

# A Sector-Neutral Framework for private sector transition plans

## Call for Evidence

London, United Kingdom  
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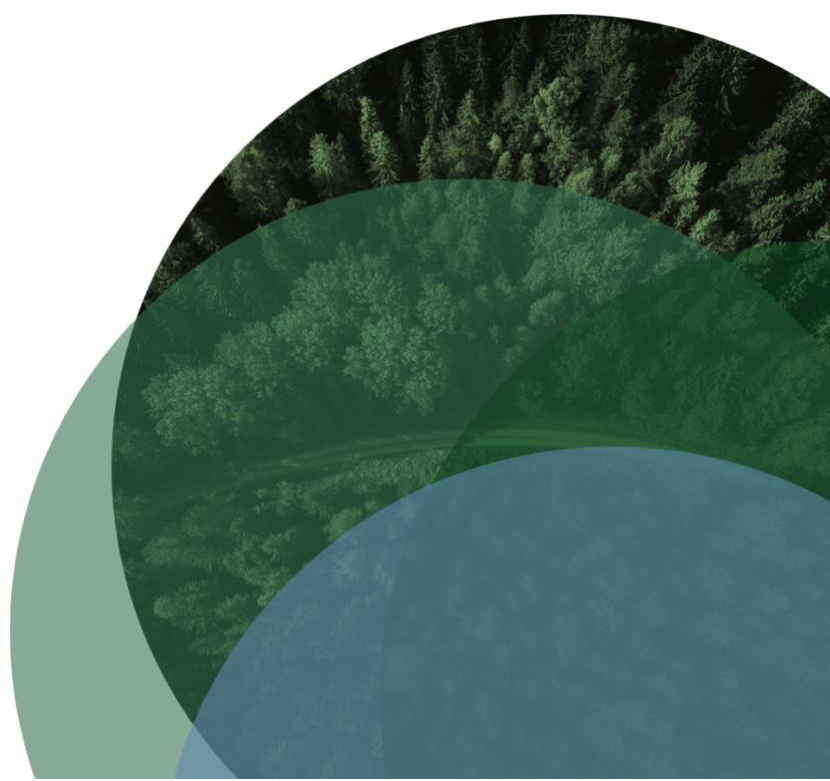
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## Images

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# Foreword

**John Glen MP, Economic Secretary to the Treasury and City Minister, HM Treasury  
Co-chair, Transition Plan Taskforce**

Six months on from COP26, the UK has made great strides in turning the Chancellor's vision of a net zero-aligned financial centre into a reality. The Transition Plan Taskforce is a cornerstone of that announcement, convening the world's foremost experts on transition planning.

By creating the gold standard for transition plan disclosures, we are enabling stakeholders to hold companies to account for their emission reduction pledges. Investors have long demanded this information, which will help them mobilise the capital needed to accelerate the net-zero transition.

I am delighted to be co-chairing such a highly qualified group of people, who are working at pace and delivering impressive progress already. This call for evidence is only the first of many opportunities for stakeholders to enrich the Taskforce's thinking. I very much look forward to receiving your feedback on the sector-neutral framework.

**Amanda Blanc, CEO Aviva Plc  
Co-chair, Transition Plan Taskforce**

The UK will only meet its net zero commitments if companies can fundamentally change the way they do business.

A publicly stated ambition to reach net zero is an important starting point. But the tangible changes we urgently need will only come about when the private sector has robust, detailed plans that set out precisely how they will achieve their ambition. And for these transition plans to be an effective roadmap to a low carbon future, they must be consistent, credible and ambitious.

This Call for Evidence is seeking input from across the economy and civil society to identify the vital elements and key principles that should inform all transition plans. The aim is to produce a model framework that can apply across all sectors, so that everyone has a shared and consistent understanding of what is needed.

Such a framework will allow both financial institutions and other companies to prepare rigorous plans to achieve net zero. It will galvanise change within organisations and send clear signals to the broader economy, rewiring supply chains and creating demand for appropriate finance and financial services. It will also support investors and civil society as they do the important work of holding company boards and management to account.

No-one has ever decarbonised an entire economic system before. The scale of the challenge is enormous, but so are the opportunities that we can create. Businesses need plans, and we're asking for your help to make sure they are as good as we all need them to be.



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# Preface

The UK Transition Plan Taskforce (TPT) was launched to develop a gold standard for transition plans. The TPT's work will help to drive decarbonisation by providing a framework and benchmark that helps financial institutions and companies to prepare rigorous transition plans. These plans will specify how entities can support the UK's net zero transition, through disclosures on how they will achieve pledged targets and support economy-wide decarbonisation. These actions will support a whole of economy transition and help tackle greenwashing.

The TPT has a two-year mandate, bringing together leaders from industry, academia, and regulators, and will coordinate where possible with international efforts. The Secretariat is being provided by the UK Centre for Greening Finance & Investment (CGFI) and by E3G. The Financial Conduct Authority (FCA) will be actively involved in the TPT's work and will draw on its outputs to strengthen disclosure rules for listed companies and financial firms.

The TPT will develop a Sector-Neutral Framework, Sectoral Templates, and accompanying guidance for private sector transition plans ([see the Terms of Reference on the TPT website](#)). The Sector-Neutral Framework will aim to enable companies across all sectors to develop standardised and meaningful plans to support the transition of the economy to net zero. This Call for Evidence sets out the overall direction of travel of the TPT in preparing the Sector-Neutral Framework and asks for stakeholder input to inform the TPT's future work on this output.

Following this Call for Evidence, the TPT will develop the Sector-Neutral Framework through 2022. A draft will be published for consultation towards the end of the year with a view for finalisation in early 2023.

Stakeholder inputs to this Call for Evidence will also help to inform the approach that will be taken by the TPT in developing Sectoral Templates, which can be used by firms from certain sectors alongside the Sector-Neutral Framework.

Please submit your response via the feedback form on <https://transitiontaskforce.net/call-for-evidence/>. The TPT will consider all written comments and responses that are received by 13 July 2022. Stakeholder inputs may be shared on the TPT website, so please let the Secretariat know if you would prefer to keep your responses private and/or anonymous.

# 1. Introduction to the TPT

## Rationale and definition

- 1.1** An increasing number of organisations are making public commitments to decarbonise their activities, reach net zero emissions and support the transition to a net zero economy. Yet publicly disclosed transition plans are varied in detail and quality, limiting the ability of stakeholders to assess their credibility.
- 1.2** In 2021, the UK government published the Greening Finance Roadmap, committing to take action to help align UK financial flows with a net zero carbon economy. A significant building block of this strategy is the development of new Sustainability Disclosure Requirements (SDR), which will introduce requirements for decision-useful disclosures on sustainability across the economy. Under FCA rules introduced from the start of 2022, listed companies and large regulated asset owners and asset managers will be required to disclose climate transition plans as part of their Task Force on Climate-Related Financial Disclosures (TCFD)-aligned climate disclosures, initially on a comply or explain basis. The first disclosures under these rules will be made in 2023. At COP26, the government confirmed that, as part of the new SDR rules, further steps would be taken to require the disclosure of climate transition plans. These additional steps will be informed by the work of the TPT.
- 1.3** Although best practice on transition plans is emerging, there is currently no commonly agreed definition or common standard for transition plan disclosures. In November 2021, the UK government announced that it would establish a high-level Transition Plan Taskforce (TPT) to develop a gold standard for transition plans. The FCA will be actively involved and draw on the TPT's work to strengthen transition plan disclosure rules for listed companies and financial institutions. The TPT's work will help to drive decarbonisation by setting clear expectations for transition plans, thereby encouraging organisations to back up their commitments with rigorous and credible actions.
- 1.4** A key goal of the TPT is to develop and improve market understanding of what good practice transition plans look like. In the [Fact Sheet: Net Zero-aligned Financial Centre](#), the UK government proposed the following definition for transition plans:

“A transition plan sets out how an organisation will adapt as the world transitions towards a low carbon economy. It should set out a) high-level targets the organisation is using to mitigate climate risk, including greenhouse gas reduction targets (e.g. a net zero commitment), b) interim milestones, and c) actionable steps the organisation plans to take to hit those targets.”

This definition may evolve as the work of the TPT develops.

### Questions on rationale

1. Do you agree with the proposed definition of a transition plan? If not, why, and what alternative definition would you suggest?
2. From your perspective, who are the key users of transition plans?
3. From your perspective, what are the key use cases for transition plans?

## Mandate and structure of the TPT

- 1.5 The TPT has a two-year mandate, launched on 25 April 2022. It brings together leaders from industry, academia, and regulators, and will seek to coordinate where possible with international efforts. The work of the TPT is governed by a Steering Group and implemented by a Delivery Group. Information on the membership of the Steering Group and Delivery Group and their responsibilities can be found on the [TPT website](#). The daily operations of the TPT are managed by a Secretariat, which is jointly run by CGFI and E3G.
- 1.6 The Delivery Group will be divided into workstreams, each responsible for producing specific TPT outputs as set out below. The full Terms of Reference for the TPT, including a complete list of expected outputs, can be viewed on the [TPT website](#).
  - **Workstream 1:** A Sector-Neutral Framework for private sector transition plans and accompanying guidance on the role of governance and assurance, third-party verification, and the implications of organisational transition plans for reporting.
  - **Workstream 2:** Sectoral Transition Plan Templates with associated guidance on targets and metrics for financial sub-sectors and key real economy sectors. These will be sector-specific add-ons that build on the Sector-Neutral Framework.
  - **Workstream 3:** Recommendations on how to simplify the assessment, comparison, and interpretation of transition plans by users, how to enhance the capacity of users to effectively use transition plans, and how to enhance the capacity of preparers to produce accurate, robust, and accountable transition plans.
  - **Workstream 4:** A technical workstream that will address cross-cutting topics that straddle different workstreams. Topic-specific sub-groups will be established on an ad hoc basis over the TPT's lifetime.

### Questions on mandate and structure

4. How should the TPT select which sectors to develop tailored transition plan templates for? Following that logic, what financial sub-sectors and real economy sectors should the TPT prioritise? In what order should these be addressed?
5. Given the mandate set out in the TPT's Terms of Reference, to what extent, and how, should the TPT consider issues beyond a firm's contribution to economy-wide decarbonisation? Why?
6. Which of these issues are 'must-haves' that need to be addressed in all transition plans, and which are 'desirable', which add depth or breadth but are not central to a transition plan?
7. Do you envisage any tensions between entity-level decarbonisation and economy-wide decarbonisation goals? If so, can you provide examples and any suggestions as to how the UK TPT may address these in its guidance?

### International collaboration

**1.7** In parallel to the TPT, a series of international standard setting organisations, private sector alliances and third sector parties are also working on developing transition plan guidance. Key developments in this space include:

- a. The publication of high-level guidance on metrics, targets, and corporate transition plans by the Task Force on Climate-related Financial Disclosures (TCFD) in October 2021. The Task Force also modified certain aspects of its 2017 *Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures* (2017 annex) to provide additional guidance on disclosing transition plan information in line with the TCFD recommendations (2021 annex). The FCA's final rules on enhancing climate-related disclosures by [listed companies](#), [asset managers](#) and [FCA-regulated asset owners](#) incorporate the TCFD's guidance on transition plans.
- b. The inclusion of disclosure requirements relating to transition plans in the *Exposure Draft* of the International Sustainability Standards Board's (ISSB) Climate-related Disclosures Standard published in March 2022. It is expected that the ISSB will issue a finalised version of this new standard by the end of 2022. In its [Roadmap to Sustainable Investing](#), the UK government confirmed that the ISSB standards will form a core component of the UK's Sustainability Disclosure Requirements (SDR) framework, and the backbone of its corporate reporting element. The FCA has confirmed its intention to adapt its climate-related disclosure requirements to incorporate ISSB standards. Similarly, the Department for Business, Energy & Industrial Strategy (BEIS) has indicated that it will assess the climate-related ISSB Standard for adoption into the UK reporting framework.



- c. Implementation work by the Glasgow Financial Alliance for Net Zero (GFANZ), a coalition of more than 450 financial institutions globally. This work builds upon existing guidance to develop a common global framework for credible transition plans across the financial sector, setting out their key elements and embedding the expectations that financial actors have for real economy transition plans. GFANZ will consult on a global framework for financial sector transition planning in June 2022

- 1.8 The TPT's outputs will focus on what good looks like, but will draw on, complement, and inform work on transition plans produced by these other organisations. To avoid duplication and divergence of standards, the TPT will coordinate with other organisations preparing transition plan guidance and sustainability reporting frameworks. In particular, the TPT is collaborating closely with GFANZ to ensure that each organisation's respective recommendations are consistent and complementary to the greatest extent possible. It will also actively seek to coordinate with and inform the emerging ISSB framework which is expected to form the basis of climate-related reporting in the UK.
- 1.9 The TPT also recognises the importance of developing an approach that is well suited to the UK context, including building on the important progress that has been made integrating climate-related factors into UK financial regulation, as referenced below.
- 1.10 Where possible and appropriate, the TPT will consider and leverage the existing ecosystem of guidance frameworks. The TPT will supplement ongoing efforts by providing a further signal to the market on UK regulatory expectations on transition plan disclosure. The TPT will create a detailed Sector-Neutral Framework, and Sectoral Transition Plan Templates, that will include the level of specificity and granularity that is appropriate to directly inform emerging UK regulation and set a globally leading best practice standard.
- 1.11 The TPT will take into account ongoing efforts by financial regulators to supervise strategic responses to the financial risks arising from climate change. This includes the world-leading efforts of UK domestic regulators, joint public- and private-sector initiatives (e.g., the UK Climate Financial Risk Forum) as well as international initiatives (e.g., the Central Banks' and Supervisors' Network for Greening the Financial System (NGFS) and the G20 Financial Stability Board).

#### Questions on international context

- 8. What other financial or non-financial, mandatory or voluntary frameworks and processes are you aware of that the TPT should consider as it proceeds?

### Purpose of the Call for Evidence

- 1.12 This Call for Evidence provides an early indication of the direction of travel of the TPT, supporting and guiding companies that are currently developing transition plans. It also seeks views on the principles and elements of a Sector-Neutral Framework.

## 2. The Sector-Neutral Framework

### Objectives

- 2.1 The Sector-Neutral Framework for private sector transition plans will aim to establish guidelines for financial and non-financial companies that set out how they will decarbonise and support economy-wide decarbonisation as part of the transition to net zero. The purpose of these guidelines will be to enable standardised and actionable transition plans.
- 2.2 The Sector-Neutral Framework will be directed at companies in the UK across all sectors. It will address how companies should disclose information on their strategies and action plans for meeting declared commitments and accelerating the transition to a net zero and resilient economy, complementing wider actions of government.
- 2.3 The Sector-Neutral Framework will lay out:
  - a. The definition of a transition plan;
  - b. Principles that should guide preparers of transition plans and provide a reference point for users seeking to understand the credibility of disclosed plans;
  - c. Key elements that any private sector transition plan should cover, regardless of the sector of the preparing organisation; and
  - d. Accompanying guidance on the role of governance and assurance, third-party verification, and the implications of organisational transition plans for reporting.

In subsequent phases, the TPT will develop Sectoral Transition Plan Templates and accompanying guidance on targets and metrics. These will directly build on the Sector-Neutral Framework and supplement it with more granular and sector-specific recommendations.

- 2.4 There are different approaches that the TPT could take regarding the prescriptiveness of the transition plan framework. On one end of the spectrum, the TPT could take a principles-based approach without detailed disclosure formats. This would provide flexibility for firms disclosing their transition plans. On the other end of the spectrum, it could be prescriptive in the template with the specific metrics and information that must be disclosed, which could be supplemented with the broader narrative of the firm. This would aid comparability of transition plans, helping users to look across firms.
- 2.5 In the guidance accompanying the Sector-Neutral Framework, the TPT will make a recommendation regarding the location of transition plan disclosures. There are potentially conflicting views as to whether transition plans should:
  - a. Be integrated into existing annual financial disclosures;
  - b. Form part of standalone sustainability reports;
  - c. Be disclosed as standalone strategy documents; or
  - d. Be disclosed in full as a standalone strategy document, but with high-level elements also appearing as part of the strategy disclosure in the annual financial report.

### Questions on objectives

9. Where would you prefer for companies to disclose information on their transition plans? Please explain your reasoning, including on how the suggested location relates to the intended audience.
10. How prescriptive should the Sector-Neutral Framework be, recognising the need to balance flexibility in how firms disclose transition plans with more prescriptive templates that seek to facilitate comparability of firms' transition plans?
11. Should the TPT seek to standardise the data and metrics used to communicate ambition and measure progress in transition plans? If so, what are the standards for data and metrics that you would recommend including in the Sector-Neutral Framework and in supplementary sectoral guidance?
12. Question for small and medium-sized enterprises: what specific challenges do you foresee for SMEs seeking to prepare or use transition plans? How can the guidance and framework prepared by the TPT address these concerns?
13. Question for preparers only: If your firm does not already disclose information of the type outlined in this Call for Evidence, what are the reasons for that? For example, are there concerns about legal or possible market risks arising from disclosure? How could the work proposed by the TPT address these concerns?
14. Transition plans provide an opportunity to ensure the benefits of the climate transition are widely felt by UK households and consumers. How can the guidance developed by the TPT balance the need to minimise costs whilst encouraging companies to develop strategies to maximise benefits for all?

## Principles

- 2.6 Existing guidance on firm-level disclosures on climate change often makes a distinction between guiding principles and specific elements to be included in a disclosure.
- 2.7 Principles for disclosure of greenhouse gas (GHG) emissions have long been established through the Greenhouse Gas Protocol which was first developed in 2001. Its five principles – relevance, completeness, consistency, transparency, and accuracy – relate to best practice accounting and reporting of GHG emissions. Similar 'fundamental principles' are elaborated in the TCFD recommendations, with an additional focus on climate risk and enabling comparison across sectors, industries or portfolios.
- 2.8 In the last two to three years, specific principles related to transition plans have been elaborated, with a greater emphasis on ensuring relevant disclosure on forward-looking plans and stating *how* corporate climate targets will be achieved. Based on this, the TPT has synthesised three guiding principles from the emerging transition plan literature (please see Table 1). The principles should guide preparers to disclose relevant information in a plan, as well as provide a reference point for users seeking to understand the credibility of plans.

## 2.9 The following three principles to guide a credible transition plan have been synthesised:

### 1. Align with an economy-wide net zero transition.

Targets, expected emissions trajectories and plans should be compatible with meeting a particular global temperature target by a particular time, ideally a 1.5 °C low or no-overshoot scenario by 2050. The plan should cover the whole organisation and any exclusions must not be material to the company and/or to the natural environment.

### 2. Focus on concrete actions which emphasise the near-term and are backed up by clear governance mechanisms.

The plan should set out actions to be taken in the next three to five years and interim milestones that can be used to assess progress and explain how these actions are in line with the transition to a net zero economy. The plan should be integrated into, and coherent with, the overall business and investment strategy and backed up by clear governance processes.

### 3. Enable periodic reporting and verification in a transparent manner.

Verification should be enabled in respect of annual reports on progress through adoption of quantifiable and timebound key performance indicators, with a defined stakeholder feedback mechanism

**Table 1. Alignment of TPT Principles of Transition Plans with existing guiding frameworks**

Synthesised Principles	Existing guiding frameworks*							
	TCFD	GFANZ	CDP	ISSB.a	ISSB.b	ACT	IGCC	SoC
Aligned with an economy-wide net zero transition. <b>1</b>		●	●			●	●	●
Focus on concrete actions which emphasise the near-term and are backed up by clear governance mechanisms. <b>2</b>	●	●	●	●				●
Enable periodic verification in a transparent manner. <b>3</b>	●	●	●	●	●	●	●	●

Reflected in guidance ○

\*TCFD, GFANZ<sup>1</sup>, CDP, ISSB.a (climate), ISSB.b (sustainability), ACT, IGCC, SoC (Say on Climate), SBTi.

<sup>1</sup> GFANZ guidance has been updated since this review and will be out for consultation in June 2022.



### Questions on Principles

15. Do you agree with the proposed principles? Why or why not?
16. Are there any principles that you would add to the list above? Why?
17. Which of these principles would you regard as 'must-haves' or as 'desirable'?
18. Principle 1 notes that a transition plan should cover the whole organisation. There may be challenges for internationally active firms in meeting Principle 1, given that different jurisdictions will have different economy-wide transition pathways.

How can the TPT design its standard and guidance in a way that accommodates credible transition plans consistent with the broader strategy of a firm, but reflects differences between approaches taken in different jurisdictions?

### Elements

- 2.10 In the Sector-Neutral Framework, the TPT will create guidance on the key elements that any private sector transition plan should cover, regardless of the sector of the preparing organisation.
- 2.11 In the view of the TPT, the list of elements included in the Sector-Neutral Framework should strike a balance between being sufficiently:
  - a. Comprehensive to include all the decision-useful information that external stakeholders require to assess the credibility of transition plans;
  - b. Specific to allow for the cross-sectoral comparison of key metrics;
  - c. Flexible to allow preparers to tailor transition plans to the needs and challenges specific to the preparing organisation; and
  - d. Concise to ensure that transition plans do not overwhelm users with unnecessary information and add an undue reporting burden on preparers.
- 2.12 Table 2 summarises a stock-take of common elements found in existing frameworks and plans. It is intended to serve as the starting point for a conversation on sector-neutral principles and elements, and the TPT welcomes feedback on the proposed list.

**2.13** The list distinguishes between elements and sub-elements. Elements are understood as the core building blocks of transition plans, whereas sub-elements are those which add credibility and granularity to each element. It was derived based on an analysis of transition plans published by UK FTSE 100 companies, existing guidance documents published by other organisations and ongoing conversations with guidance preparers. The main elements identified are:

- |   |  |  |
|---|--|--|
| <b>a.</b> Ambition                        | <b>e.</b> Products and services              | <b>i.</b> Measurement and monitoring             |
| <b>b.</b> Target setting                  | <b>f.</b> Engagement: Value chains/portfolio | <b>j.</b> Skills, incentives and accountability  |
| <b>c.</b> Management activities and plans | <b>g.</b> Engagement: Public sector          | <b>k.</b> Governance, roles and responsibilities |
| <b>d.</b> Internal policies               | <b>h.</b> Engagement: Industry peers         |  |

**Table 2. Elements of transition plans across existing guidance frameworks**  
(TCFD, GFANZ, CDP, ISSB, CA100+, ACT, ICAPs, CSLN, CPI, IGCC, TPI)

[illegible]

## b. Target Setting

Sub-element	Notes	TCFD	GFANZ	CDP	ISSB	CA100+	ACT	ICAPs	CSLN	CPI	IGCC	TPI
<b>Baseline year and GHG emissions</b>	<ul style="list-style-type: none"> <li>Baseline year and emissions used to set targets.</li> <li>Includes reference to methodology used to develop GHG inventory and any third-party verification procedures</li> </ul>	•	•	•	•	•	•	•	•	•	•	•
<b>Target year and GHG emissions</b>	<ul style="list-style-type: none"> <li>Overall GHG emissions reduction targets (absolute emissions and/or emissions intensity)</li> <li>Includes interim targets and dates (see Ambition)</li> </ul>	•	•	•	•	•	•	•	•	•	•	•
<b>Scope of business activities covered</b>	<ul style="list-style-type: none"> <li>Overview of target boundaries (e.g., in terms of territorial scope or activities covered)</li> <li>These boundaries should be aligned with the GHG inventory</li> </ul>	•	•	•	•	•		•	•	•	•	•
<b>Third party verification of targets</b>	<ul style="list-style-type: none"> <li>Information on whether targets have been verified by a third party (e.g., SBTi)</li> </ul>				•			•			•	
<b>Alignment with sectoral benchmark</b>	<ul style="list-style-type: none"> <li>Alignment of the organisational decarbonisation target with relevant sectoral net zero pathways (e.g., SBTi/TPI)</li> </ul>	•	•			•		•	•	•	•	•
<b>Alignment with temperature trajectory/transition pathway</b>	<ul style="list-style-type: none"> <li>Alignment of the organisational decarbonisation target with global transition pathways and temperature goals</li> </ul>	•	•			•	•	•	•	•	•	•
<b>Reliance on offsets</b>	<ul style="list-style-type: none"> <li>Transparency on the reliance of offsets/carbon credits</li> </ul>	•	•		•	•			•	•	•	
<b>Third party verification of offsets</b>	<ul style="list-style-type: none"> <li>Information on whether offsets used are subject to a third-party verification/certification scheme</li> </ul>		•		•				•	•	•	
<b>Offset type</b>	<ul style="list-style-type: none"> <li>Detail on the type of offset used (e.g., nature based vs. technological; carbon removal vs. emissions avoidance)</li> </ul>		•		•					•	•	
<b>Other factors on offset credibility/ integrity</b>	<ul style="list-style-type: none"> <li>Other significant factors required to assess the credibility and integrity of offsets used (e.g., on permanence)</li> </ul>		•		•	•				•	•	



### c. Management activities and plans

Sub-element	Notes	TCFD	GFANZ	CDP	ISSB	CA100+	ACT	ICAPs	CSLN	CPI	IGCC	TPI
<b>Business plan</b>	<ul style="list-style-type: none"> <li>Action plan with short, medium and long-term steps/activities undertaken to achieve the overall emissions reduction target</li> <li>Estimated emissions impact associated with each step/activity</li> </ul>	•	•	•	•	•	•			•	•	•
<b>Financial plan</b>	<ul style="list-style-type: none"> <li>Plan of key financial impacts of the transition, incl. CAPEX, OPEX, revenue forecasts etc.</li> <li>Information on the use of internal carbon pricing and other climate-related metrics used for financial decision-making</li> </ul>	•		•	•	•	•			•	•	•
<b>Operations and production</b>	<ul style="list-style-type: none"> <li>Action plan of short, medium and long-term steps/activities undertaken to decarbonise direct operations/production</li> </ul>	•	•	•	•		•			•	•	
<b>Sensitivity analysis</b>	<ul style="list-style-type: none"> <li>Key assumption underlying transition plans and assessment of the plan's sensitivity to changes in these assumptions</li> <li>Overview of the dependencies on external developments (e.g., policy changes, technological advances)</li> </ul>	•	•	•		•	•	•			•	•

### d. Internal policies

Sub-element	Notes	TCFD	GFANZ	CDP	ISSB	CA100+	ACT	ICAPs	CSLN	CPI	IGCC	TPI
<b>Transition-related company policies</b>	<ul style="list-style-type: none"> <li>Other entity-level policies adopted to support the transition, which are not covered by the remaining elements (e.g., zero deforestation policies, company-wide strategies for phasing out carbon-intensive assets, policies for engaging communities impacted by asset phase-outs etc.)</li> <li>These are likely to be specified in greater detail in sectoral guidelines</li> </ul>		•		•			•	•	•	•	•

## e. Products and services

Sub-element	Notes	TCFD	GFANZ	CDP	ISSB	CA100+	ACT	ICAPs	CSLN	CPI	IGCC	TPI
<b>Plans to increase portfolio of low-carbon products and services</b>	<ul style="list-style-type: none"> <li>Plans to expand the portfolio of products and services that support or de-risk the net zero transition</li> </ul>			•	•	•	•	•	•	•		•
<b>Emissions impact of changes to products and services</b>	<ul style="list-style-type: none"> <li>Estimated emissions impact of planned changes to the portfolio of products and services</li> </ul>					•	•	•	•	•	•	

## f. Engagement: Value chains/portfolio

Sub-element	Notes	TCFD	GFANZ	CDP	ISSB	CA100+	ACT	ICAPs	CSLN	CPI	IGCC	TPI
<b>Engagement with portfolio companies, customers and suppliers</b>	<ul style="list-style-type: none"> <li>Overview of engagement activities with actors across the value chain to support the development and implementation of transition plans</li> </ul>		•	•			•	•	•	•	•	
<b>Value chain/Portfolio emissions reduction target</b>	<ul style="list-style-type: none"> <li>Share of total emissions reduction target that is expected to derive from value chain emission reductions</li> </ul>				•			•	•		•	

## g. Engagement: Public sector

Sub-element	Notes	TCFD	GFANZ	CDP	ISSB	CA100+	ACT	ICAPs	CSLN	CPI	IGCC	TPI
Direct engagement	<ul style="list-style-type: none"> <li>Commitment to ensuring that direct lobbying activities are aligned with and support the decarbonisation target</li> </ul>		•	•		•	•	•	•		•	•
Indirect engagement	<ul style="list-style-type: none"> <li>Explanation of how the entity ensures all indirect lobbying activities are aligned with and support the decarbonisation target</li> <li>For financial sector actors this could include commitments on addressing lobbying activities by portfolio companies</li> </ul>		•	•		•	•	•	•		•	•

## h. Engagement: Industry peers

Sub-element	Notes	TCFD	GFANZ	CDP	ISSB	CA100+	ACT	ICAPs	CSLN	CPI	IGCC	TPI
Engagement with industry peers	<ul style="list-style-type: none"> <li>Explanation of how an entity engages with trade associations and industry peers to accelerate sectoral net zero ambitions</li> </ul>			•				•	•			•

## i. Metrics and monitoring progress

Sub-element	Notes	TCFD	GFANZ	CDP	ISSB	CA100+	ACT	ICAPs	CSLN	CPI	IGCC	TPI
<b>GHG KPIs</b>	<ul style="list-style-type: none"> <li>Define and annually report on GHG emissions targets and other emissions related KPIs used to assess performance against interim targets</li> </ul>	•	•	•	•	•	•	•	•	•	•	
<b>Financial KPIs</b>	<ul style="list-style-type: none"> <li>Define and regularly report on key financial KPIs that are clearly linked to the financial plan (see above)</li> </ul>	•	•		•	•	•	•	•	•	•	•
<b>Business KPIs</b>	<ul style="list-style-type: none"> <li>Define and regularly report on key business indicators of progress on transition plans</li> <li>KPIs should be clearly linked to the business plan (see above) and reflect sector-specific guidance on metrics and targets</li> </ul>	•	•		•	•	•	•	•	•	•	
<b>Non-climate related impact KPIs</b>	<ul style="list-style-type: none"> <li>Set and regularly report on non-climate related external impact KPIs</li> </ul>					•				•		

## j. Skills, incentives and accountability

Sub-element	Notes	TCFD	GFANZ	CDP	ISSB	CA100+	ACT	ICAPs	CSLN	CPI	IGCC	TPI
<b>Skills and training</b>	<ul style="list-style-type: none"> <li>Information on how the organisation ensures that it has the required expertise/capabilities to execute the transition plan</li> </ul>				•	•	•		•	•		
<b>Incentives and remuneration</b>	<ul style="list-style-type: none"> <li>Information on how the incentive and remuneration structures are aligned to the decarbonisation target, including whether executive remuneration is linked to KPIs embedded in the transition plan (see GHG, Financial and Business KPIs above)</li> </ul>	•	•			•	•	•		•		•



## k. Governance, roles and responsibilities

Sub-element	Notes	TCFD	GFANZ	CDP	ISSB	CA100+	ACT	ICAPs	CSLN	CPI	IGCC	TPI
<b>Board oversight</b>	• Governance procedure grants oversight of transition plan to the board or relevant board committee	•	•	•		•	•	•	•			•
<b>Board approval</b>	• Governance procedure makes transition plan subject to board approval	•	•				•	•	•			
<b>Report and review mechanism</b>	• Governance procedure outlines a mechanism for the regular reporting of transition plans and a review cycle of the decarbonisation target, activities and steps, as well as the metrics used to assess progress	•	•		•			•	•	•		
<b>Senior management accountability</b>	• Governance procedure delegates responsibility for the execution of the transition plan to senior management	•		•	•		•	•	•	•		
<b>Transparency</b>	• Governance procedure outlines how the organisation will report its transition plan and progress to external stakeholders	•	•	•	•	•		•	•	•		

### Questions on Elements

20. Do you agree with the proposed elements? Why or why not?
21. Are there any elements that you would add to the list below? Why?
22. Which of these elements would you regard as 'must-haves' or as 'desirable' for credible transition plans? In which instances should an entity assess materiality to determine whether an element is considered must-have and/or what level of disclosure detail is required?
23. Are there elements where you see substantial barriers to implementation? If so, which ones and why? Are you able to suggest alternatives which are both credible and practical?

## 3. Summary of questions

### Introduction to the TPT

1. Do you agree with the proposed definition of a transition plan? If not, why, and what alternative definition would you suggest?
2. From your perspective, who are the key users of transition plans?
3. From your perspective, what are the key use cases for transition plans?
4. How should the TPT select which sectors to develop tailored transition plan templates for? Following that logic, what financial sub-sectors and real economy sectors should the TPT prioritise? In what order should these be addressed?
5. Given the mandate set out in the TPT's Terms of Reference, to what extent, and how, should the TPT consider issues beyond a firm's contribution to an economy-wide decarbonisation? Why?
6. Which of these issues are 'must-haves' that need to be addressed in all transition plans, and which are 'desirable', which add depth or breadth but are not central to a transition plan?
7. Do you envisage any tensions between entity-level decarbonisation and economy-wide decarbonisation goals? If so, can you provide examples and any suggestions as to how the UK TPT may address these in its guidance.
8. What other financial or non-financial, mandatory or voluntary frameworks and processes are you aware of that the TPT should consider as it proceeds?

### The Sector-Neutral Framework

9. Where would you prefer for companies to disclose information on their transition plans? Please explain your reasoning, including on how the suggested location relates to the intended audience.
10. How prescriptive should the Sector-Neutral Framework be, recognising the need to balance flexibility in how firms disclose transition plans with more prescriptive templates that seek to facilitate comparability of firms' transition plans?
11. Should the TPT seek to standardise the data and metrics used to communicate ambition and measure progress in transition plans? If so, what are the standards for data and metrics that you would recommend including in the Sector-Neutral Framework and in supplementary sectoral guidance?
12. Question for small and medium-sized enterprises: what specific challenges do you foresee for SMEs seeking to prepare or use transition plans? How can the guidance and framework prepared by the TPT address these concerns?
13. Question for preparers only: if your firm does not already disclose information of the type outlined in this Call for Evidence, what are the reasons for that? For example, are there concerns about legal or possible market risks arising from disclosure? How could the work planned by the TPT address these concerns?

14. Transition plans provide an opportunity to ensure the benefits of the climate transition are widely felt by UK households and consumers. How can the guidance developed by the TPT balance the need to minimise costs whilst encouraging companies to develop strategies to maximise benefits for all?
15. Do you agree with the proposed principles? Why or why not?
16. Are there any principles that you would add to the list above? Why?
17. Which of these principles would you regard as 'must-haves' or as 'desirable'?
18. Principle 1 notes that a transition plan should cover the whole organisation. There may be challenges for internationally active firms in meeting Principle 1, given that different jurisdictions will have different economy-wide transition pathways.  
  
How can the TPT design its standard and guidance in a way that accommodates credible transition plans consistent with the broader strategy of a firm, but reflects differences between approaches taken in different jurisdictions?
19. Do you agree with the proposed elements? Why or why not?
20. Are there any elements that you would add to the list below? Why?
21. Which of these elements would you regard as 'must-haves' or as 'desirable' for credible transition plans? In which instances should an entity assess materiality to determine whether an element is considered must-have and/or what level of disclosure detail is required?
22. Are there elements where you see substantial barriers to implementation? If so, which ones and why? Are you able to suggest alternatives which are both credible and practical?

Please submit your response via the feedback form on <https://transitiontaskforce.net/call-for-evidence/>. The TPT will consider all written comments and responses that are received by 13 July 2022. Stakeholder inputs may be shared on the TPT website, so please let the Secretariat know if you prefer to keep your responses private and/or anonymous.