



TPT Transition Plan
Taskforce

Seamless Progress: Crafting Effective Transition Plans and Strategic Planning

JC3 Journey to Zero 2023
Masterclass

TPT Overview

The TPT was launched by HM Treasury to develop a gold standard for transition plans for finance and the real economy.

Driving the transition by ensuring that financial institutions and companies prepare rigorous transition plans and support efforts to tackle greenwashing.

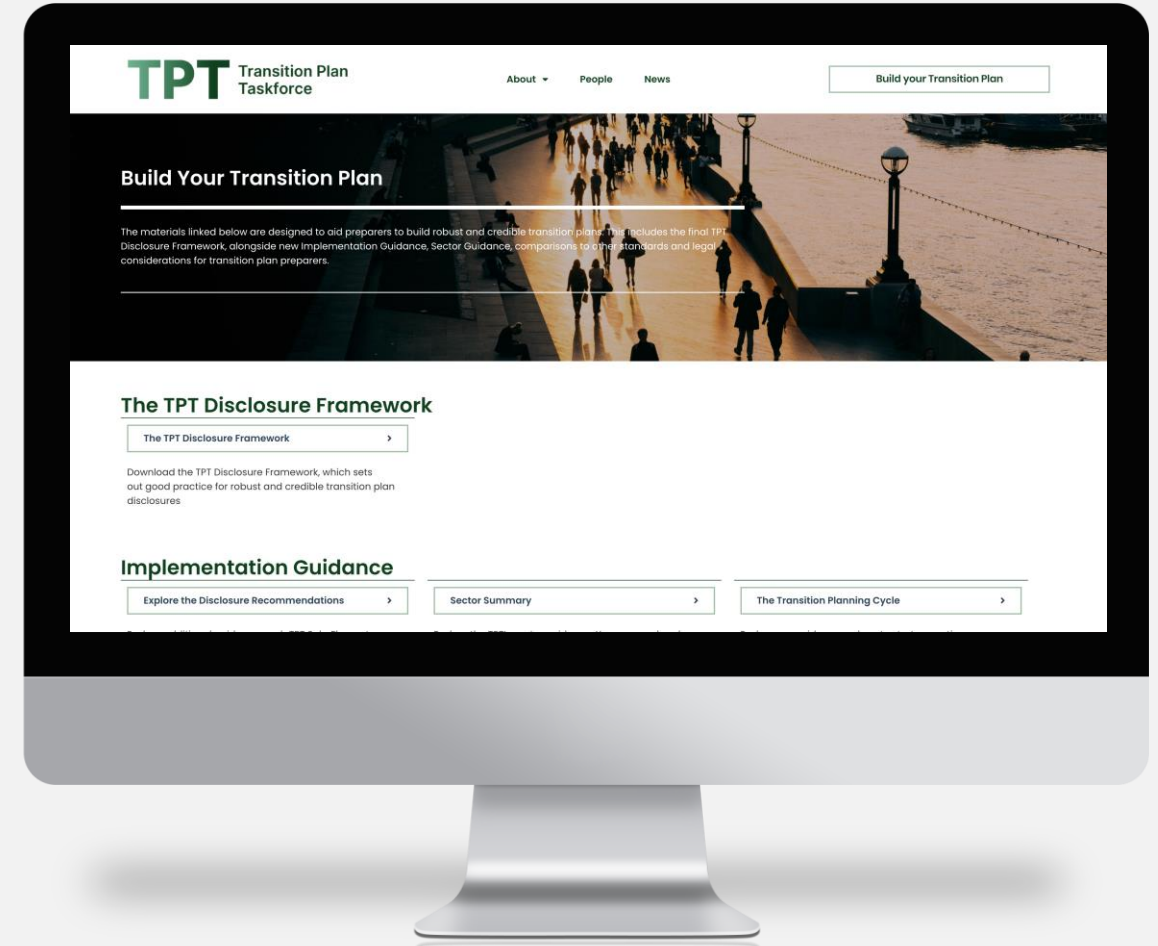
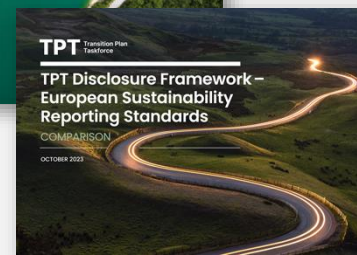
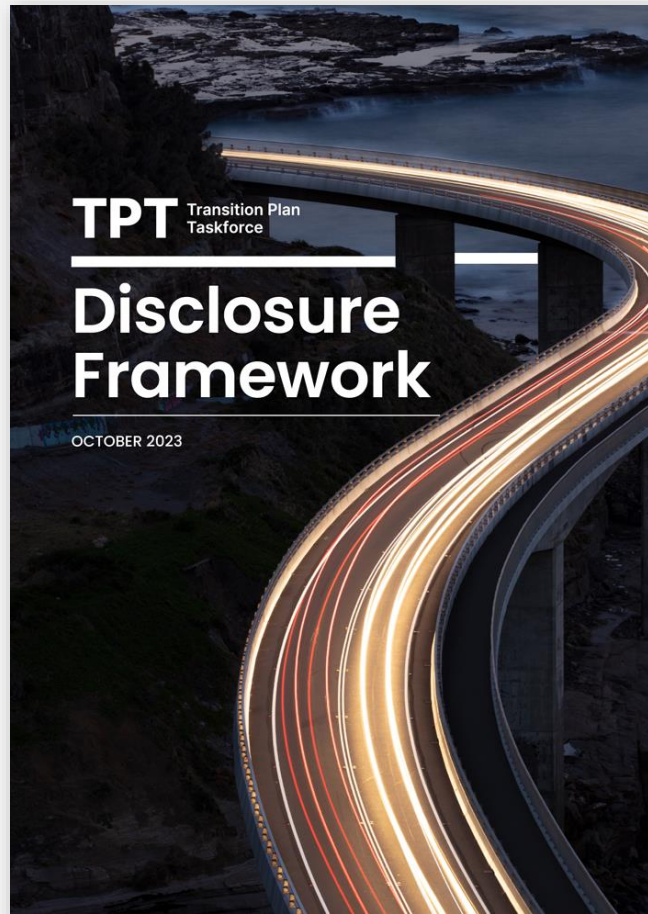
Bringing together leaders from finance, real economy, civil society, academia, government and regulators, and coordinating with international efforts.

Informing future regulation. The FCA and the UK Government will consult on transition plan requirements, informed by the TPT.

Aligning internationally. The Disclosure Framework is designed to be consistent with, and build on, the final climate-related disclosure standard issued by the ISSB.

The TPT has a two-year mandate. The Secretariat is provided by the UK Centre for Greening Finance and Investment (CGFI) and by E3G.

The TPT Disclosure Framework and a suite of supporting material was released in October 2023



Why do Transition Plans matter?

Transition Plans are the next step in the private sector climate journey.

The private sector has become increasingly aware of exposures to climate-related risks and opportunities. In response, many companies and financial institutions have defined climate-related targets, including entity-level net-zero pledges.

Companies now need to develop strategies for how they plan to deliver on their climate objectives whilst addressing their identified risks and opportunities.

High quality transition plans are a tool that enable companies to overcome that challenge.

One Plan, many Users (1/2)

Reporting entity

set a blueprint for actions, to direct strategy, promote coordinated actions, and support a whole-of-organisatio transformation

Investors and lenders

improve information available to price risk and make cap allocation decisions

Policy makers and regulators authorities

Inform policymaking and support understanding of the trajectory of the economy-wide transition and how this influences, and is influenced by, climate policy

Supervisors and regulators

allow them to assess whether an entity's strategy for managing the transition is sufficientz and whether its transition-related claims are well founded.

One Plan, many Users (2/2)

Stakeholders

help hold entities to account for public climate commitments.

Financial instruments and products

act as a reference point for instruments and products directed towards financing the climate transition, helping markets for climate and transition finance scale with integrity.

Wider capital market ecosystem

provide forward-looking strategic information for data services, credit ratings, and other tools to support the mainstreaming of sustainability in finance.

TPT definition of a good practice transition plan



The IFRS S2 Standard defines a climate-related transition plan as follows:

“A climate-related transition plan is an aspect of an entity’s overall strategy that lays out the entity’s targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions.”

The TPT Framework builds on this definition, recommending that a good practice transition plan clearly articulates an entity’s Strategic Ambition: comprising its objectives and priorities **for responding and contributing to the transition towards a low GHG-emissions, climate-resilient economy.**

It also sets out whether and how the entity is pursuing these objectives and priorities in a manner that **captures opportunities, avoids adverse impacts for stakeholders and society, and safeguards the natural environment.**

Ambition

Reflecting the urgency to act

Action

Translating strategic ambition into concrete, short-term steps

Accountability

Enabling delivery through robust governance and reporting

**Decarbonising
the entity**

**Responding
to the entity's
climate-
related
risks and
opportunities**

**Taking a
strategic and
rounded
approach**

**Contributing to an
economy-wide
transition**

Ambition

Action

Accountability

1

Foundations

1.1 Strategic Ambition

1.2 Business model and value chain

1.3 Key assumptions and external factors

2

Implementation Strategy

2.1 Business operations

2.2 Products and services

2.3 Policies and conditions

2.4. Financial planning

3

Engagement Strategy

3.1 Engagement with value chain

3.2 Engagement with industry

3.3 Engagement with government, public sector, communities, and civil society

4

Metrics and Targets

4.1 Governance, engagement, business and operational metrics and targets

4.2 Financial metrics and targets

4.3 GHG metrics and targets

4.4 Carbon credits

5

Governance

5.1 Board oversight and reporting

5.2 Management roles, responsibility and accountability

5.3 Culture

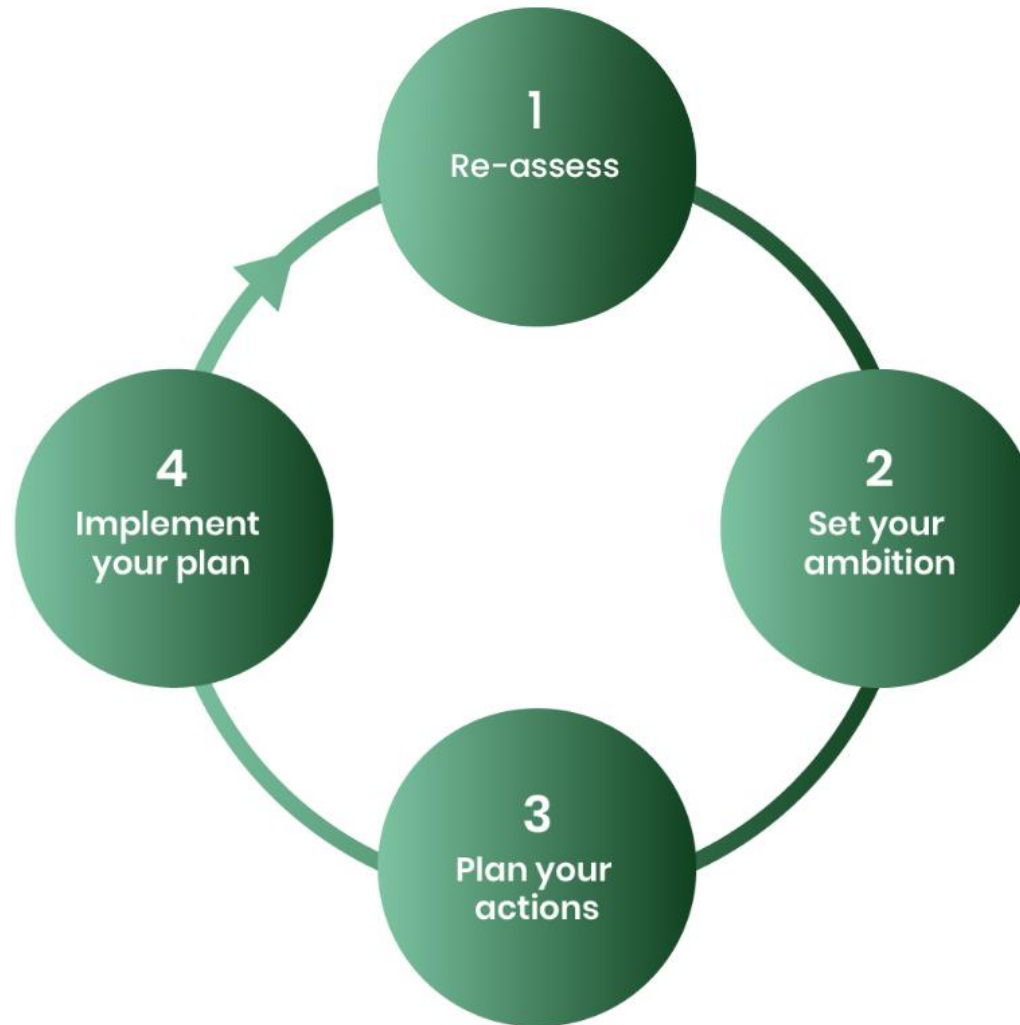
5.4 Incentives and remuneration

5.5 Skills, competencies and training

The Transition Planning Cycle

- Continue or start implementation
- Disclose your transition plan in line with the TPT Framework
- Monitor and report on progress

- Develop implementation steps for transitioning your business operations, products and services
- Revisit your policies and conditions
- Assess the resilience of your implementation strategy
- Review your governance structures, organisational arrangements and people strategy
- Develop your engagement strategy
- Integrate your transition plan into your financial plan
- Set your metrics & targets.



- Before you start: Engage your board
- Before you start: Ensure cross-company ownership
- Map key stakeholders
- Assess your climate related risks and opportunities
- Measure your emissions footprint
- Identify your transition levers
- Assess your impacts and dependencies
- Learn from previous iterations.

- Define your objectives and priorities
- Identify key assumptions and external factors on which your plan depends
- Identify key changes to business model and value chain.

Forthcoming publications

SECTOR-SPECIFIC GUIDANCE

Asset Managers

Asset Owners

Banks

**Electric Utilities & Power
Generators**

Food & Beverage

Metals & Mining

Oil & Gas

Draft:

November
2023

Final: Q1 2024

FORWARD PATHWAY ON TRANSITION PLANS

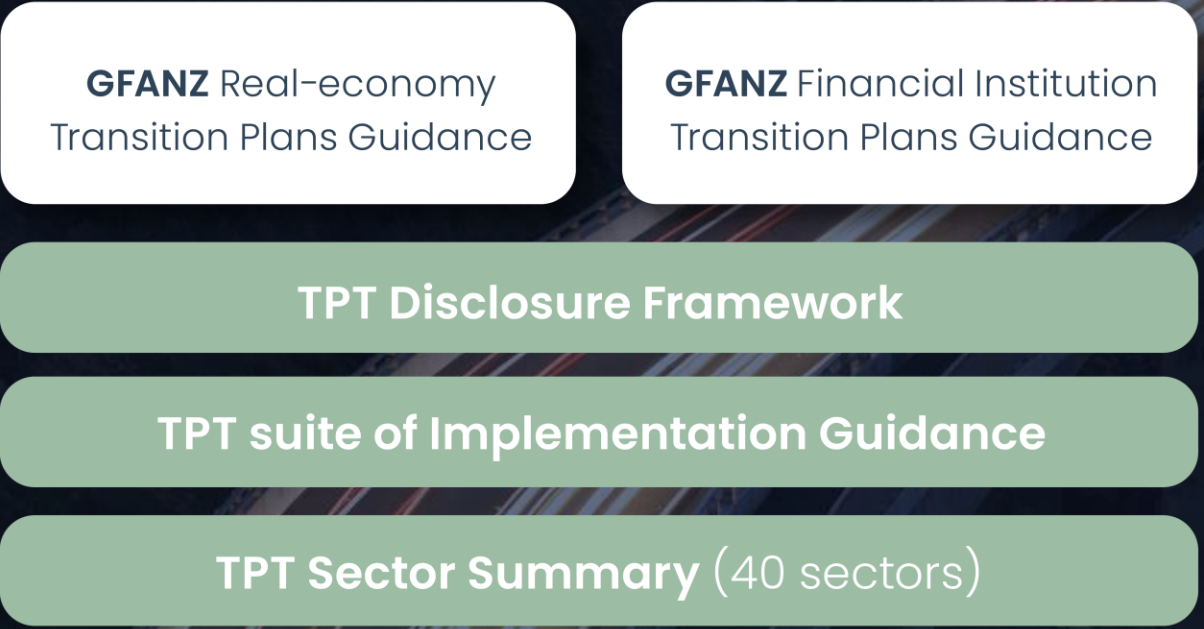
Will set out future work required to ensure a strong ecosystem around transition planning.

Q1 2024

Will include recommendations resulting from work by the TPT Working Groups on nature, adaptation and just transition.



Further depth and detail for preparers and users



Sector-specific Deep Dives x 7 (out for consultation in November)

Momentum is building internationally

- There is substantial movement towards regulatory norms for transition plans
- ISSB's final standards include a transition plan requirement
- G7 leaders in 2023 highlighted the need for credible transition plans
- Multilateral regulatory forums are considering how to regulate transition planning

