS

This document is one of several NZFT outputs published in 2026, complemented by updated methodology documentation and platform releases through the NZFT dashboard, which provides interactive access to the underlying indicator data. Later this year, CPI will publish updates on the 2025 reports '[Tracking the Transition: Global Private Financial Institutions' Progress toward Net Zero](#)', which synthesizes data across NZFT-tracked institutions on their progress toward climate alignment, as well as the '[State of OECD Pension Funds' Climate Transition: Insights and recommendations from the Net Zero Finance Tracker](#)', which assesses climate transition progress across OECD pension funds and highlights key insights and recommendations for the sector.

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