

WeeFin's responses to the Climate-related transition plan requirements

Role of transition planning

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 do agree with the assessment of the elements set out in Section A. In addition to these insights, at WeeFin, we are convinced that a thorough understanding of physical and transition risks enables the avoidance of significant financial losses while substantially reducing the risks of controversies. These risks concern pension funds, as mentioned in section A. However, it should also be specified that insurers are also very much concerned by these risks. Measuring these risks, anticipating them and thus evaluating transition plans of insured parties has become a requirement for their financial stability and profitability.

Reducing greenwashing risks

The implementation of robust transition plans would also constitute a major lever in combating greenwashing. Indeed, these plans would provide:

- A methodological framework enabling financial institutions to define what constitutes a credible transition plan
- Tangible guarantees for retail investors regarding the soundness and reliability of commitments made
- Increased transparency on ESG metrics used, an area where our SaaS platform already adds considerable value

Development of the "Improvers" fund category

SDR, a UK regulation recently created in order to encourage financial institutions to adopt more sustainable practices, has created 4 labels applicable to funds, in order to help consumers navigate the investment product landscape and enhance consumer trust. However, the number of funds classified as “sustainability improvers”, one of the four labels dedicated to transition assets, remains limited. Indeed, as highlighted by Morningstar in April 2025, only 10 out of 80 funds certified are classified in the improver category. The development of standards for transition plans could significantly strengthen this fund category, which is particularly important for supporting the transformation of companies towards more sustainable models.

In addition, it is worth noting the growing interest of investors for these financial products. As highlighted by [ESMA](#), *“Transition’ funds have, on average, attracted net cumulative inflows of EUR 27mn over the last two years compared to EUR 14mn for ‘green’ funds”*. The necessity to integrate the notion of transition into regulatory landscapes has also been confirmed by European law like SFDR, which could

potentially include a transition category in its future referential.

The UK, a forerunner in transition plan assessment

With the exception of the ISR label (certified funds representing 805 billion euros as of 01/01/2025 according to [AFG](#)), a French initiative that remains voluntary and non-binding, no similar requirements currently exist in the financial market. The United Kingdom is therefore poised to become the true pioneer in this field if it adopts this new regulation. This advancement would position it as the leader in transition finance, with a regulatory framework mandating the assessment of climate transition plans.

2. For preparers of transition plans: Does your organisation already produce, or intend to produce, a transition plan and disclose it publicly? a. [if yes] What specific drivers have motivated your entity to engage in transition planning? b. [If yes] 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. [if yes] 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. [if yes] 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] 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.

Not applicable.

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)

As a fintech focused on sustainable finance, we offer our clients (asset managers, insurers, asset owners) a technological tool to centralise, manage, calculate ESG data (such as CO2 emissions, temperature alignment, risks exposition) but we also provide them ESG expertise by recommending them and helping them in the construction of their methodology to evaluate companies' transition plan. We recommend our clients to integrate transition into their investment strategy in different ways:

- **ESG scoring**

Including transition metrics into the ESG scoring in the pillar E for example, or creating a methodology to negatively impact the ESG score of a company that does not have a credible transition plan.

- **Engagement/active ownership**

Undertaking engagement actions with identified companies from material sectors that have a large impact on climate / environmental aspects. For example, the SRI label requires funds to engage 20% of invested companies that are part of high impact climate sectors in order for them to create a transition plan at the end of the engagement action period.

- **Controversies**

Integrating in the ESG controversies watch the thematic linked to transition (e.g., controversies due greenwashing practices related to transition plan or to just transition).

- **Exclusions**

Excluding invested companies based on transition criteria, such as :

- companies that do not have a credible transition plan
- companies that do not have targets validated by SBTi
- companies that do not commit to phase out fossil fuel from their entire value chain
- companies considered as “not aligning”, according to the [NZIF methodology](#).

The Net Zero Investment Framework uses five categories of alignment, including a “not aligning” category, referring to assets without a commitment to decarbonise in a manner consistent with achieving global net zero.

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.

Collection, analysis and comprehension of specific data

To use transition plans of invested companies, financial institutions need to follow different steps, such as:

- Collect qualitative and quantitative data
- Verify the quality of these data
- Use these data in the investment strategies through different methods such as exclusion, engagement, ESG scoring, etc.

Pursuing these steps lead to both financial and human costs due to:

- subscribe to private data providers / dedicated internal resources to collect the required data
- challenge the data to guarantee its quality
- develop the required expertise to analyse the data and integrate them efficiently into the investment strategy.

In addition to the expertise to evaluate and analyse the data of investee companies, the financial institutions also need an advanced expertise to make sure that the investments made are coherent with their own transition plan. Otherwise, it could lead to greenwashing risks if for example the companies invested in are not aligned with the net zero commitment made by the financial institution.

The need and cost of shareholder engagement

1/ Shareholder engagement to collect data

Transition plan evaluation demands a comprehensive approach that extends far beyond standard quantitative metrics. Financial institutions must gather and analyse qualitative information that traditional data providers cannot always supply, including:

- Detailed financial allocations specifically earmarked for climate target achievement
- Governance structures and accountability mechanisms supporting sustainability goals
- Strategic decision-making processes related to transition implementation
- Internal capacity building and skills development for transition management

As this information may be missing in the dataset provided by data providers, financial institutions may need to collect it through shareholder engagement activities.

2/ Shareholder engagement to promote corporation's transition plan definition and implementation

Shareholder engagement is beneficial for the transition, as it can encourage companies to create transition plans. However, to do so, financial institutions need to dedicate a lot of resources and time.

Indeed, financial institutions would need to invest significantly in:

- Specialised human capital with sustainability expertise
- Dedicated engagement teams
- Sophisticated stakeholder management systems
- Regular communication channels with company leadership

Establishing this regulation would then allow financial companies to not be the only factor that pressures non-financial companies to produce and follow their transition plan.

The Continuous Reporting Burden

In addition, transition plans are not static documents but living frameworks requiring continuous updates and reporting. This creates an ongoing operational burden for both corporate and financial companies characterised by:

- Annual comprehensive reporting requirements
- Regular data collection and verification cycles
- Continuous monitoring of company performance against targets
- Integration of evolving regulatory standards and market expectations

For large financial institutions managing extensive portfolios, this reporting cycle becomes exponentially complex, with thousands of data points requiring regular collection, verification, and analysis.

WeeFin's clients were facing all these challenges. In order to support them, our technological platform has been developed in order to allow financial companies to:

- Automatically collect and integrate data from multiple sources
- Integrate standardised qualitative assessment frameworks
- Perform an efficient engagement tracking and management
- Streamline reporting processes aligned with regulatory requirements

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

We do think that to align transition plan requirements with other relevant jurisdictions, it is necessary to:

Emphasise the importance of international convergence

The UK, through the Transition Plan Taskforce, has positioned itself as a pioneer. Recent statements (e.g. the Chancellor's decision to drop the UK Green Taxonomy in order to focus on policies that ["matter most"](#) and ensure the UK remains globally competitive) reinforce this leadership ambition. However, to maintain this position, the UK must ensure coherence with international practices and avoid becoming a regulatory "island."

Avoiding regulatory fragmentation is essential: if each jurisdiction develops its own transition plan requirements, it will create unnecessary complexity and high compliance costs for companies operating internationally.

Build on existing international frameworks

Transition plans should align closely with the following frameworks to ensure comparability, interoperability, and mutual recognition:

- TCFD which remains the foundational framework on climate-related risks;
- ISSB (IFRS S1 & S2) which provides an emerging global baseline that is gaining rapid adoption and is at their final stages before adoption in the UK;
- CSRD/ESRS which requires detailed transition plans linked to the Paris Agreement and climate neutrality by 2050.

Moreover, transition plan requirements should be connected with the UK's Sustainable Disclosure Regime (SDR). The use of the "Improvers" label - as mentioned before - should be conditional on the adoption of credible transition plans that meet minimum criteria, and asset managers should be encouraged to require such plans from portfolio companies.

Over the coming years, WeeFin hopes to see transition planning rolled out across the entire economy in a proportionate and phased way as part of the forthcoming economy-wide UK Sustainability Reporting Standards (UK SRS), which will be aligned with the ISSB standards.

Align content and metrics

It is important to harmonise definitions and indicators, including GHG emissions (scopes 1, 2 and 3), biodiversity-related risks, and wider dependencies and impacts, while ensuring consistency with global objectives such as limiting warming to 1.5°C. For instance, under ESRS E1 (climate), companies must explain how their strategy and business model will adjust to remain compatible with the transition to a sustainable economy and international climate goals.

Draw on Market Best Practices

Investors are already relying on initiatives such as the [IIGCC Net Zero Investment Framework](#) (NZIF), which is widely recognised for setting targets and developing net zero strategies. Building on such practices would enhance credibility and ensure continuity with existing market standards.

To put it into a nutshell, the UK framework should be compatible (aligned with TCFD, ISSB and CSRD) when it comes to disclosures matters and metrics to avoid regulatory fragmentation.

Implementation options

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.

According to WeeFin, the TPT framework could serve as the foundational reference for any future mandatory obligations, providing a consistent regulatory baseline that ensures coherence and comparability across companies.

1. As some companies have already begun aligning their transition plans with the TPT, it would support continuity and reduce disruption as new requirements are introduced.
2. As the TPT framework is already aligned with ISSB and TCFD standards, it can act as a bridge between UK-specific obligations and international reporting standards, helping to maintain global comparability and investor confidence.
3. Additionally, the TPT offers detailed sector-specific guidance, particularly for asset owners and asset managers, which could be leveraged in future regulations to provide practical support for companies.

At the same time, there are areas where the framework could be further strengthened to support its role in future obligations:

- Clearer articulation and harmonisation with other international and UK standards (TCFD, ISSB, SDR, ...).
- Practical guidance/examples and tools to support companies in implementation.
- Development of a mechanism for external verification or assurance of transition plans.
- Stronger integration with UK economic and climate policy, for example linking disclosure to tangible emission reduction outcomes.

In summary, the TPT framework could form the core reference point for future UK transition plan obligations, while being enhanced in specific areas to improve clarity, usability, and alignment with both domestic and international expectations.

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 SRS S2 allows entities to signal the existence of a transition plan and to indicate who is responsible for it (governance, strategy, risk identification, and metrics).

This provides a basis for understanding how management is considering the

transition to a low-carbon model.

However, SRS S2 provides very little detail on the actual content of transition plans, their credibility, or the tracking of actions taken. It indicates that plans exist, but not how they are developed or assessed.

The IFRS Foundation has published guidance on disclosures regarding transition plans, aimed at helping entities report on their climate-related transition in line with IFRS S2. This guidance can provide a more detailed framework for understanding plan content and progress.

WeeFin believes the UK SRS S2 could benefit from stronger integration with national climate policies (Net Zero 2050, sectoral decarbonisation pathways). This would allow for a clearer assessment of whether corporate plans meaningfully contribute to national objectives and provide context for judging their relevance.

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 SRS S2 includes an entire section on climate resilience, highlighting the importance of understanding how an entity is adapting to climate-related risks and preparing for a resilient transition.

While SRS S2 encourages the use of climate scenarios, it does not provide detailed guidance on how to assess resilience or vulnerability (e.g., which climate scenarios to use, appropriate time horizons, or quantitative methodologies). A similar issue was identified in the *Bank of England consultation* for banks and insurers, where scenario use was recommended but methodological specifics were lacking ([BOE consultation, 2025](#)).

Moreover, the draft SRS S2 does not require entities to implement operational monitoring or decision-making processes to track progress on climate resilience.

In brief, the standard does not specify what information is expected to be included in a transition plan regarding climate adaptation and resilience. As a result, while entities can indicate that resilience measures exist, there is little clarity on what should be disclosed or how progress is evaluated.

Developing and disclosing a transition plan

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 decision-useful elements of a transition plan are those that enable investors and other stakeholders to assess whether an entity's strategy is credible, ambitious, and financially viable.

These 3 several disclosures are particularly significant in this respect:

1. First, when disclosing GHG emissions across all scopes, entities should disclose the percentage of their GHG emissions covered by targets, across Scopes 1, 2, and 3. A company that sets targets on only a fraction of its emissions does not provide stakeholders with a full picture of its transition risks or opportunities. This coverage rate is critical to avoid greenwashing and to ensure transparency then;
2. Second, clarity on the temperature alignment of targets is essential: stakeholders must know whether the targets are aligned with a 1.5°C trajectory, as well as whether there are interim milestones (e.g. 2030, 2040) rather than only long-term net zero commitments by 2050. Interim targets provide accountability and allow investors to track progress in the near to medium term;
3. Third, disclosure of capital expenditure dedicated to transition activities is crucial to assess feasibility. A credible plan requires realignment of financial flows, and transparency on Capex allows stakeholders to evaluate whether resources are actually being deployed in line with the stated ambitions. This also helps compare across peers and sectors.

10. Please state whether or not 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.

WeeFin does not support Option 1, which would require entities only to explain why they have not disclosed a transition plan or transition plan-related information. While this option offers some advantages, the disadvantages significantly outweigh them.

Option 1 provides a flexible approach, potentially reducing immediate reporting burdens on companies and may face less market resistance in the short term, as companies are not required to produce detailed plans immediately.

However, for the following reasons we believe Option 2 would be more efficient:

1. We believe option 1 will lead to limited coverage and comparability: If disclosure is optional, many companies—particularly those less exposed to investor pressure—are unlikely to report consistently. This prevents meaningful comparisons across entities and sectors.

2. Second of all, simply requiring explanations for non-disclosure does not prevent companies from presenting superficial or selective information without demonstrating real progress toward transitioning.
3. A mandatory approach also protects financial actors from receiving inconsistent or misleading information, while ensuring that market-wide transition objectives are taken seriously.
4. Lastly, experience shows that voluntary initiatives rarely produce broad or lasting impact. Many companies only engage in ad hoc measures rather than embedding transition strategies into core business models. Without mandatory requirements, the framework risks remaining a voluntary guidance tool akin to the TPT, with little practical effect on reducing emissions at scale.

Nevertheless, if mandatory disclosure is introduced, it should first apply to corporate entities; otherwise, it will not be effective. Currently, the reporting burden for these companies is largely carried by investors, who assess transition plans during shareholder engagement or before granting financing or insurance. Government support could help reduce this burden and facilitate compliance.

Moreover, mandatory disclosure can be phased or combined with a “*comply or improve*” principle, allowing companies time to align while maintaining accountability. For example, companies could initially be required to comply or outline a clear timeline for compliance.

In brief, while Option 1 reduces immediate compliance burden, it is unlikely to deliver meaningful systemic change or credible, comparable data. WeeFin strongly recommends that transition plans be made mandatory, with the possibility of phased compliance or targeted “*comply or explain*” mechanisms to balance practical implementation with accountability.

Developing and disclosing a transition plan

11. Please state whether or not 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. When responding, please explain the advantages and disadvantages of this option.

WeeFin supports Option 2, which would require entities to develop a transition plan and disclose this information, as it offers significant benefits for transparency, comparability, and systemic impact. Here are listed this option's advantages:

1. Mandatory transition plans ensure that a wide range of entities—not only a small number of voluntary, ambitious actors—are preparing for the transition, creating broader market impact so that the coverage is significant;
2. A mandatory requirement ensures that all companies face the same expectations, preventing a situation where only early movers carry the reporting burden or gain reputational advantage;
3. Standardised disclosure allows investors, regulators, and stakeholders to compare plans across companies and sectors, supporting informed decision-making, it brings transparency and comparability;
4. Requiring transition plans reinforces the UK's climate policy credibility and strengthens its leadership position internationally; it does align better with UK current and future ambitions.

Convinced by the advantages outlined above, we nevertheless have some reservations when it comes to reporting burden, risk of minimal compliance and need for guidance. Firstly, developing and disclosing a full transition plan requires time, resources, and guidance, which may be challenging for some companies. Secondly, some entities may initially adopt a “box-ticking” approach, reporting plans that are formal but not substantive. Finally, to implement effectively, companies require clear guidance, phased timelines, and capacity-building support.

To answer these challenges, the following implementation considerations could be taken into account:

- Requirements should reflect the size, sector, and impact of the company, with a gradual or phased approach, particularly for financial institutions and smaller entities.
- Transition plans could be disclosed as a standalone document every 3-5 years, complemented by relevant transition plan-related information to ensure continuity and integration with existing reporting (*see question 12*).
- Guidance, templates, and potential government support could help companies comply without creating disproportionate burdens, particularly in

the early years (see *question 33*)..

Option 2 provides the most credible and effective path to ensuring that entities are actively preparing for the transition. While there are challenges related to reporting effort and initial compliance, these can be mitigated through proportional, phased requirements and targeted support, making this approach both practical and impactful.

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? These responses will support the government's review of the non-financial reporting framework.

If entities are required to disclose transition plan-related information, here are the following opportunities to rationalise existing climate-related reporting requirements:

1. A simplified and intelligible format for corporate entities would facilitate the collection of necessary information and support financial institutions in assessing transition-related risks and opportunities.
2. There is an opportunity to reduce overlaps with existing reporting frameworks such as TCFD, ISSB, and carbon PAI, including methodological alignment to ensure consistency and comparability.
3. Reporting requirements should also consider the perspective of retail clients: excessive complexity risks preventing them from understanding the information, which could undermine the flow of capital toward transitional funds, as highlighted in consultations such as MiFID II on investor pedagogy.
4. Similar to approaches seen in the updated UK Stewardship Code, reporting could distinguish between static contextual elements and dynamic quantitative data.
Static elements, such as policies and overarching context, could be updated less frequently, for example every 3–5 years, to reduce the reporting burden, while dynamic elements, including commitments over the past 12 months, quantitative results, emission tracking, and progress toward targets, should be updated at least annually to ensure transparency and effective monitoring.

It is important not to set overly ambitious requirements that could lead to implementation failures or necessitate subsequent rollbacks. Finally, reporting requirements should be tested with end users to ensure they are practical, understandable, and effectively support decision-making across all stakeholders.

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?

Larger schemes in the UK are already required to publish a TCFD report and

calculate and disclose the Portfolio Alignment Metric (PAM). WeeFin believes that these obligations provide a strong foundation for assessing climate-related risks and the transition. Here are some thoughts about integrating with these existing requirements:

Any actions in a broader transition plan should be measurable—using metrics such as PAM, portfolio emissions, or reduction targets—and maintain methodological consistency with existing TCFD assumptions and climate scenarios. Rather than being standalone, these existing elements should be integrated into the broader transition plan reporting, ensuring coherence, transparency for scheme members, and efficient use of existing data.

We then agree with what Paul Lee, Head of Stewardship and Sustainable Investment Strategy, Redington said *“Transition planning, if implemented in the right way in the UK, should offer opportunities for pension schemes to communicate their future ambitions and trajectory. We would welcome expectations in this area being advanced, ideally with transition plan standards subsuming some of the existing requirements under the TCFD regulations.”*

Then again, over the coming years, WeeFin hopes to see transition planning rolled out across the entire economy, including large schemes, in a proportionate and phased way as part of the forthcoming economy-wide UK Sustainability Reporting Standards aligned with the ISSB standards (see *question 5*).

However, as stated before, it is essential to maintain methodological alignment by using the same assumptions, climate scenarios, and calculation methods as those applied for the PAM, avoiding inconsistencies.

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.

Mandating transition plan implementation

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.

At WeeFin, we fully support regulators' initiatives to encourage financial actors to develop ambitious sustainability strategies, particularly regarding the assessment of their issuers' transition plans and the development of their own climate transition plans.

However, we believe that establishing a strict obligation to align with announced transition plans, coupled with legal penalties, could prove counterproductive. Indeed, in order to reduce legal risks, financial and non-financial institutions could reduce the ambition of their plans to guarantee compliance and avoid penalties. The result would certainly be a high alignment rate, but with commitments that are insufficient to address the climate emergency.

Our conviction is that an obligation of means, rather than an obligation of results, represents a more balanced and effective approach. In this perspective, even if an actor fails to perfectly align with its transition plan (whether in terms of temperature or CO₂ emissions), it must nevertheless demonstrate having deployed all necessary resources - human, financial, and technical - in a coherent and applicable manner to develop and implement the announced transition plan.

This approach encourages ambition while recognising the inherent challenges of climate transition, thus promoting demanding and authentic sustainable finance.

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?

Several market mechanisms can effectively complement and stimulate action in favor of climate transition:

1. **The influence of institutional investors** who exert increasing pressure on companies to adopt and adhere to ambitious transition plans.
2. **Reputational stakes** with the important role of NGOs like Reclaim Finance that publicly analyse and evaluate these plans, thus creating a form of external control.
3. **Exposure to controversies** for companies not meeting their commitments, illustrated by initiatives such as those from the French SIF (FIR) or evaluation campaigns conducted such as the "Say on Climate" approach.

Variable effectiveness across sectors

Insurers are particularly sensitive to these market mechanisms. With their financial stability intrinsically linked to their risk assessment capabilities, they are now compelled to integrate elements such as transition plans of the entities they insure into their analyses. This reality reinforces the need for non-financial companies to define clear and robust transition frameworks in advance.

Identified limitations

Despite their relevance, these market mechanisms present significant limitations. Their impact often remains confined to specific actors such as insurers, whose activities are directly affected by short-term climate risks.

For other financial actors, particularly those adopting a longer-term vision, these mechanisms prove insufficient. They need to be complemented by other forms of incentives, such as governmental pressure translated into an obligation of means as previously mentioned - a framework that encourages ambition while recognising the inherent challenges of transition.

Aligning transition plans to Net Zero by 2050

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?

The limits of Net zero principle and 1.5°C pathways

While we fully support the government mandating the implementation of transition plans, at WeeFin we have a nuanced view of the Net Zero concept which has not yet proven itself. This principle is very theoretic while in practice, there are several realities that need to be considered, such as:

- The dependence on fossil fuels: The responsibility for transition cannot rest solely with financial actors. A systemic approach involving all stakeholders is necessary.
- Global inequalities: How can we reconcile the growing energy needs of developing countries with the decarbonisation objectives of mature economies?
- Political and social challenges: The ecological transition requires profound transformations of infrastructure, industrial processes, and lifestyles to change but is complicated to accept.

The Net Zero concept has significant methodological weaknesses, particularly its excessive dependence on carbon offsetting mechanisms. As Thomas Day points out: "Companies should not be claiming they are net zero by 2030 unless they are reducing their emissions by 90% by then."

In addition, the symbolic 1.5°C limit has already been crossed in 2024. Recent scientific data published by [Earth System Science Data](#) indicates that it is no longer realistic to consider alignment with this trajectory. Thus, while it is important to require ambitious transition plan construction, it is also necessary to remain realistic.

However, at WeeFin, we still believe that mandating transition plans has the following benefits:

1/ Mandatory transition plans would increase transparency for the financial ecosystem, providing investors, regulators, and other stakeholders with consistent, comparable information about how organisations are preparing for the low-carbon transition. This transparency would enable more efficient capital allocation by reducing information asymmetries and allowing markets to properly price climate-related risks and opportunities.

2/ By requiring organisations to systematically assess their exposure to transition risks and develop structured adaptation strategies, mandatory transition plans would enhance both individual organisational resilience and broader financial system stability. This forward-looking approach would help prevent disruptive market corrections as climate policies tighten and physical impacts intensify, supporting a more orderly transition.

But it also has costs and challenges of implementation:

1/ Developing comprehensive transition plans requires significant financial and human resources, particularly for smaller organisations with limited sustainability expertise. The associated reporting requirements create an additional

administrative burden that could divert resources from core business activities or actual implementation efforts. This challenge is particularly acute for organizations already facing multiple overlapping sustainability disclosure requirements.

2/ Organisations face substantial challenges in accessing reliable, granular data needed for effective transition planning, particularly regarding Scope 3 emissions and scenario analysis. Methodological uncertainties around sectoral decarbonisation pathways and the quantification of climate-related financial impacts further complicate planning efforts. These data and methodological challenges can undermine the credibility and comparability of transition plans.

3/ Without robust verification mechanisms, mandatory transition plans could inadvertently facilitate greenwashing by allowing organisations to make ambitious commitments without meaningful implementation frameworks. The complexity of transition planning creates opportunities for selective disclosure and overstated climate ambitions that mislead stakeholders about actual progress toward decarbonisation goals.

4/ Organisations may face legitimate concerns about potential competitive disadvantages if transition planning requirements are not consistently applied across jurisdictions or if they create disproportionate compliance burdens for certain sectors.

5/ The ongoing costs of implementing, monitoring, and updating transition plans are substantial, particularly for organisations with complex operations or extensive value chains.

At WeeFin, we thought of the following potential mitigation strategies:

1/ The government could significantly reduce implementation burdens by providing detailed sectoral guidance, standardised templates, and practical tools that streamline the transition planning process.

2/ A phased implementation approach based on organisational size and capacity would help mitigate resource constraints while ensuring universal coverage over time. Large organisations with substantial resources could face earlier implementation deadlines, while smaller entities would benefit from extended timelines and simplified requirements. This proportionality principle would ensure that requirements remain achievable for all market participants.

3/ To address greenwashing concerns, the government could establish clear verification requirements and oversight mechanisms that ensure transition plans represent credible pathways to net zero or to a considerable emission reduction objective, rather than aspirational statements. These verification frameworks should focus on implementation feasibility, resource allocation, and governance structures rather than merely assessing the ambition of stated targets.

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? Where possible, the government would welcome evidence from entities that have used such methodologies, explaining how they have arrived at that conclusion.

To identify the best frameworks publicly available around transition plans and decarbonisation, Reclaim Finance provided a [document](#) analysing the robustness

of these standards based on several criteria following the recommendations of the UN High Level Expert Group (HLEG) on transition plans, including the following “3. The chosen 1.5°C pathways rely on limited volumes of negative emissions, such as the IEA NZE and some IPCC “C1a” pathways.” To note that these standards may have limits and can always be improved but they offer an homogeneity for financial institutions. In addition, it is necessary to have some flexibility to make them evolve in the future.

Different scenarios are available like the ones published by [NGFS](#) but also some that data providers, consultants or even companies are publishing them. Nevertheless, as highlighted by [Reclaim finance](#) some criteria need to be considered when choosing a scenario, such as ensuring that the scenario has at least a 50% chance of limiting global warming to 1.5°C with “no/low overshoot”.

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?

Not answering.

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

When evaluating a transition plan of an invested company that operates in multiple jurisdictions, a financial institution need to consider the following elements:

Identify the most material operations

For groups deploying their activities on an international scale, developing a coherent climate transition strategy begins with a fundamental mapping exercise. This first phase consists of establishing a comprehensive inventory of operations across the different jurisdictions where the company operates.

This initial analysis allows for precise identification of geographical areas and operational activities that constitute the main sources of greenhouse gas emissions and exposure to climate risks. Based on this thorough assessment, the company can then design targeted transition plans, concentrating its resources and efforts on operational segments and territories presenting the most significant climate challenges.

Financial institutions can thus verify that this materiality-based approach is respected, in order to ensure optimal allocation of decarbonisation investments and maximise the impact of actions undertaken.

Developed markets vs emerging countries

Recognising the structural disparities between mature economies and emerging markets is essential when constructing a transition plan. Indeed, their design must imperatively integrate these fundamental differences:

- Developed markets generally benefit from advanced infrastructure, facilitated access to low-carbon technologies, and established regulatory

frameworks

- Developing economies face specific constraints in terms of access to capital and technologies

This consideration of local contexts allows for the development of differentiated yet convergent strategies, respecting economic realities while maintaining the group's overall climate ambition.

Climate adaptation and resilience alignment

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

Historically, climate finance flows have largely focused on mitigation. According to the [Climate Policy Initiative](#), only 5% of global climate finance flows were allocated to adaptation in 2021-2022, compared to 95% for mitigation. This translates into a considerable difference between global investment needs, estimated between 500 billion and 1,300 billion dollars per year by 2030 by the [Boston Consulting Group](#) (BCG), and the investments actually made, evaluated at only 20.8 billion USD in 2024 by [Barclays](#). *(For more details on climate adaption and its link with financial institution, please check our [dedicated newsletter](#)).*

Yet, as mentioned by the [NGFS](#) in its report, “Adaptation measures can help reduce exposure and vulnerability to physical risks and limit financial losses over time”, meaning that it would help reduce the exposure to climate risks of financial institutions.

In addition, it also highlights that a transition plan is a good solution to direct investments toward resilience-building activities. Indeed, even if transition planning's first objective is to reduce the negative impact of its activities, it can also be used to define targets for adaptation purposes.

The report also enhances the important role of the government regarding the development of climate adaptation. In addition, regulatory measures such as mandatory climate risk disclosures and stress testing can incentivise institutions to incorporate adaptation into their strategies. Without a proper enabling environment, the effectiveness of transition plans in enhancing private sector engagement in adaptation, and in addressing financing gaps, would be constrained.

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?

The 2°C scenario captures the challenges and opportunities of a relatively orderly transition, while the 4°C scenario highlights the severe physical risks of insufficient climate action. Encouraging wider and more consistent use would improve comparability and ensure that risk planning translates into more informed strategic decisions. In other words, enhanced risk planning under 2°C and 4°C scenarios can be a powerful tool to strengthen resilience.

For financial actors, these scenarios are essential to orient investment, lending, and insurance strategies, as they highlight both transition risks under a 2°C pathway and physical risks under a 4°C “catastrophic” warming trajectory. Applying both enables companies and investors to understand the range of potential outcomes, identify sectorial and/or geographical vulnerabilities, and adapt their strategies accordingly.

To support companies in implementing this type of analysis, several measures could be helpful:

1. Clear guidance and sector-specific scenario tools would reduce complexity and ensure consistency of methodologies across the market. Capacity-building initiatives—such as training programmes, case studies, and interactive workshops—could help companies integrate scenario planning into their risk management processes.

2. Additionally, access to open-source data would make scenario analysis more accessible, especially for smaller corporate entities that lack in-house modelling capacity.

To be noted that these scenario-based risk analyses have to become not just a compliance exercise but a practical tool for steering companies and capital flows towards climate resilience, for decision-making.

Nature alignment

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?

We strongly advocate for the inclusion of nature considerations within the government's transition plan policy framework.

Climate and nature exist in a complex, interdependent relationship that makes addressing one without the other fundamentally incomplete:

- Climate change directly accelerates biodiversity loss through habitat disruption, changing migration patterns, and ecosystem collapse
- Nature degradation reduces climate resilience
- Many climate solutions have significant nature implications, both positive and negative

A transition plan focused exclusively on climate therefore addresses only part of the sustainability challenge, potentially creating unintended consequences for biodiversity and ecosystem services.

While we acknowledge that nature-related methodologies and metrics remain less mature than their climate counterparts, this should not delay integration.

The UK government should then:

- As mentioned in the consultation paper, begin with existing frameworks like TNFD and SBTN that provide workable starting points
- Embrace continuous improvement as methodologies evolve
- Learn through implementation rather than awaiting theoretical perfection
- Allow for methodological diversity while working toward convergence

We thus suggest the government to include nature in its transition plan policy. Considering the low maturity level of nature, we would recommend adopting a progressive inclusion. At first, financial institutions could be required to conduct baseline assessments of their investments' nature impacts and dependencies by:

- Focusing on identifying high-impact sectors and activities within portfolios
- Leveraging on existing tools like ENCORE and IBAT for initial screening
- Establishing governance structures for nature-related risk management

The following years could be dedicated to improve methodologies by:

- Incorporating geospatial analysis to increase assessment granularity if it was not already done
- Developing sector-specific metrics and targets for material nature impacts
- Creating preliminary mitigation strategies for identified high-impact areas
- Beginning engagement with high-impact investee companies

Instead of focusing on creating nature positive strategies, we strongly endorse the application of the mitigation hierarchy to nature-related transition planning. This established framework emphasises:

1. Avoid - Preventing negative impacts before they occur
2. Minimise - Reducing the severity of impacts that cannot be avoided
3. Restore - Rehabilitating ecosystems following impacts

4. Offset - Compensating for residual impacts through positive actions elsewhere

This sequenced approach recognises the fundamental reality that ecosystem destruction is significantly more costly and time-consuming to address through restoration than through prevention. A restoration-focused approach that neglects avoidance and minimisation is both economically inefficient and ecologically questionable.

Regarding the steps listed, we strongly endorse the government's recognition of existing frameworks like TNFD as foundational elements for biodiversity integration in transition planning. Building upon established standards rather than creating entirely new frameworks will accelerate adoption and reduce fragmentation in an already complex landscape.

The point related to data is essential. Indeed, the availability and quality of biodiversity data represent perhaps the most significant challenge for financial institutions today. However, we caution against the pursuit of single, all-encompassing biodiversity metrics that attempt to compress complex ecological realities into simplified footprint measures. Such approaches, while appealing for their apparent simplicity, can lead to black-box methodologies and methods not usable in a fund management strategy. However, the possible emergence of a metric that measures the financial losses of biodiversity related risks for institutions, such as a Nature VaR, could be a good element to promote the consideration of these risks into the strategy and to limit the negative impacts made on nature.

The multidimensional nature of biodiversity—spanning species diversity, ecosystem function, genetic diversity, and more—makes aggregation inherently reductive and potentially misleading for decision-makers.

The support that the government could provide concerning these data could be linked to developing specific guidance on integrating location data into biodiversity assessments, including recommended data sources, resolution requirements, and analytical approaches.

24. Do you have any views on the factors the government should consider when determining the scope of any future transition plan requirements?

WeeFin believes that the government should take a balanced and pragmatic approach when defining the scope of future transition plan requirements. In our view, three considerations are particularly important:

1. First, the requirements should initially focus on large corporations, they would have to comply at least a year before financial institutions. A starting point could be companies in the FTSE 100 as stated within the proposals. They represent the most significant market actors in the UK but according to [Sustainability Views](#) “only around 5 per cent of FTSE 100 companies and one-quarter of Fortune 500 companies have a transition plan deemed sufficiently “credible” in place”. We agree that the reporting burden should not be limited to listed companies. Instead, priority should be given to those sectors that are the most carbon-intensive and therefore have the greatest responsibility and ability to reduce emissions. This would ensure

that the policy has a meaningful impact from the outset, without placing disproportionate weight on a small subset of listed companies;

- 2.** Second, when it comes to financial actors, we strongly support the idea of setting thresholds. The largest financial institutions should be required to publish transition plans first, given their systemic role and their capacity to mobilise resources. Once the framework is established with these major players (corporate companies and financial institutions), it could then be progressively extended to smaller institutions, in order to ensure proportionality and allow for learning and standardisation across the market;
- 3.** Third, while we understand that small and medium-sized companies (SME) face particular challenges, we do not agree with the idea of excluding them entirely. Instead, a phase-in approach would be more effective and fair: the requirements should begin with large firms, then gradually extend to SMEs (with greater flexibility in reporting expectations and timelines). This would avoid leaving a significant part of the economy outside the transition effort, while recognising the capacity constraints of smaller businesses.

Scope

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?

Corporate groups should adopt a holistic approach in evaluating their environmental impact, integrating their entire ecosystem - including subsidiaries and suppliers.

As highlighted by Reclaim Finance in its analyses, a credible climate transition plan must cover between 80% and 90% of the organisation's total CO2 emissions. This requirement naturally directs efforts toward the highest-emitting segments of the value chain. To note that it may need to be adapted according to the sector of activity of the concerned company, meaning that for low polluting sectors, the requirement may differ and could be less strict.

In practical terms, if the supply chain of a company constitutes its major source of emissions, it will logically become priority targets in the company's decarbonisation strategy. The effectiveness of a transition plan relies on rigorous initial assessment and proportionate allocation of efforts.

Consider the example of an SME within the value chain: if this company has high carbon intensity, but its contribution to the group's overall emissions remains marginal in absolute terms, it will not constitute a priority action lever. The group will then adopt a nuanced approach, avoiding imposing reduction targets on this entity that would be disproportionate to its actual impact on the consolidated environmental impact.

This methodology allows resources and requirements to be concentrated on the part of the supply chain offering the most significant decarbonisation potential, thus optimising the efficiency of climate investments.

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

Not answering.

Legal risk

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?

Not answering.

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?

Not answering.

Carbon credits

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?

Not answering.

Related policy and frameworks

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

There are several elements from other jurisdictions and regulatory approaches that the UK government could consider when shaping transition plan requirements.

Firstly, sectoral and methodological integration has proven effective in frameworks such as in Canadian regulations. These approaches require contextualisation of transition trajectories according to sector and value chain, avoiding a “one-size-fits-all” model. The UK could adopt a similar approach, requiring plans to include sector-specific objectives and pathways, reflecting the particular challenges and opportunities of each industry.

Secondly, the social dimension to ensure a just transition is increasingly recognised internationally. Countries such as France and certain European states ask companies to consider the impact of the transition on employment, local communities, and worker protections. The UK could encourage entities to disclose how transition activities affect employees, communities, and industrial sectors, as well as the measures in place to mitigate potential negative impacts.

Thirdly, active ownership and investor engagement are central to credible transition planning. Frameworks such as the UK Stewardship Code and the PRI, Principles for Responsible Investment highlight the role of investors in promoting the implementation of transition plans through portfolio management. The UK could include requirements or recommendations on how investors influence companies to adopt credible plans and how they track progress, for instance through proxy voting, engagement dialogues, or thematic stewardship initiatives.

We have already touched on these last considerations including applying the principle of proportionality, defining thresholds based on company size and sector to avoid overburdening smaller or less exposed entities. A phased or gradual implementation could allow for testing feasibility and reduce the risk of large-scale implementation failures. Finally, a mechanism for external verification or assurance would strengthen the credibility of transition plans and provide confidence to investors and stakeholders.

Taken together, these elements—sectoral adaptation, social impacts, active ownership, proportionality, phased compliance, and independent verification—could help ensure that UK transition plan requirements are robust, credible, and aligned with international best practice while remaining practical and implementable.

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?

Not answering.

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

Effective transition planning can successfully navigate data constraints, especially in Emerging Markets and Developing Economies (EMDEs), through deployment of technological tools such as WeeFin's platform. By leveraging our comprehensive data management services and deep ESG expertise, financial institutions can:

- Expand data coverage - Access previously private and public data sources and fill critical information gaps across diverse markets and sectors, enabling more comprehensive analysis and decision-making.
- Enhance data integrity - Systematically verify and refine data quality, ensuring that management decisions rest on reliable metrics.
- Develop proxies, by working collaboratively with WeeFin's specialist team to create customised estimation models tailored to the financial institution's specific needs.

ESG engagement can serve as powerful catalysts for developing and implementing robust transition frameworks, particularly when confronting data challenges. For securities where conventional ESG data remains elusive, and where advanced data management capabilities and sophisticated proxy methodologies cannot bridge information gaps, direct engagement emerges as an invaluable alternative strategy.

Thus, shareholder dialogue can unlock inaccessible ESG information.

Guidance, support and capacity building

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?

Experience with the implementation of other regulatory frameworks has shown that without sufficient guidance, support and capacity building, market participants can easily become lost in complexity, leading to inconsistent and low-quality disclosures. Having worked with financial actors for years, WeeFin believes several elements would then be particularly useful to support effective transition planning.

First, standardised templates such as those proposed by the TPT should be made available, with clearly defined sections that guide entities step by step in structuring their transition plans. These templates could act as a “prompting tool,” similar to the way the UK Stewardship Code provides a structured set of expectations and reporting prompts.

Second, practical resources are essential: concrete examples of credible transition plans, good practices (and bad ones) from different sectors, and illustrative case studies would help entities understand what high-quality disclosure looks like in practice. Complementing this, Q&A documents, webinars, and interactive workshops could provide clarity on technical points and foster peer-to-peer learning.

Finally, it would be valuable to test the framework across different types of actors—corporates first, financial institutions then, and regulators—to ensure that guidance is both practical and adaptable to their specific needs. This iterative feedback process would help refine the tools and increase confidence in their usability.