

C40 CLEAN INVESTMENT ACCELERATOR



How cities are shifting municipal and pension fund investment to clean, fossil-free assets

SIGNATORY CITIES

Amsterdam, Auckland, Berlin, Boston, Bristol, Cape Town, Copenhagen, Durban/Ethekwini, Glasgow, Jakarta, London, Milan, Montréal, New Orleans, New York, Oslo, Paris, Pittsburgh, Rio de Janeiro, Seattle, Vancouver

COMMITMENTS

1. Remove and stop investment in fossil fuels companies, from our city assets (e.g. municipal investments/ cash assets/ reserve funds/ trusts) and increase our financial investments in climate solutions, including those that create good jobs and a just, green economy
2. Advocate for clean and sustainable finance by other investors and all levels of government, including by promoting strong, long-term climate policies and demanding greater transparency
3. Call on our pension funds to remove and stop future investments in fossil fuel companies, and increase investments in climate solutions including those that create good jobs and a just, green economy

SUMMARY

To create healthier communities and sustainable local economies, investment must be redirected away from fossil fuels and other polluting areas, into sectors that support a cleaner, fairer future for all. This is a major investment opportunity: every dollar of public funding for climate projects can leverage up to [four dollars of private investment](#).

Urban climate action can generate local green jobs and directly benefit residents. Work is needed to unlock private capital to achieve this, and help [overcome the significant investment shortfall](#) cities currently face. Every dollar invested in resilient infrastructure could save four dollars in avoided retrofit and disaster recovery spending.

Today, **21 global cities** have signed the [C40 Clean Investment Accelerator](#), mobilising investment into clean, fossil-free projects that support climate goals and create good, green jobs. Together, these cities represent 61 million people and over US\$1 trillion of municipal and pension fund capital.

Cities are divesting the city's investment portfolios (e.g. cash assets, trusts and reserve funds) from fossil fuel companies, and scaling up their investments in climate solutions. For instance, since 2023, **Copenhagen** has set an objective

that 50% of the investments in its investment fund must be green or sustainable, in line with the EU Sustainable Financial Disclosure Regulation (SFDR) definition, by 2030. As municipal budgets are increasingly constrained, cities are also finding ways to innovate financially, with two-thirds developing new financial vehicles like green funds and bonds. **Berlin** introduced its successful €750 million (US\$871.8 million) sustainability bond in 2023 and is planning a second issuance for late 2025.

More city mayors than ever are using speeches, op-eds, and events to advocate for an end to fossil fuel financing. A third of signatory mayors have directly engaged with other city leaders to amplify their call for fossil-free finance. The vast majority of cities are also extending their climate leadership to influence and engage with other investors and national governments at public events like the Urban20 and London Climate Action Week, as well as at closed door roundtables.

Cities have steered almost US\$11 billion in new capital towards climate solutions and green funds through direct engagement. At the same time, total investments in fossil fuel companies have reduced by about US\$230 million from 2023 levels.

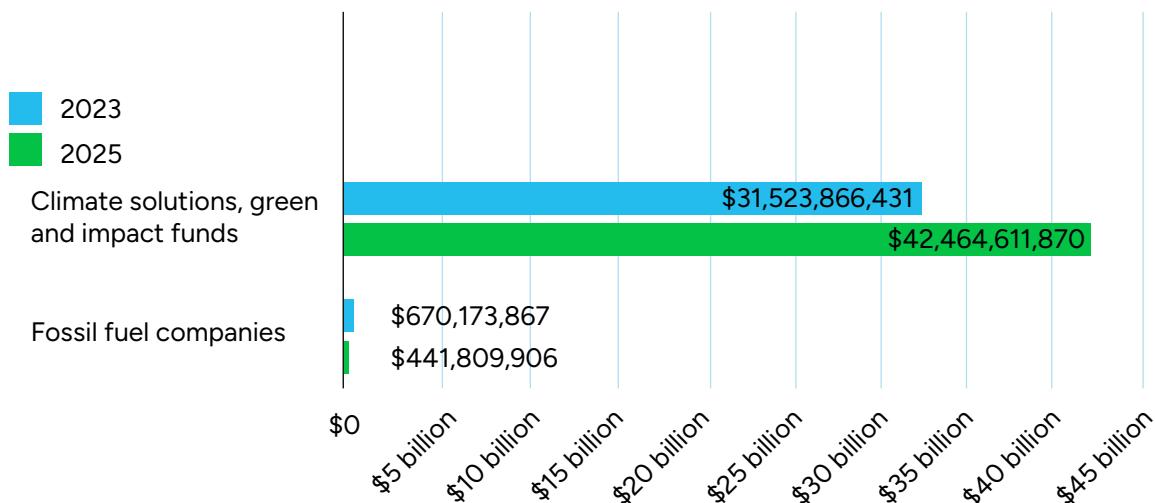
These efforts are demonstrating that a clean investment shift can deliver better outcomes for workers, save tax payers' money, and mean cities can invest more in projects that benefit local communities such as clean energy, EVs, and public parks.

With the sustainable investment agenda under attack in recent years, this is a crucial moment for city leaders to make the case that investing in clean assets can help protect financial returns, reduce risk, and ensure long-term economic stability, all while supporting climate goals.

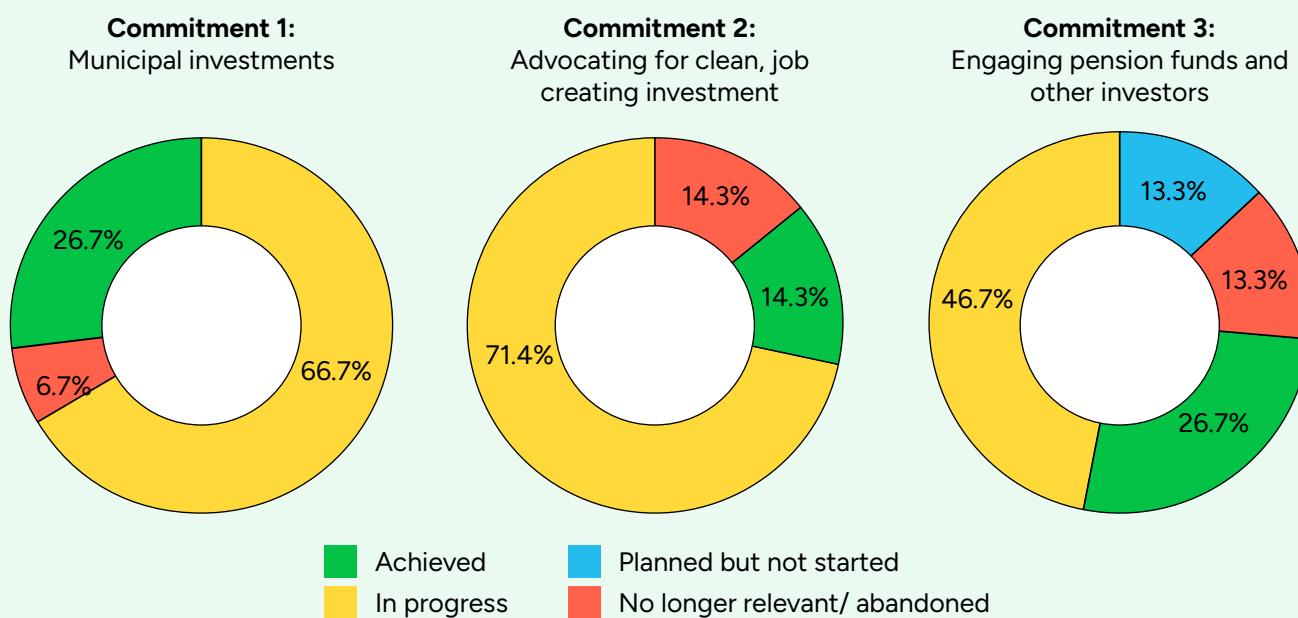
IMPACT

INVESTMENT IN CLEAN VS. FOSSIL FUEL SECTORS BY PENSION FUNDS IN THE NETWORK

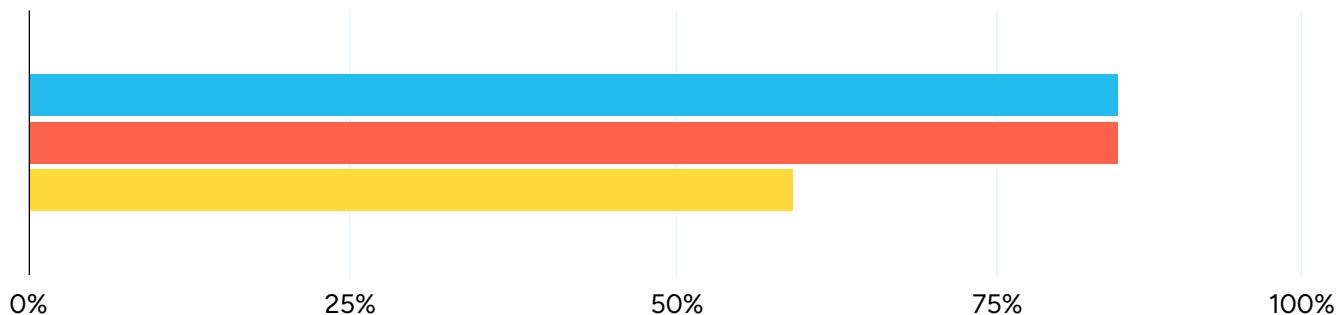
NB. Where up to date figures were not available, figures from the prior reporting period have been assumed provided investment policies related to sustainability have remained consistent.



PERCENTAGE OF CITIES MAKING PROGRESS PER COMMITMENT



CLEAN INVESTMENT THROUGH MUNICIPAL ASSETS AND POLICIES



- Cities that have removed fossil fuel companies from municipal investments (e.g. cash assets/ reserve funds/ trusts), and put policies in place to stop future investments in these companies
- Cities that have increased municipal investments into renewable climate solutions (e.g. from cash assets/ reserve funds/ trusts)
- Cities that have developed financial vehicles (e.g. green city funds/ co-investment funds/ green bonds) to leverage investment into climate projects

86%

of signatory cities have removed fossil fuel companies from municipal investments (e.g. cash assets / reserve funds/ trusts), and put policies in place to stop future investments in these companies.

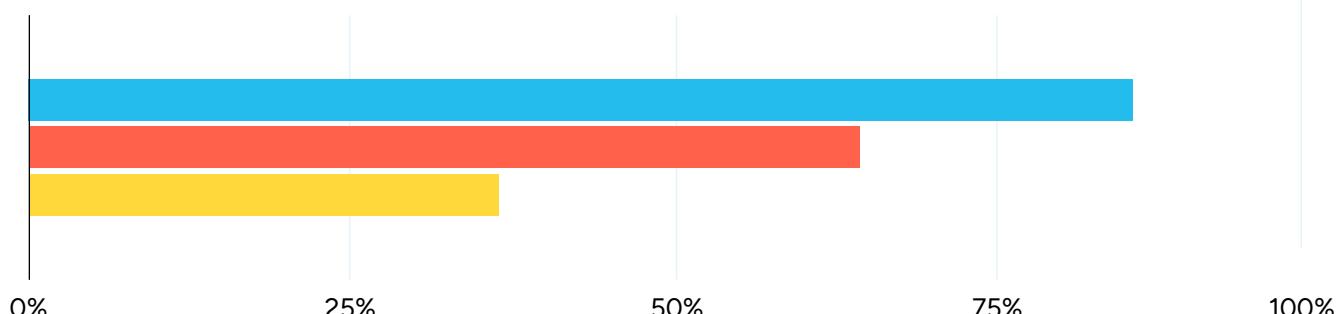
86%

of signatory cities are taking steps to increase municipal investments into renewables and climate solutions (e.g. from cash assets/ reserve funds/ trusts).

60%

of signatory cities have developed financial vehicles (e.g. green city funds/ co-investment funds/ green bonds) to mobilise investment into climate projects.

ADVOCATING FOR CLEAN, JOB CREATING INVESTMENT



- Cities that used their influence to advocate and engage other actors and our regional and national governments, to reallocate investment to green, job creating sectors
- Cities that advocated publicly for an end to fossil fuel finance which supports equitable access to decent jobs
- Cities that engaged with the mayors of other cities to issue a collective call for fossil free finance e.g. to larger (regional or national-level) pension funds, banks or asset managers or regulators

86%

of signatory cities are using their influence to advocate and engage other actors, such as private financial or academic, cultural or health institutions, and regional and national governments, to invest in green, job creating sectors (e.g. calling for regulation of pension funds to incorporate climate-related risks; or creating policies to develop a local sustainable investment market).

64%

of signatory cities are advocating publicly e.g. in speeches, op-eds or events for an end to fossil fuel finance, including calling for investment in a just transition which supports equitable access to decent jobs.

36%

of signatory cities are engaging with other mayors to issue a collective call for fossil free finance e.g. to larger (regional or national) pension funds, banks or asset managers or regulators.

ENGAGING PENSION FUNDS AND OTHER INVESTORS TO SUPPORT CLEAN, JOB CREATING INVESTMENT

0% 25% 50% 75% 100%

Policy Type	Percentage
Pension funds in the network implementing a policy to divest its assets from fossil fuels	75%
Pension funds in the network implementing a policy to increase investment in climate solutions	88%
Pension funds in the network that have made a net zero commitment and adopted a credible framework	62%

- Pension funds in the network implementing a policy to divest its assets from fossil fuels
- Pension funds in the network implementing a policy to increase investment in climate solutions
- Pension funds in the network that have made a net zero commitment and adopted a credible framework

59%

of pension funds in the network are implementing a policy to divest from fossil fuels.

65%

of pension funds in the network are implementing a policy to increase investment in climate solutions.

53%

of pension funds in the network have made a net zero commitment and adopted a credible framework (e.g. aligned with European Commission's high-level expert group on sustainable finance (HLEG) recommendations for integrity, or similarly credible implementation framework).

TURNING COMMITMENT INTO ACTION

Commitment 1: Remove and stop investment in fossil fuels companies, from our city assets (e.g. municipal investments/ cash assets/ reserve funds/ trusts) and increase our financial investments in climate solutions, including those that create good jobs and a just, green economy

Auckland Council reallocated NZ\$1.32 billion (US\$756 million) in December 2024 from the sale of its shares in Auckland Airport to establish a new Future Fund, introduced to benefit current and future residents, and strengthen Auckland's financial and physical resilience. The fund is managed in line with the council's responsible investment policy, with potential to increase exposure to climate-aligned assets. This marks a shift in capital from carbon-intensive sectors into investments that support the green economy in New Zealand and globally.

Glasgow has allocated £4 million (US\$5.3 million) to establish its Model for Climate Investment, a strategic approach to mobilise private finance. The model, which includes distinct delivery and investment vehicles, will build on net zero strategies like the Local Heat and Energy Efficiency Strategy (LHEES). This approach creates a sustainable framework to unlock private capital for climate projects, while ensuring a just transition for the city's communities.

Boston has successfully transitioned its entire US\$635 million General Fund investment portfolio into funds that consider Environmental, Social, and Governance (ESG) outcomes, following a multi-year side-by-side comparison of a traditional versus ESG-focused investment portfolio which indicated similar if not better performance in the ESG-focused portfolio. This strategic move aligns the City's financial practices with its sustainability goals. The City collaborates with external investment consultants who use specialised tools like Sustainalytics to perform a quarterly analysis and minimise ESG-related risks.

In addition, the City's US\$1.4 billion trust fund approach is multi-faceted, combining a firm's ESG process with detailed quantitative analysis of specific investments to ensure all city requirements are met. The City collaborates with external consultants in conducting periodic reviews of the underlying holdings of each of the City's investment managers to ensure compliance with current ordinances. The goal of this collaboration is to promote positive outcomes in ESG areas, while maintaining the Fund's primary objective of preserving and growing capital over time.

Commitment 2: Advocate for clean and sustainable finance by other investors and all levels of government, including by promoting strong, long-term climate policies and demanding greater transparency

The Executive Mayor of **Durban/eThekweni**, Cyril Xaba, signed a joint [open letter to African Ministers of Finance](#) as part of a continent-wide initiative by municipal leaders to advocate for improved climate finance for cities. The letter, signed by 42 mayors and governors from across Africa, called on national governments to take stronger action to support local initiatives. The letter recommends integrating climate and nature priorities into national budgets, developing robust frameworks for municipal finance, and improved access to sustainable funding for cities. At the U20 African Mayors Assembly in Tshwane in June 2025, the South African National Treasury sent an official response to the letter highlighting specific reforms with opportunities for cities' involvement and input, and actionable commitments to cities.

Milan advocates for clean and sustainable finance through participation in international forums and local engagement. As a member of the Urban20 (U20), Milan has consistently supported calls for fossil fuel divestment in U20 Communiqués since 2021. The city also contributes to the Global Commission for Urban Sustainable Development Goals (SDG) Finance, promoting approaches to scale up sustainable urban finance. In September 2024, Mayor Giuseppe Sala co-signed a joint letter to Heads of State at the UN General Assembly and Summit of the Future, urging stronger action on fossil fuel phase-out. At the local level, the city promotes clean and sustainable investments through key stakeholder engagement initiatives, such as the Climate City Contract, signed in April 2024 with 25 parties, and the Air and Climate Alliance, launched in early 2025 with 56 local businesses supporting the implementation of Milan's Air and Climate Plan.

Commitment 3: Call on our pension funds to remove and stop future investments in fossil fuel companies, and increase investments in climate solutions including those that create good jobs and a just, green economy

Bristol City Council supports the climate-focused strategy of the Avon Pension Fund, the main pension fund for its employees. The fund aims to achieve net zero financed emissions by 2045, with interim targets to reduce the carbon intensity of its equity and corporate bond portfolios by 69% and 60% respectively, by 2030. Its approach includes reducing exposure to fossil fuel investments, reallocating to sustainable and Paris-aligned portfolios and working with asset managers to influence corporate behaviour through engagement.

New York City's five pension funds; the New York City Employees' Retirement System (NYCERS), Teachers' Retirement System of the City of New York (TRS), New York City Police Pension Fund, New York City Fire Department Pension Fund, and the Board of Education Retirement System of the City of New York (BERS), have significantly increased their portfolio of climate solutions investments to US\$15.6 billion as of December 31, 2024.

As part of a wider climate risk management strategy and in line with their fiduciary duties, three of the systems (NYCERS, TRS and BERS) have already divested from fossil fuels, committed to achieve net-zero portfolio emissions by 2040 and set ambitious targets for further [climate solutions investments](#) by 2035.

Oslo is working with the €12.7 billion (US\$14.8 billion) Assets Under Management (AUM) Oslo Pension Fund (OPF) to align investment practices with net zero emissions by 2050. The target applies to the fund's corporate and real estate investments. By engaging with the pension fund, the city aims to strengthen climate accountability across a broader scope, including its financial ecosystem, to support long-term emission reduction beyond the city's own municipal operations.



INSPIRATION



In April 2025, **Boston** and **London** joined a knowledge sharing session to explore approaches to reallocate municipally controlled cash assets to ESG funds. During the session, Boston's Treasury team and external investment consultants shared knowledge with London and the London Treasury on the process for shifting general and trust fund investments into ESG funds, ESG fund identification and classification, and how the city has screened its investments for ESG factors using Sustainalytics data. The exchange also addressed expected financial returns, the impact of ESG screening, and options for tailoring ESG assessments by industry or issuer. Participating and contributing to the knowledge sharing session allowed two major financial hubs to explore and develop a detailed understanding of the financial and sustainability-related impacts of asset allocation decisions.

In 2023, the City of **Cape Town**, with support from C40, convened a knowledge sharing session with the Cape Retirement Fund and representatives from the **London** Pensions Fund Authority and the **New York City** Office of the Comptroller – responsible for the city's five public pension funds. The objective was to exchange insights on fossil fuel divestment and clean investment strategies, particularly around ESG integration. London and New York shared approaches to reducing exposure to investments that performed poorly on ESG factors, especially high-carbon holdings, and on their processes for ESG screening, fund selection, and disclosure. The session was also an opportunity for the Cape Retirement Fund to explore how similar strategies might be applied in its own context.

COLLABORATION



The **Montréal** Sustainable Finance Summit in May 2025 served as a platform for international financial leaders and sustainability experts to focus on the transformation of global finance in response to the climate and biodiversity crises. Key outcomes of the summit included the establishment of a new biodiversity finance centre, and formation of new partnerships to scale up impact investing.

New Orleans collaborated with external partners to assess the fossil fuel exposure of its Municipal Employee Retirement System (NOMERS) portfolio, identifying and evaluating the financial case for fossil fuel divestment while aligning with the fund's fiduciary duties. The analysis concluded that divesting from fossil fuels would not breach

the Board of Trustees' fiduciary duties to act in beneficiaries' best interests, noting the sector's long-term underperformance relative to the broader market.

In November 2023, New Orleans presented the case to the fund's Board of Trustees, which referred it to the governance committee for consideration. A poll of local public opinion showed strong local support (67%) for fossil fuel divestment. New Orleans continues to engage with the pension fund to encourage divestment.

EQUITY AND INCLUSION

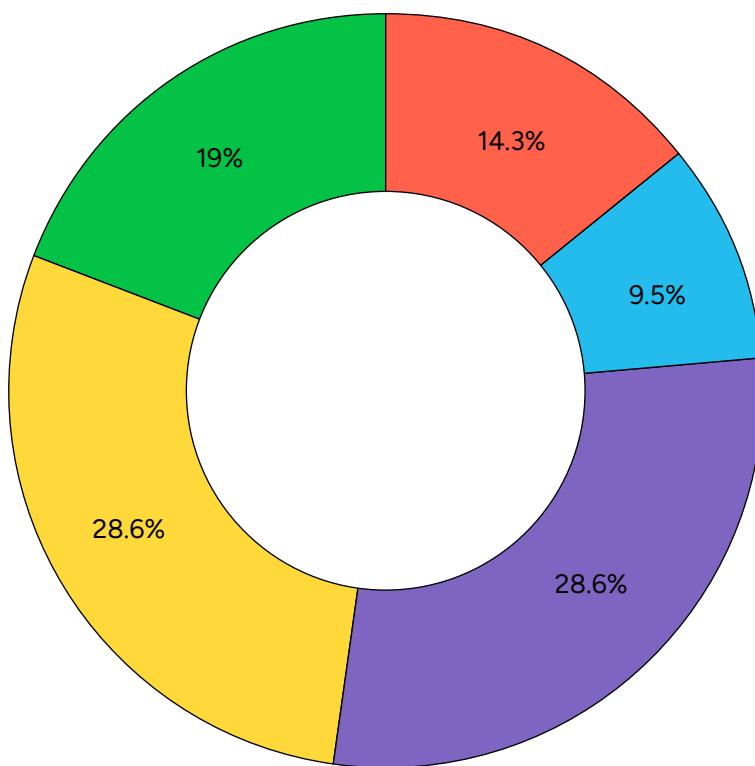


Durban/eThekweni Council is increasing investments in climate solutions that create good jobs and ensure environmental, social and economic benefits. In 2024, the council approved the city's first social energy infrastructure partnership for the Smart Solar Project, funded by the European Union (EU) and French Development Bank (AFD). This initiative will deploy solar energy installations across the municipality, with particular emphasis on three priority areas – municipal facilities, low-income households struggling with high energy costs, and vulnerable communities most affected by energy poverty. The project's first phase will create meaningful employment opportunities by recruiting and training local unemployed youth to participate in the installation process, thus expanding renewable energy and youth skills development. In parallel, the city is planning to train approximately 6,000 unemployed young people from historically disadvantaged communities in the Youth for Energy Transition Programme, which will be delivered between the Durban/eThekweni Council and the KwaZulu-Natal Education Development Trust.

Auckland's Regional Grants Programme

administers the [Auckland Climate Grant](#), a targeted investment programme to support community-led climate action projects that reduce GHG emissions, build community resilience to climate impacts and support Māori-led responses to climate change. The response grants will either initiate or amplify existing community-led climate initiatives, particularly among priority communities such as Māori and Pacific people. The strategic grants, designed for larger projects that align with one of the priority themes of transport, energy, food and Māori-led initiatives with tangible emissions reduction and/or resilience outcomes. The council aims to ensure that investment in climate action provides a clear tangible benefit to local communities and supports good green jobs.

CHALLENGES



- Advocacy and collaboration (better city to city cooperation and shared advocacy infrastructure)
- Political constraints and governance (limited control, regulatory gaps, political shifts)
- Financial capacity and funding barriers (securing adequate, flexible or innovative finance due to structural and political factors)
- Measurement, evidence and accountability (data, frameworks, tools to access or guide sustainable investment)
- Capacity and resourcing (limitations in staff time, expertise, and ability to deliver)

Cities report a variety of challenges to progress their clean investment goals, from limited capacity and dedicated staffing resources, to a renewed focus by national administrations to bolster fossil fuel projects and undermine investment in climate goals. Notably:

1. Cities face barriers with **financial capacity and leveraging adequate, flexible and innovative capital for climate action**. Structural and political hurdles limit cities' ability to raise capital or leverage investment from the private sector at the scale required to reach net zero, due to the size and risk return profile of urban climate projects, which are often too small to be viable for investors. This results in a persistent struggle to finance large-scale climate projects from renewable energy infrastructure to sustainable urban mobility options. Cities face pressure on budgets and strict financial rules, which results in a significant gap between climate ambition and available capital.
2. **Political constraints and governance issues** are generating significant challenges, particularly for cities in North America where renewed federal support for oil and gas expansion risks undermining clean energy progress at the national and local level. Efforts by cities to effectively engage with public pension funds to encourage a shift away from fossil fuels and towards climate projects and net zero goals have, in many instances, been weakened.

HOW CITIES ARE STEPPING UP THEIR ACTION

Between now and 2030, cities will focus on building the institutional and financial capacity, resourcing and architecture to transform climate ambition into investable projects, through their own action and by engaging investors. Strengthening internal capacity will enable cities to convene with investors to innovate funds and approaches that improve the investment-readiness of climate projects, and enhance private sector participation to finance and deliver critical green and resilient city projects.

Mayors are increasingly leveraging their significant power to advocate for clean investment, more sustainable and robust financial systems, and enabling policies needed to increase investment flows to city projects, as well as pushing for a halt to fossil fuel investments. Calling for a shift towards clean investment in the context of recent political headwinds will be a defining task for mayors in the US and beyond.

FUTURE ACTION



London's mayor Sadiq Khan launched a dedicated Climate Finance Taskforce during the Climate Innovation Forum at Climate Action Week 2025, to accelerate private investment into net-zero solutions across the city. Chaired by Dr Rhian-Mari Thomas of the Green Finance Institute, the Taskforce is developing innovative financial strategies to unlock billions in capital for clean energy, sustainable transport, and energy efficiency projects. It aims to deliver actionable proposals by early 2026.

Paris will establish a 'climate budget' – a multi-year investment trajectory of the Climate Action Plan aimed at identifying and monitoring the municipal investments required to implement the actions of the Climate Action Plan in order to meet the planned decarbonisation pathway. In the coming months, the city will invest €7 million (US\$8.1 million) to deploy 30 new 'oasis yards' in schools, and €3 million to install shading structures and misting systems to protect against heat. An additional €25 million will be dedicated to creating over 60km of new bike lanes and deploying 3,000 new Vélib' bikes.

