

By email: transitionplans@energysecurity.gov.uk

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To whom it may concern

Transition plan requirements consultation

The Chartered Governance Institute is the professional body for governance and the qualifying and membership body for governance professionals across all sectors. Its purpose under Royal Charter is to lead effective governance and efficient administration of commerce, industry, and public affairs working with regulators and policymakers to champion high standards of governance and providing qualifications, training, and guidance. As a lifelong learning partner, the Institute helps governance professionals achieve their professional goals, providing recognition, community, and the voice of its membership.

One of nine divisions of the global Chartered Governance Institute, which was established 130 years ago, the Chartered Governance Institute UK & Ireland represents members working and studying in the UK and Ireland and many other countries and regions including the Caribbean, parts of Africa and the Middle East.

As the professional body that qualifies Chartered Secretaries and Chartered Governance Professionals, our members have a uniquely privileged role in companies' governance arrangements. They are therefore well placed to understand the issues raised by this consultation document. In preparing our response we have consulted, amongst others, with our members. However, the views expressed in this response are not necessarily those of any individual members, nor of the companies they represent.

Our views on the questions asked in your consultation paper are set out below.

Specific questions asked in the consultation form

Consultation Response: Section A – The Role of Transition Planning

Question 1: To what extent do you agree with the assessment of the benefits and use cases of transition planning set out in Section A? Are there any additional benefits or use cases for transition plans? Do you have any further insights and evidence on the purpose, benefits and use cases of increased and improved transition planning — including economy-wide impacts?

We support the assessment presented in Section A. Transition planning is not just a method for reducing emissions; it serves as a strategic foundation for long-term economic resilience, competitiveness, and attracting investment. The benefits—such as greater transparency, stronger risk management, and alignment with climate goals—are clear and increasingly backed by empirical evidence.

Transition plans also offer broader advantages across key areas. They improve capital market efficiency by reducing information gaps between companies and investors, which supports more effective capital allocation and lowers the cost of capital—especially in sectors undergoing significant transition.

Public bodies can use transition plans to evaluate how well suppliers align with net zero targets. This enables greener procurement and drives climate ambition throughout supply chains. In workforce development, these plans help identify future skills needs, guiding investment in green jobs and supporting a fair and inclusive transition.

Policymakers and regulators gain a forward-looking view of sectoral progress through transition plans. This insight supports more coherent policies and well-calibrated regulation. Finally, central banks and financial regulators can assess climate-related financial risks at a systemic level, particularly within high-emission industries, by analysing transition plans.

Question 2:

For preparers of transition plans: Does your organisation already produce, or intend to produce, a transition plan and disclose it publicly?

- a. What specific drivers have motivated your entity to engage in transition planning?**
- b. Based on your experience, do you have any reflections on the purpose, benefits and costs (e.g. additional FTE, setup costs, etc) of developing your own transition plan?**
- c. What specific challenges or obstacles (e.g., regulatory, organisational, market-related, guidance), if any, did or do you face in preparing your transition plan?**
- d. Did you make use of the TPT's materials (now managed by the ISSB), and if so, how? Were there any challenges in doing so? Are there any further pieces of guidance or support that you feel would be helpful?**
- e. If no, what are the main barriers preventing your organisation from developing a transition plan? Please provide any evidence where available to support your answer.**



We are a membership body that supports governance professionals in making evidence-based decisions they can confidently present to their boards. We believe several key factors drive organisations to engage in transition planning.

Organisations are increasingly motivated by the need to align with the UK's net zero targets and meet growing regulatory expectations. Investor and stakeholder pressure for credible climate action continues to rise. Strategically, many see transition planning as essential to future-proof operations and supply chains and to prepare for anticipated mandatory disclosure requirements. The benefits are clear: greater strategic clarity, stronger stakeholder trust, and more effective integration of climate risk into financial planning. While the initial development of a transition plan requires investment—including one to two additional full-time staff, consultancy support, and improved data systems—these costs are considered necessary and justified by long-term returns. However, the process presents challenges. Organisations often struggle to access reliable Scope 3 emissions data and lack internal expertise in climate scenario analysis. Uncertainty around evolving regulation and timelines adds further complexity. Cross-departmental coordination, while essential, can also be resource-intensive.

The Transition Plan Taskforce (TPT) Disclosure Framework and sector-specific guidance. These resources play a key role nonetheless we envisage there might be difficulties when interpreting the framework as a non-listed, mid-sized organisation. The absence of sector-specific case studies limited their ability to benchmark effectively, and we identified a clear need for simplified templates and tools tailored to SMEs.

For organisations that have yet to begin transition planning, common barriers include limited internal capacity and expertise, the perceived complexity of existing frameworks, uncertainty over regulatory requirements, and a lack of accessible, sector-specific guidance.

Question 3: For users of transition plans: How do you use transition plans? E.g. if you are an investor, do you use transition plans to inform your investment strategy (both in terms of how you identify opportunities where to invest, and how you identify, manage and assess risks to investment portfolios)?

Not applicable.

Question 4:

Do you have any reflections on the additional costs and challenges of using transition plans? Please provide evidence where available to support your answer.

Yes, several challenges remain for users of transition plans. Disclosures often lack consistency, with varying levels of detail and structure making it difficult to compare plans across organisations. The absence of standardised metrics—particularly for Scope 3 emissions and climate resilience—further complicates analysis.

Interpreting and assessing transition plans is resource-intensive, requiring significant time and expertise. This creates a barrier for smaller investors and public sector bodies. In many cases, the



quality and verification of disclosed data remain limited, reducing confidence in the information provided.

The CDP's 2024 report reinforces these concerns: 88% of UK-listed companies disclose against fewer than 15 of the 21 credibility indicators, highlighting a clear gap between ambition and actual delivery. (<https://www.accenture.com/content/dam/accenture/final/corporate/company-information/document/Accenture-CDP-2024.pdf>)

Question 5: Do you have any reflections on how best to align transition plan requirements with other relevant jurisdictions?

Alignment with international frameworks is vital to reduce reporting burdens and improve global comparability. The UK should adopt the ISSB standards—such as IFRS S2—as the baseline for domestic disclosure requirements. These standards must remain interoperable with the EU's CSRD, the US SEC climate rules, and other major regulatory regimes.

The UK should also promote mutual recognition of climate disclosures to support cross-border investment and reduce duplication. Active engagement in international standard-setting bodies is essential to shape emerging global norms and maintain UK leadership.

A globally aligned approach will strengthen the UK's competitiveness, attract international capital, and lower compliance costs for multinational companies operating across jurisdictions.

Question 6: What role would you like to see for the TPT's disclosure framework in any future obligations that the government might take forward? If you are a reporting entity, please explain whether you are applying the framework in full or in part, and why.

The Transition Plan Taskforce (TPT) Disclosure Framework should form the foundation of any future transition plan requirements introduced by the UK government. Its clear structure, guiding principles, and alignment with international standards position it as the gold standard for credible and decision-useful transition plan disclosures.

Strategic Role of the TPT Framework

The framework supports international alignment and credibility. Its integration into the ISSB's IFRS S2 Climate-related Disclosure Standard ensures consistency with global reporting norms. This alignment strengthens the UK's position in international capital markets and reduces compliance costs for multinational companies.

Its structure is both comprehensive and flexible. The five core elements—Foundations, Implementation Strategy, Engagement Strategy, Metrics and Targets, and Governance—cover all the necessary components of a high-quality transition plan. The framework adapts easily across different sectors and organisational sizes.

The TPT Framework also plays a vital role in strategic planning and risk management. It encourages organisations to consider wider implications beyond emissions reduction, including climate adaptation, nature-related risks, and systemic engagement. This broader perspective is



particularly important for sectors exposed to physical climate risks and for financial institutions managing long-term liabilities.

The framework complements the UK Sustainability Reporting Standards (UK SRS), especially S2, which includes requirements for disclosing transition plans, metrics, assumptions, and dependencies. Integrating the TPT framework into the UK SRS would create a coherent and efficient reporting system.

Recommendations for Government

To maximise the effectiveness and adoption of the TPT framework, the government should take the following steps.

- It should mandate the TPT framework as the standard for transition plan disclosures in future regulation, particularly for listed companies and other economically significant entities.
- It should provide sector-specific guidance and simplified templates to support SMEs and non-listed organisations.
- It should ensure interoperability with related frameworks, including the TNFD for nature-related disclosures and the TCFD for financial risk reporting.
- It should invest in capacity building by offering training, technical support, and digital infrastructure to enable consistent, high-quality reporting.

Question 7: [Climate mitigation] To what extent do the requirements in the draft UK SRS S2 provide useful information regarding the contents of a transition plan and how an entity is preparing for the transition to net zero? If you believe the draft UK SRS S2 does not provide sufficient information, please explain what further information you would like to see.

The draft UK Sustainability Reporting Standard S2 (UK SRS S2) provides a clear and structured foundation for understanding how organisations prepare for the transition to net zero. It aligns well with the core components of a credible transition plan and offers a materiality-based framework that integrates climate-related risks and opportunities into financial reporting.

While the standard is generally fit for purpose, several areas require greater clarity and expansion to strengthen its role in supporting robust transition planning. UK SRS S2 stands out for its integration with financial reporting and alignment with international frameworks, positioning it as a strong candidate to underpin future disclosure requirements. However, targeted improvements—particularly around nature, value chains, and explicit alignment with transition planning frameworks—would significantly enhance its impact.

The standard should provide clearer guidance on how its disclosures correspond with transition plan components, especially those outlined in the Transition Plan Taskforce (TPT) Disclosure Framework, such as Strategic Ambition and Engagement Strategy. Including an annex cross-referencing UK SRS S2 with the TPT framework would help preparers and users understand the relationship between the two.

Although UK SRS S2 references adaptation, it lacks sufficient depth on nature-related risks and dependencies, which are increasingly material. Closer alignment with the Taskforce on Nature-



related Financial Disclosures (TNFD) would strengthen the standard and support more comprehensive transition planning.

The standard should broaden its focus on value chain engagement, setting clearer expectations regarding Scope 3 emissions and supplier relationships. These elements are vital to effective transition plans, particularly for organisations with complex or global supply chains.

Operational guidance and sector-specific support would also improve the standard. Providing practical examples of mitigation and adaptation strategies tailored to different industries would enhance comparability and reduce the reporting burden, especially for small and medium-sized enterprises.

To improve UK SRS S2's effectiveness in supporting transition planning, the government should mandate alignment between the standard and the TPT Disclosure Framework, using S2 as the regulatory base and TPT as the strategic overlay. It should publish supplementary guidance directly linking S2 disclosures to key transition plan elements, expand adaptation and nature-related disclosure requirements in coordination with TNFD and UK SRS S1, and provide sector-specific templates, examples, and case studies to support consistent, decision-useful reporting.

Question 8: [Climate adaptation and resilience] To what extent do the requirements in the draft UK SRS S2 provide useful information regarding the contents of a transition plan and how an entity is adapting and preparing for the transition to climate resilience? If you believe the draft UK SRS S2 does not provide sufficient information, please explain what further information you would like to see.

The draft UK Sustainability Reporting Standard S2 (UK SRS S2) lays a valuable foundation for integrating climate adaptation and resilience into corporate disclosures and transition planning. It sets out key requirements that help stakeholders understand how organisations assess and respond to physical climate risks. However, while the standard moves in the right direction, it does not yet provide a comprehensive or systematic framework for adaptation and resilience. To fully support the UK's climate goals and ensure credible transition plans, the standard requires further development in both scope and detail.

UK SRS S2 makes an important contribution to climate resilience disclosure, but its current approach to adaptation remains underdeveloped for robust transition planning. Strengthening the standard will enable UK organisations not only to reduce emissions but also to build resilience against the unavoidable impacts of climate change. This is crucial for safeguarding long-term value, protecting communities, and maintaining economic stability in a rapidly changing environment.

Despite its strengths, the draft UK SRS S2 lacks a holistic and actionable framework for climate adaptation and resilience. Key shortcomings include the absence of an explicit adaptation focus, as the standard treats adaptation as a subset of climate-related risk management rather than a distinct strategic priority. This risks downplaying adaptation's importance, particularly for sectors with low emissions but high exposure to physical risks, such as agriculture, real estate, and



logistics. The lack of a dedicated adaptation section or disclosure theme reduces the visibility and comparability of adaptation strategies.

The standard also falls short in addressing nature-related dependencies. It does not sufficiently capture the links between climate resilience and nature-related risks like biodiversity loss and ecosystem degradation. Better alignment with UK SRS S1 and the Taskforce on Nature-related Financial Disclosures (TNFD) would support a more integrated and holistic approach.

Moreover, UK SRS S2 offers limited analysis of value chain and systemic risks. While it mentions value chain impacts, it does not delve deeply into systemic risks such as supply chain disruptions, infrastructure interdependencies or regional climate migration. Effective transition plans must incorporate both internal adaptation measures and collaborative strategies across sectors and regions.

Another significant gap is the absence of adaptation metrics and key performance indicators (KPIs). Unlike mitigation, the standard currently lacks clear quantitative indicators for adaptation, making it difficult to track progress or compare performance across organisations. Relevant metrics could include the percentage of assets assessed for physical climate risk, investment in resilience infrastructure, insurance coverage for climate-related events, and the number of suppliers engaged in adaptation planning.

To strengthen UK SRS S2's support for climate adaptation and resilience, several improvements are necessary. The standard should introduce a dedicated adaptation disclosure theme that covers strategy, implementation, metrics, and governance. It should expand scenario analysis requirements to include physical risk scenarios such as flooding, heat stress, and water scarcity alongside transition risks, encouraging the use of region-specific climate models and stress testing.

Integrating nature-related risk disclosures by aligning with TNFD and UK SRS S1 would ensure that nature dependencies and ecosystem resilience inform adaptation planning. The standard should also require organisations to assess and disclose value chain resilience, addressing supplier vulnerabilities, logistics continuity, and cross-sector collaboration.

Defining a standardised set of adaptation metrics and targets would improve accountability and comparability across organisations. Finally, providing sector-specific guidance tailored to high-risk industries such as agriculture, construction, transport, and finance would support consistent and meaningful disclosure.

These enhancements will equip UK SRS S2 to better support organisations in building resilience and preparing for the physical impacts of climate change, thereby strengthening the UK's overall climate strategy.



Question 9:

What are the most important, decision-useful elements of a transition plan that the government could require development and/or disclosure of? Please explain why and provide supporting evidence.

The most important elements of a transition plan are those that allow stakeholders—particularly investors, regulators, and civil society—to evaluate the credibility, feasibility, and strategic integration of an organisation’s net zero transition. These elements must align with the Transition Plan Taskforce (TPT) Disclosure Framework and be embedded within the UK Sustainability Reporting Standard S2 (UK SRS S2).

First, the plan should clearly articulate its strategic ambition, including net zero targets, timeframes, and alignment with global climate goals such as limiting warming to 1.5°C. It must explain how the transition plan integrates with the organisation’s business model and long-term strategy. This clarity signals genuine commitment and allows for effective benchmarking across sectors.

Second, the plan should present a detailed implementation strategy, outlining specific actions, investments, and operational changes intended to achieve decarbonisation. It is essential to disclose key dependencies, including technological, policy, and supply chain factors, alongside the assumptions underpinning the strategy. This level of detail demonstrates feasibility and guides capital allocation decisions.

Third, governance plays a crucial role. The transition plan should describe the oversight provided by the board and executive teams, the integration of climate goals into remuneration frameworks, and internal accountability mechanisms. Effective governance ensures the organisation remains committed and manages risks appropriately.

Fourth, the inclusion of clear metrics and targets is vital. The plan should set out trajectories for Scope 1, 2, and 3 emissions, define interim milestones, and specify key performance indicators. These elements allow stakeholders to monitor progress and compare performance transparently. Fifth, scenario analysis and resilience assessment are necessary to evaluate physical and transition risks. Using climate scenarios enhances strategic foresight and supports robust financial planning, helping organisations prepare for various possible futures.

Finally, the plan should outline an engagement strategy that details how the organisation interacts with suppliers, customers, regulators, and communities. Such engagement is critical to support a system-wide transition and align the interests of all relevant stakeholders.

Supporting this approach, the CDP’s 2024 report highlights that only 25% of companies have transition plans aligned with the 1.5°C target, while 88% of UK-listed entities disclose against fewer than 15 of the 21 credibility indicators. The TPT and ISSB frameworks remain internationally recognised standards, providing a solid foundation for credible and decision-useful transition disclosures.



Question 10: Do you support Option 1, which would require entities to explain why they have not disclosed a transition plan or transition plan-related information? Please explain the advantages and disadvantages of this option.

We support Option 1. It offers a low-burden way to improve transparency, although it does fall short of driving systemic change or delivering consistent, decision-useful disclosures.

Option 1 provides flexibility for entities that are not yet prepared to disclose fully. It allows transparency around strategic intent and highlights barriers to planning. For smaller organisations or those operating in low-risk sectors, it can serve as a helpful interim step.

Question 11:

Do you support Option 2, which would require entities to develop a transition plan and disclose this? Please further specify whether and how frequently you think a standalone transition plan could be disclosed, in addition to transition plan-related disclosure as part of annual reporting.

We do not support Option 2, which mandates the development and disclosure of transition plans. This should be a matter for individual companies to decide, depending on their individual circumstances.

A move to mandatory transition planning would may improve data quality and comparability, build stakeholder trust, encourage stronger internal controls and governance, and support international recognition of UK disclosures. However, it also imposes cost and resource burdens, particularly on SMEs, faces limited market capacity in the short term, and risks devolving into a box-ticking exercise if applied rigidly. It is important that a balance be struck between the work that this creates for UK companies, some with limited resources, and the desire for comparable data. Any transition to a mandatory regime must be phased, proportionate, and accompanied by capacity-building initiatives to ensure smooth and effective implementation.

Regarding standalone transition plan documents, we recommend a three-year publication cycle, supplemented by annual updates through financial reporting. This approach allows for strategic depth and the inclusion of non-material but decision-useful information. It enhances stakeholder engagement, increases public accountability, and facilitates benchmarking and aggregation across organisations.

Question 12: If entities are required to disclose transition plan-related information, what (if any) are the opportunities to simplify or rationalise existing climate-related reporting requirements, including emissions reporting, particularly where this may introduce duplication of reporting?

There are significant opportunities to simplify climate-related reporting by aligning transition plan disclosures with existing frameworks and reducing duplication. We recommend that the government undertake a comprehensive mapping of all climate-related reporting obligations and develop a consolidated framework that integrates transition planning, emissions reporting, and financial disclosures.



This approach would unify reporting requirements such as TCFD, UK SRS, and SECR into a single cohesive framework, eliminating the need for separate disclosures on governance, strategy, and risk management. Standardising emissions reporting formats across SECR, ESOS, and UK SRS would further streamline the process by encouraging the use of common templates and digital reporting tools.

Additionally, leveraging existing data platforms like CDP and the GHG Protocol can minimise duplication and improve efficiency. Aligning reporting cycles and thresholds would reduce the frequency and overlap of disclosures. Finally, introducing proportionality measures tailored to SMEs and low-risk sectors would ensure the framework remains practical and manageable for all organisations.

Question 13:

How do you think any new transition plan requirements should integrate with the existing requirements in UK law for some larger schemes to produce TCFD reports and to calculate the portfolio alignment metric?

New transition plan requirements should be fully integrated with existing TCFD obligations for pension schemes to ensure coherence and avoid duplication. For larger schemes, regulators should issue joint guidance on embedding transition plans within current reporting structures, supported by sector-specific templates and case studies.

The integration strategy should use the TCFD framework—covering governance, strategy, risk, and metrics—as the basis for transition plan disclosures. Pension schemes must incorporate transition planning within their Statement of Investment Principles (SIP) and Implementation Statements. Portfolio alignment metrics should also align closely with transition plan targets and scenario analyses.

This approach enhances fiduciary oversight and strengthens long-term risk management. It supports climate stewardship and engagement with investee companies, while improving comparability across schemes and sectors.

Question 14: To what extent does your pension scheme already produce transition plans? What are their intended purposes, what information do they draw on, and what challenges have you encountered in developing them?

Not applicable



Question 15: To what extent do you support the government mandating transition plan implementation and why? When responding, please provide any views on the advantages and disadvantages of this approach.

We do not support the principle of mandating transition plan implementation, especially for entities without significant exposure to climate-related risks and systemic importance to the UK economy. However, even then, any mandate should be proportionate, flexible, and informed by risk.

We believe that transition plan implementation should be a matter for individual companies to decide, depending on their individual circumstances.

A move to mandatory transition plan implementation may improve data quality and comparability, build stakeholder trust, encourage stronger internal controls and governance, and support international recognition of UK disclosures. However, it also imposes cost and resource burdens, particularly on SMEs and risks devolving into a box-ticking exercise if applied rigidly. It is important that a balance be struck between the work that this creates for UK companies, some with limited resources, and the desire for comparable data. Any transition to a mandatory regime must be phased, proportionate, and accompanied by capacity-building initiatives to ensure smooth and effective implementation.

A “comply or explain” approach would enable entities to justify missed targets transparently. The requirements should phase in gradually, starting with large listed companies and expanding over time. The design should align with existing duties under the Companies Act 2006 to avoid duplication and ensure legal clarity. Finally, proportional accountability measures such as independent review, assurance, or regulatory oversight should be established to maintain trust and effectiveness.

Question 16: In the absence of a legal requirement for companies to implement a plan, to what extent would market mechanisms be effective mechanisms to ensure that companies are delivering upon their plan?

Market mechanisms play an important role in encouraging the delivery of transition plans, but they are not sufficient on their own to ensure comprehensive action across the economy. These mechanisms help incentivise progress, yet their effectiveness varies depending on sector-specific factors, investor engagement, and reputational pressures.

While necessary, market forces need to be complemented by proportionate regulatory requirements, especially for entities with significant climate-related risks. A hybrid approach—mandating implementation of key transition plan elements while leveraging market-based incentives and oversight—would provide a balanced mix of accountability and flexibility.

The strengths of market mechanisms include growing investor stewardship and engagement, with institutional investors increasingly using transition plans to influence voting, engagement, and capital allocation. Companies with credible plans often enjoy better access to capital through lower financing costs, preferential lending, and inclusion in ESG-focused indices. Additionally,



reputational incentives driven by public scrutiny and stakeholder expectations can motivate voluntary implementation, particularly for consumer-facing brands. Transition finance tools, such as sustainability-linked loans and bonds, further align financial terms with the achievement of transition targets.

However, market mechanisms also face significant limitations. Their influence is strongest among large, listed companies, leaving SMEs and private firms with less scrutiny. Short-term market incentives may prioritise immediate returns over long-term climate resilience. There is often an information asymmetry where investors lack sufficient tools or data to verify actual implementation, especially across complex supply chains. Finally, because participation is voluntary, companies may delay or weaken implementation efforts, particularly when reputational risks are low or absent.

Question 17: What do you see as the potential benefits, costs and challenges of government mandating requirements for transition plans that align with Net Zero by 2050, including the setting of interim targets aligned with 1.5°C pathways? Where challenges are identified, what steps could government take to help mitigate these?

Mandating alignment with net zero by 2050 creates significant challenges and costs for reporting entities, which may face difficulties accessing reliable emissions data, especially for Scope 3 emissions, and applying complex modelling tools. Sectoral and regional differences also present challenges, as certain industries like cement, aviation, and shipping confront technological and infrastructure constraints that complicate alignment with 1.5°C pathways. Legal and reputational risks arise as entities may fear liability if targets are missed due to external factors such as policy changes or supply chain disruptions. Additionally, the compliance burden can be significant, particularly for SMEs that may require substantial resources, expertise, and system upgrades to meet these expectations.

To address these challenges, a phased implementation approach is recommended, starting with large, listed, and high-emitting entities before expanding requirements more broadly. Introducing a “best efforts” clause can ensure entities make reasonable attempts to meet targets while allowing flexibility for factors beyond their control. Providing sector-specific technical guidance, toolkits, and scenario planning resources will support practical compliance. Capacity-building initiatives, including funding for training, advisory services, and digital infrastructure, are essential, especially for SMEs. Finally, establishing legal safe harbours can protect entities acting in good faith from disproportionate liability, fostering a supportive environment for genuine progress.

All in all, these disadvantages seem to outweigh the present advantages.

We believe that transition plan requirements should be a matter for individual companies to decide, depending on their individual circumstances and on a “comply or explain” basis. Market pressure will tend to drive conformance over time.



Question 18:

Which standards and methodologies are effective and reliable for developing and monitoring climate-aligned targets and transition plans, in particular those that are aligned with net zero or 1.5°C pathways?

Effective standards and methodologies play an important role in guiding and validating transition plans. The Science Based Targets initiative (SBTi) is widely adopted and independently validated, aligning closely with IPCC pathways. It provides sector-specific guidance and tools covering Scope 1, 2, and 3 emissions, helping companies set credible, science-based targets.

The Net Zero Investment Framework (NZIF), developed by the Institutional Investors Group on Climate Change (IIGCC), is utilised by asset owners and managers to align their portfolios with net zero goals. It offers a comprehensive approach that includes metrics, targets, and stewardship strategies to drive investment decisions. The Transition Pathway Initiative (TPI) supplies sectoral benchmarks and company assessments, serving as a valuable resource for investors and regulators to evaluate transition readiness and progress. Similarly, CDP's disclosure platform, together with ACT's (Assessing Low Carbon Transition) performance-based assessments, enhances transparency and comparability across companies.

For real estate and infrastructure sectors, the Carbon Risk Real Estate Monitor (CRREM) offers tailored decarbonisation pathways and stranded asset risk analysis, enabling firms to manage climate-related financial risks effectively. Additionally, the International Energy Agency's (IEA) Net Zero by 2050 Roadmap provides global sectoral pathways and technology assumptions, underpinning many transition planning efforts with authoritative, forward-looking data.

Evidence of widespread adoption underscores the credibility of these standards. More than 4,000 companies worldwide have validated targets through SBTi. Major pension funds and asset managers, such as LGPS, Aviva, and USS, rely on NZIF and TPI to guide their investment strategies. In the real estate sector, firms actively use CRREM to assess asset-level transition risks, demonstrating the practical application and impact of these methodologies.

Question 19: What are the unique challenges faced by hard-to-abate sectors in setting and achieving targets in transition plans aligned to net zero by 2050 – including interim targets? What methodologies or approaches would enable transition planning to support hard-to-abate sectors to achieve net zero by 2050?

Certain sectors face unique challenges in achieving net zero due to technological constraints, capital intensity, and market uncertainties. Industries such as steel, cement, aviation, and shipping currently lack commercially viable low-carbon alternatives at scale, which hampers rapid decarbonisation efforts. Additionally, infrastructure and industrial assets often have long asset lifespans and depreciation cycles, making transitions costly and complex to implement within short timeframes.

Policy and market uncertainty also pose significant barriers, as unclear carbon pricing, regulatory incentives, and demand signals can delay critical investments. Furthermore, many sectors are heavily reliant on Scope 3 emissions—those upstream and downstream in the value chain—which



are more difficult to measure, manage, and influence, adding to the complexity of setting credible transition targets.

To address these challenges, tailored enabling approaches are essential. Developing UK-specific decarbonisation roadmaps, such as the Jet Zero initiative and the Industrial Decarbonisation Strategy, provides sector-focused pathways that consider local conditions and priorities. Blended finance mechanisms and public-private partnerships can help de-risk investments in emerging technologies like hydrogen, carbon capture and storage (CCS), and sustainable aviation fuels (SAF), accelerating their deployment.

Flexibility in target setting is also important, allowing for intensity-based goals or milestones linked to technology readiness, which better reflect the practical realities faced by different sectors. Incentivising innovation through R&D support, demonstration projects, and financial mechanisms like tax credits or grants fosters early adoption and technology maturation. Finally, collaborative transition planning, exemplified by industry-wide initiatives such as the Mission Possible Partnership, encourages data sharing, joint infrastructure development, and dissemination of best practices, enabling more efficient and coordinated decarbonisation efforts.

Question 20: For entities operating in multiple jurisdictions, what are your views on target setting and transition planning in global operations and supply chains?

When addressing climate-related disclosures and target-setting, several key challenges must be considered. Regulatory fragmentation remains a significant hurdle, as differing requirements across jurisdictions increase complexity and elevate compliance costs for entities operating internationally. Additionally, global supply chains complicate the measurement, monitoring, and influence of Scope 3 emissions, which often represent a substantial portion of an entity's overall footprint.

Data availability and quality pose further difficulties, especially when suppliers operate in emerging markets where emissions data can be limited, inconsistent, or unreliable. Moreover, companies frequently face challenges related to operational control versus influence, as their ability to affect the actions of suppliers or subsidiaries may be constrained, particularly in regions with weaker climate policies or enforcement.

To navigate these challenges, aligning UK requirements with prominent global frameworks such as the ISSB, Science Based Targets initiative (SBTi), and the EU's Corporate Sustainability Reporting Directive (CSRD) is critical for ensuring interoperability and reducing reporting burdens. Adopting a "best efforts" approach allows entities flexibility in managing international operations while maintaining clear expectations for supplier engagement and influence.

Encouraging active supply chain engagement is also essential. This can include promoting supplier disclosures, capacity building efforts, and collaborative decarbonisation initiatives to foster transparency and drive emission reductions beyond direct operations. The use of digital tools and platforms—such as CDP Supply Chain, EcoVadis, and blockchain-based traceability solutions—can enhance data collection, verification, and reporting efficiency.



Finally, consolidating reporting through group-level transition plans, complemented by disaggregated regional disclosures where material, can streamline processes while maintaining transparency around geographic and operational differences. This integrated approach supports more coherent and effective climate action across complex global supply chains.

Question 21: What is your view on the role of climate adaptation in transition plans? Is there a role for government to ensure that companies make sufficient progress to adapt, through the use of transition plan requirements?

Climate adaptation must be recognised as a fundamental element of transition plans rather than an afterthought. While mitigation efforts focus on reducing future climate risks, adaptation addresses the inevitable impacts of warming that are already unavoidable due to past emissions. With the UK having experienced a 1.2°C increase in temperature and the Climate Change Committee advising planning for 2°C and even considering risks up to 4°C, embedding resilience into corporate strategies is urgent and essential.

Adaptation plays several critical roles within transition plans. Firstly, it serves as strategic risk management by helping entities identify and manage physical risks such as flooding, heat stress, and water scarcity, which can disrupt operations, supply chains, and asset values. Secondly, incorporating adaptation measures like infrastructure upgrades, supply chain diversification, and insurance strategies protects business continuity and asset viability over the long term. Thirdly, investors increasingly demand assurance that companies are prepared for climate shocks, especially in sectors highly exposed to physical risks, making adaptation a key factor in investor confidence. Finally, sector-wide adaptation planning contributes to systemic resilience by reducing cascading risks across the economy, notably within critical infrastructure, agriculture, and finance.

The government has a clear and necessary role in supporting corporate adaptation efforts. This role should be strategic, proportionate, and responsive to the current nascent state of adaptation policy and data availability. Recommended actions include updating transition plan frameworks such as UK SRS S2 and the TPT to explicitly incorporate adaptation as a separate disclosure theme, supported by scenario-based requirements. Sector-specific adaptation pathways should be developed for high-risk industries like real estate, transport, agriculture, and utilities, drawing on national climate risk assessments.

To underpin effective adaptation planning, investment in data infrastructure is crucial, including regional climate modelling, hazard mapping, and open-access risk data to facilitate robust corporate scenario analysis. Encouraging voluntary disclosure through incentives like tax credits, grants, or procurement preferences can motivate companies to adopt and report strong adaptation strategies. Additionally, establishing a national adaptation reporting framework would enable the monitoring and benchmarking of corporate resilience, helping to guide and inform policy development.

Importantly, any regulatory requirements should avoid overburdening businesses. In line with the Prime Minister's commitment to reduce regulatory burdens by 25%, future mandates should be



phased in gradually and designed with a risk-based approach, ensuring they remain balanced and effective without stifling progress.

Question 22: How can companies be supported to undertake enhanced risk planning in line with a 2°C and 4°C global warming scenario? Are these the right scenarios? To what extent are these scenarios already being applied within company risk analysis and how helpful are they in supporting companies in their transition to climate resilience?

Climate adaptation is a strategic necessity that must be fully integrated into transition planning. The government has a crucial role in helping companies prepare for 2°C and 4°C warming scenarios by providing clear guidance, developing robust data infrastructure, and implementing proportionate regulation. This approach will enhance the UK's economic resilience, protect vital assets and communities, and ensure transition plans remain both ambitious and resilient in the face of unavoidable climate impacts.

Planning for 2°C and 4°C scenarios is essential to effective climate risk management. These scenarios represent a realistic range of potential futures, allowing companies to rigorously test their strategies against both moderate and severe climate challenges.

Are 2°C and 4°C the appropriate scenarios? Yes. These temperature thresholds are scientifically grounded, drawing on IPCC projections widely used in climate modelling. They hold policy relevance: 2°C aligns with the Paris Agreement's upper limit, while 4°C represents a high-risk, business-as-usual pathway. Most importantly, these scenarios are risk-sensitive, capturing both chronic and acute hazards, including compound events and potential tipping points.

Currently, adoption of these scenarios in corporate risk analysis remains limited but is steadily growing. Large listed companies, especially in finance, energy, and real estate sectors, are beginning to incorporate 2°C and 4°C scenarios in their TCFD-aligned disclosures. However, challenges persist, including a lack of granular, localised data, limited in-house expertise in climate modelling, and difficulties in translating physical climate hazards into financial impacts.

The government can enhance risk planning by developing national scenario guidance that offers standardised 2°C and 4°C scenarios tailored to UK regions and sectors. This guidance should include hazard overlays and economic impact modelling to support more detailed assessments. Funding open-access climate risk tools will enable companies to evaluate exposure to flooding, heatwaves, droughts, and sea-level rise under varying warming conditions.

Incorporating scenario-based resilience assessments into the UK Sustainability Reporting Standards (UK SRS) and Transition Plan Taskforce (TPT) frameworks will ensure consistent disclosure of adaptation efforts, while allowing flexibility to reflect sector-specific needs. The government should also support capacity building by working with industry bodies and professional associations to deliver training on climate risk modelling and adaptation planning.

Finally, fostering cross-sector collaboration will help companies share data, methodologies, and best practices. Partnerships between utilities and local authorities, for example, can improve flood



resilience and drive collective adaptation efforts. This coordinated approach will help embed climate adaptation as a core element of transition planning across the UK economy.

Question 23: To what extent do you think that nature should be considered in the government's transition plan policy? What do you see as the potential advantages and disadvantages? Do you have any views on the potential steps outlined in this section to facilitate organisations transitioning to become nature positive?

The government should determine the scope of future transition plan requirements using a risk-based, proportionate, and strategic framework that balances climate ambition with regulatory efficiency and economic competitiveness.

First, the government must prioritise entities of systemic economic importance, such as FTSE 100 companies, large pension funds, and major financial institutions, given their scale, influence, and exposure to climate risks. The scope should also cover entities with significant emissions, environmental footprints, or material exposure to both transition and physical climate risks, regardless of whether they are publicly listed.

Transparency and accountability demand including entities that attract substantial investor interest or public scrutiny. The scope must align with existing UK Sustainability Reporting Standards (SRS), FCA disclosure requirements, and international frameworks like ISSB and the EU Corporate Sustainability Reporting Directive (CSRD) to promote consistency and minimise duplication.

The government should consider the readiness and capacity of entities to develop credible transition plans, particularly in sectors where data availability and technical expertise are limited. It is also essential to focus on sectors with high relevance to the transition, such as energy, transport, real estate, and finance, while providing tailored, sector-specific guidance.

Finally, the government should avoid imposing requirements on entities where legal risks or compliance costs would outweigh the benefits, especially small and medium-sized enterprises (SMEs).

By carefully balancing these factors, the government can design a transition plan framework that drives meaningful climate action while remaining fair, effective, and manageable for all parties involved.

Question 25: We are interested in views about the impact on supply chains of large entities that may be in scope of transition plan requirements. Do you have views on how the government could ensure any future requirements have a proportionate impact on these smaller companies within the supply chain?

Transition plan requirements for large entities will inevitably cascade down to their supply chains, creating both opportunities and challenges for smaller companies. The government must ensure this impact remains proportionate, supportive, and enabling rather than punitive.



Smaller suppliers may face increased demands to provide emissions data, sustainability metrics, or evidence of climate action to support their clients' transition plans. They may need to adapt their operations, invest in low-carbon technologies, or switch to greener inputs to stay competitive. Firms unable to meet these climate-related expectations risk exclusion from procurement processes.

To ensure a fair and manageable transition, the government should encourage voluntary climate action and reporting among SMEs, using incentives and recognition schemes to promote engagement. It should also provide technical and financial support, including grants, tax relief, and advisory services, to help smaller businesses develop capacity for emissions tracking and sustainability planning.

Developing SME-friendly tools is essential. Simplified templates, sector-specific guidance, and tailored digital platforms will ease reporting burdens. The government should also promote collaborative reporting models, encouraging large entities to support their suppliers through shared data platforms, joint initiatives, and capacity-building partnerships.

The government must avoid imposing mandatory disclosure requirements on SMEs unless they are economically significant or choose to opt in voluntarily. Finally, it should monitor supply chain equity closely to ensure the climate transition does not worsen inequalities or create barriers to market access for smaller firms.

This balanced approach will help embed climate action throughout supply chains while protecting the viability and competitiveness of smaller businesses.

Question 26: Do you have any views on how the government could redefine the scope to protect the competitiveness of the UK's public markets?

To protect the competitiveness of the UK's public markets, the scope of transition plan requirements must be carefully calibrated to avoid deterring listings or investment while maintaining the UK's leadership in sustainable finance. Future requirements should strategically target economically significant entities, support supply chain resilience, and uphold the UK's appeal as a global financial centre. A phased, risk-based, and proportionate approach, backed by technical guidance and aligned with international standards, will ensure transition planning drives meaningful climate action without stifling competitiveness or innovation.

Transition plan requirements must remain proportionate to company size, sector, and risk profile, avoiding blanket mandates that could discourage IPOs or inward investment. Harmonising UK rules with global frameworks such as the ISSB, Transition Plan Taskforce (TPT), and EU CSRD will promote international comparability and reduce barriers for cross-border investors.

Introducing these requirements gradually will help. Starting with FTSE 100 companies and large financial institutions before expanding to other entities allows the market to build readiness. Newly listed companies should receive a grace period before full compliance to develop their internal capacity effectively.



Clear, consistent guidance is essential to reduce uncertainty and compliance risks for listed companies. Transition planning should be framed as a strategic, value-adding exercise that boosts investor confidence rather than merely a regulatory burden.

Engaging with market participants—including exchanges, institutional investors, and listing advisors—will ensure the requirements support sustainable market growth and foster innovation. This balanced approach will help secure the UK’s position as a leading hub for sustainable finance while encouraging ambitious climate action.

Question 27: Do you have views on the legal implications for entities in relation to any of the implementation options and considerations as set out in sections B1–B4 in this consultation?

The legal implications of transition plan disclosures, whether voluntary or mandatory, are significant and require careful consideration. The policy framework must encourage ambitious, transparent, and forward-looking reporting while protecting directors and entities from undue legal risk.

Transition plans inherently involve projections, assumptions, and scenario-based modelling, all of which carry uncertainty and often rely on third-party data such as climate scenarios, emissions factors, and supply chain disclosures. Without clear legal safeguards, companies may hesitate to disclose ambitious targets or detailed strategies out of fear of litigation if those targets are not met.

If legal liability is not carefully defined, companies might default to generic or low-ambition disclosures, undermining the credibility and usefulness of transition plans. Many disclosures depend on external data sources like IPCC scenarios, SBTi methodologies, and Scope 3 emissions from suppliers. Legal exposure for inaccuracies in such data should be limited to avoid penalising good-faith reporting.

Should the government mandate the implementation of transition plans, legal risks will increase significantly. Entities could face liability for non-delivery caused by factors beyond their control, such as policy changes, technological limitations, or market shifts. This risk is often greater for organisations in hard-to-abate sectors or those with complex global operations, where uncertainty is higher.

To address these challenges, the government should extend protections similar to Section 463 to transition plan disclosures under UK Sustainability Reporting Standards and related frameworks. This would shield directors from liability unless they knowingly or recklessly mislead or conceal material facts. It is also crucial to clarify liability for forward-looking statements by distinguishing good-faith projections from deliberate misrepresentation.

Introducing safe harbour provisions for disclosures based on recognised methodologies, such as SBTi, TNFD, or IPCC, will provide additional legal protection—provided companies transparently disclose assumptions and limitations. Enforcement should remain proportional, focusing on systemic non-compliance or deliberate misrepresentation rather than penalising missed targets due to external factors beyond a company’s control.



Question 28: In the UK's wider legal framework what – if any – changes would be necessary to support entities disclosing transition plans and forward-looking information?

To support credible and ambitious transition plan disclosures, the UK's legal framework must evolve to provide clear protections and proportionality for entities and directors involved in forward-looking sustainability reporting. Legal risk plays a crucial role in the success of transition plan policies. Without appropriate safeguards, companies may under-report or avoid ambitious disclosures, undermining the UK's climate and nature objectives. The government should extend existing legal protections, introduce safe harbour provisions, and clarify the liability framework for forward-looking sustainability disclosures. This approach will foster a regulatory environment that promotes transparency, ambition, and innovation while maintaining accountability and trust in corporate reporting.

The government should codify protections for sustainability disclosures by extending the principles of Section 463 of the Companies Act 2006 to cover disclosures made under UK Sustainability Reporting Standards (SRS), the Transition Plan Taskforce (TPT), and other recognised frameworks. Directors should only be held liable for disclosures that are knowingly false, misleading, or recklessly made.

Introducing a statutory safe harbour would protect entities from liability for forward-looking statements made in good faith, based on reasonable assumptions and recognised methodologies. The legal status of voluntary versus mandatory disclosures also requires clarification, especially regarding voluntary commitments like SBTi targets or TNFD-aligned nature plans when included in strategic reports or investor communications.

The UK should align its legal framework with international best practices by considering approaches in jurisdictions such as the EU (CSRD) and the US (SEC climate disclosure rules) to avoid disadvantaging UK entities or creating conflicting obligations.

Finally, the government should support legal literacy and assurance by encouraging relevant professional bodies to develop training and guidance on legal risks and best practices in sustainability reporting. Promoting the development of assurance standards for transition plans will enhance credibility and reduce litigation risks.

Question 29: What role could high integrity carbon credits play in transition plans? Would further guidance from government on the appropriate use of credits and how to identify or purchase high quality credits be helpful, if so, what could that look like?

High-integrity carbon credits can support transition plans, particularly for addressing residual emissions and advancing nature-based climate solutions. However, their use must follow clear principles, robust standards, and transparent reporting. Government guidance is crucial to ensure consistency, maintain integrity, and align with the UK's climate and biodiversity goals. A well-designed framework will enable responsible credit use while preserving the credibility and ambition of corporate transition plans.



Carbon credits play a complementary and strategic role in transition plans. They help bridge short-term gaps by addressing residual emissions as companies invest in operational decarbonisation, especially in hard-to-abate sectors or for assets with long lifespans. Credits also support net zero claims where full decarbonisation is not yet feasible, provided the offsets are transparently accounted for. Moreover, credits linked to reforestation, peatland restoration, or biodiversity conservation mobilise finance for nature-positive outcomes and climate resilience. This approach supports the UK's biodiversity targets under the Environment Act 2021 and the Kunming-Montreal Global Biodiversity Framework. When used responsibly, credits demonstrate corporate commitment to climate action and contribute to ecosystem restoration and community benefits.

Despite their potential, carbon credits require cautious and transparent use to avoid damaging transition plan credibility. Over-reliance on offsets without meaningful decarbonisation risks greenwashing and undermines climate integrity. The voluntary carbon market contains credits with varying quality in terms of environmental integrity, permanence, and additionality. Integrating credits into emissions reporting and net zero claims demands clear methodologies and governance.

Government guidance is essential to ensure consistent and appropriate use of carbon credits across transition plans. This guidance should be principles-based, sector-sensitive, and aligned with international standards. It should clearly define acceptable use cases, restricting credits primarily to residual emissions and preventing substitution for direct reductions. The guidance must distinguish between offsetting for net zero claims and broader climate contributions.

Integrity criteria should align with international standards such as the ICVCM Core Carbon Principles, Verra and Gold Standard, requiring credits to meet benchmarks for additionality, permanence, verification, and co-benefits. Transparency and disclosure are vital. Entities should disclose the volume and type of credits used, project locations and nature (for example, afforestation or renewable energy), verification bodies, registries, and the rationale for their use within transition plans.

The guidance should include sector-specific recommendations, particularly for industries with high residual emissions like aviation, shipping, and agriculture. The government should also support market development by facilitating access to high-integrity credits through a government-endorsed registry or marketplace, public-private partnerships to scale nature-based solutions, and incentives for UK-based carbon and nature credit projects. Alignment with international frameworks such as the EU CSRD, ISSB, and TNFD will promote cross-border investment and consistent reporting.

In transition plans, carbon credits must remain supplementary to direct emissions reductions and be clearly separated from Scope 1–3 reduction strategies. Plans should establish governance and assurance processes around credit use. They must also set out a timeline to reduce reliance on credits, a strategy to transition to permanent emissions reductions, and a commitment to invest in high-integrity, nature-positive projects. This approach will help maintain the credibility and ambition of corporate climate strategies.



Question 30: Are there specific elements of transition plan requirements or broader policy and regulatory approaches from other jurisdictions that the government should consider?

The UK should actively engage with and align its policies to key international frameworks and regulatory developments. This will ensure interoperability, reduce compliance burdens for multinational companies, and preserve the UK's competitiveness in global capital markets.

The EU Corporate Sustainability Reporting Directive (CSRD) requires large companies to disclose transition plans aligned with climate goals, using double materiality and sector-specific standards (ESRS). The UK must ensure that its Sustainability Reporting Standards (SRS) and transition plan requirements remain interoperable with the ESRS to facilitate cross-border investment and consistent reporting.

The ISSB IFRS S2 Climate-Related Disclosures set a global baseline for climate-related financial reporting, including transition plans. The UK has already aligned its SRS with IFRS S2, and it should maintain and strengthen this alignment.

The pending US SEC Climate Disclosure Rule focuses on material climate risks and emissions disclosures. Although it is less prescriptive on transition plans, it establishes clear expectations for governance and strategy disclosures, which the UK should consider in its own frameworks.

G20 and G7 communiqués emphasise the strategic importance of transition plans for financial stability and managing climate risk. The UK should continue to lead global efforts by actively participating in the G20 Sustainable Finance Working Group and the International Transition Plan Network (ITPN).

IOSCO highlights the role of transition plans in securities regulation, while the Network for Greening the Financial System (NGFS) identifies their use in prudential supervision, stress testing, and risk assessment. UK regulators such as the FCA and PRA should integrate transition plan disclosures into their financial supervision frameworks accordingly.

The EU Omnibus Package proposes simplifying sustainability reporting for large entities. The UK should monitor this development closely to prevent regulatory divergence that might deter listings or investment.

By aligning with these international standards and initiatives, the UK can support consistency, reduce duplication, and strengthen its position as a global leader.

Question 31: How can transition planning contribute to achieving the UK's domestic net zero targets while ensuring it supports sustainable investment in emerging markets and developing economies (EMDEs), where transition pathways may be more gradual or less clearly defined?

Transition planning can serve as a strategic link between the UK's domestic climate ambitions and its international development and investment goals. To fulfil this dual role, the UK must adopt a flexible and context-sensitive approach that respects the principle of common but differentiated responsibilities under the Paris Agreement.



Domestically, transition plans enable UK entities to align with national decarbonisation strategies, such as Clean Power 2030 and the Industrial Decarbonisation Strategy. They also help UK pension funds and asset managers direct capital towards companies committed to net zero. Additionally, transition plans support financial stability by identifying and managing climate-related risks.

When supporting emerging and developing economies (EMDEs), the UK should allow its entities to align investments with local nationally determined contributions (NDCs) and sectoral pathways, even if these differ from UK net zero timelines. Recognising credible national trajectories as valid benchmarks for transition alignment is essential. The UK can use International Climate Finance (ICF) to de-risk investments in EMDEs through concessional finance, guarantees, and technical assistance.

Capacity building and partnerships are crucial. The UK should help EMDE governments and companies develop transition plans by sharing knowledge, providing training, and co-developing sectoral roadmaps. UK entities should report on developmental co-benefits such as job creation and energy access alongside emissions reductions to reflect the broader impact of investments.

Finally, the UK must ensure that transition plan requirements do not discourage investments in EMDEs due to slower decarbonisation rates or data limitations. This balanced approach will support both the UK's climate objectives and its commitment to sustainable international development.

Question 32: How could transition planning account for data limitations, particularly in EMDEs, where high-quality, comparable sustainability reporting may be less available?

Data limitations in emerging and developing economies (EMDEs) pose a significant barrier to effective transition planning and sustainable investment. UK policy should focus on pragmatic, scalable solutions that enable meaningful disclosures without setting unrealistic expectations.

To maintain its leadership in sustainable finance and support global decarbonisation, the UK must design transition plan requirements that are globally interoperable, sensitive to local contexts, and aware of data constraints. By aligning with international frameworks, supporting EMDE transitions, and addressing data gaps pragmatically, transition planning can become a powerful tool for achieving domestic net zero targets and inclusive global climate action.

The UK should adopt tiered disclosure expectations that reflect the capacity and data availability of different jurisdictions. Where quantitative data is lacking, qualitative disclosures and best-effort estimates should be encouraged. The use of proxy and modelled data—such as sectoral averages, regional proxies, or emissions models—should be permitted, provided assumptions and methodologies are transparent.

Investing in data infrastructure is essential. The UK should support open-access platforms and innovative data collection tools like satellite monitoring and mobile surveys, collaborating with multilateral institutions such as the World Bank and UNDP to build national sustainability reporting systems. The government should also provide technical assistance to EMDE companies and regulators to improve data quality and reporting capabilities.



Promoting independent third-party verification will enhance the credibility of sustainability data from EMDEs. The UK should incentivise transparency by rewarding entities that openly disclose data limitations and uncertainties, rather than penalising them for incomplete information. This approach will foster more accurate, trustworthy reporting while recognising the challenges faced by entities operating in data-constrained environments.

Question 33: What guidance, support or capacity building would be most useful to support effective transition planning and why? For respondents that have developed and/or published a transition plan, what guidance, support or capacity building did you make use of through the process? Please explain what additional guidance would be helpful and why.

Transition planning represents a significant strategic and operational shift for many organisations, particularly those new to climate-related disclosures. It requires embedding climate risk into governance, financial planning, operations, and stakeholder engagement. Without sufficient support, many entities—especially SMEs and those outside high-emission sectors—may struggle to develop credible, decision-useful transition plans.

Effective transition planning demands more than regulatory requirements; it calls for clear guidance, practical tools, and ongoing capacity building. The government plays a crucial role in enabling organisations of all sizes and sectors to create credible, actionable plans. By investing in tailored support and removing barriers, the UK can accelerate its net zero transition while reinforcing its leadership in sustainable finance.

Organisations with existing transition plans typically draw on several key resources. The Transition Plan Taskforce (TPT) Disclosure Framework offers a structured approach centred on five elements: foundations, implementation strategy, engagement strategy, metrics and targets, and governance. This framework provides strategic clarity and aligns with IFRS S2 but requires adaptation for sector-specific contexts and smaller entities. The Science Based Targets initiative (SBTi) helps set emissions reduction targets aligned with 1.5°C pathways, lending scientific credibility, though its methodologies can be complex and sectoral coverage remains limited. CDP and TCFD guidance support climate risk disclosure and scenario analysis, widely recognised by investors and regulators, but focus more on risk than on strategic transition planning. Many organisations also rely on consultants, legal advisers, and sustainability teams to interpret frameworks and develop plans, though high costs and limited expertise can restrict access, especially for smaller firms.

Entities yet to develop transition plans often face several barriers. They frequently report a lack of clarity on expectations, uncertain what defines a credible plan and how it differs from general ESG reporting. Many lack internal capacity, with no dedicated sustainability teams or climate expertise. Accessing reliable emissions data, especially Scope 3, presents a major challenge. Some perceive transition planning as relevant only to high-emission sectors. Concerns about legal liability also deter disclosure of forward-looking information without adequate protections.

To support effective and inclusive transition planning, the government should provide practical, scalable support tailored to diverse organisations. It should develop sector-specific guidance with detailed templates, relevant metrics, decarbonisation pathways, and case studies for key industries such as finance, manufacturing, real estate, and agriculture. Simplified toolkits



designed for SMEs, including checklists, decision trees, and basic emissions calculators, would lower barriers to entry. The government should fund training programmes through industry bodies and professional associations, focusing on climate governance, scenario analysis, and integration with financial planning. Establishing a centralised knowledge hub—a government-endorsed online portal—would offer guidance documents, FAQs, interactive tools, webinars, tutorials, and peer learning forums.

Promoting assurance and verification standards will enhance the credibility of transition plans. The government should support third-party assurance frameworks and provide guidance on internal audit and board oversight. Clarifying legal protections by extending Section 463 of the Companies Act to cover transition plan disclosures will reduce liability concerns. Offering model language for disclaimers and assumptions in forward-looking statements will further encourage transparency.

Finally, the government should encourage voluntary disclosure through incentives such as tax breaks, procurement preferences, or public recognition for early adopters. Linking transition planning to access to green finance and sustainability-linked instruments will provide additional motivation for organisations to engage proactively in the UK's net zero journey.

If you would like to discuss any of the above comments in further detail, please do feel free to contact me.

Yours faithfully,

Dr. Valentina Dotto

Policy Adviser

The Chartered Governance Institute UK & Ireland

