

The Transition Plan Taskforce Summary recommendations

The TPT

The Transition Plan Taskforce (TPT) was launched by HM Treasury in April 2022 to develop the gold standard for private sector climate transition plans applicable to the UK, but globally transferable. In November 2022, we published draft recommendations for a Disclosure Framework, and accompanying Implementation Guidance for consultation.

A strategic and rounded approach

The TPT recommends that entities consider the full range of levers at their disposal to contribute to and prepare for an economy-wide transition to net zero. This will help avoid potential unintended consequences such as ‘paper decarbonisation’ with limited real world impact.

Definition

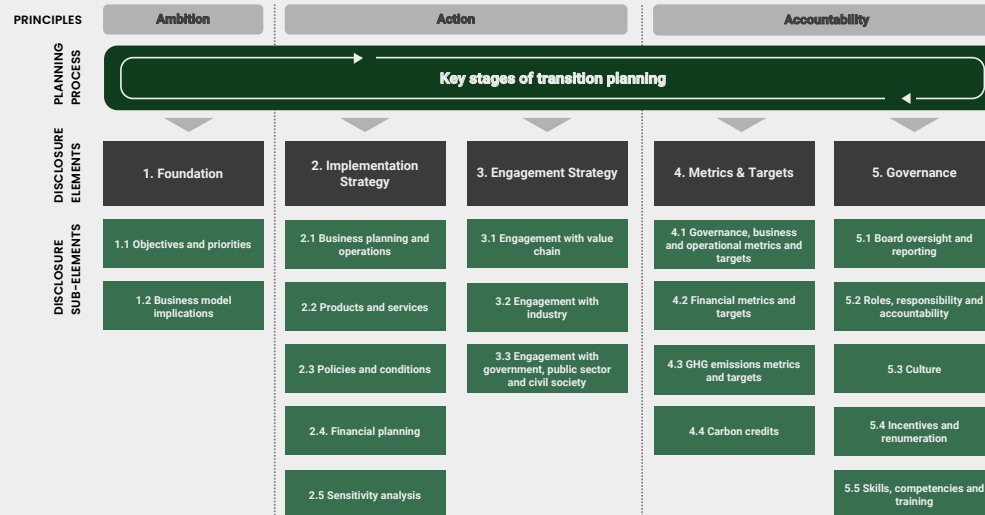
A transition plan is integral to an entity’s overall strategy, setting out its plan to contribute to and prepare for a rapid global transition towards a low GHG-emissions economy.^{1;2}

The TPT recommends that a good practice transition plan should cover:

- an entity’s high-level ambitions to mitigate, manage and respond to the changing climate and to leverage opportunities of the transition to a low GHG and climate resilient economy. This includes GHG reduction targets (e.g., a net zero commitment);
- short, medium and long-term actions the entity plans to take to achieve its strategic ambition, alongside details on how those steps will be financed;
- governance and accountability mechanisms that support delivery of the plan and robust periodic reporting; and
- measures to address material risks to, and leverage opportunities for, the natural environment and stakeholders such as the workforce, supply-chains, communities or customers which arise as part of these actions.

1) In a manner that is consistent with its constitutional documents and the duties of its directors and senior managers.
2) Transition plans should reflect the urgency to act. An entity’s transition plan should therefore be informed by both national commitments and the latest international agreement on climate change. This should also include relevant commitments made by jurisdictions in which the entity operates (i.e. Nationally Determined Contributions submitted under the Paris Agreement).

The TPT Disclosure Framework



The transition plan reporting process

Alignment with existing & emerging financial reporting requirements

The TPT recommends that entities publish standalone transition plans at least every three years, and sooner when there are significant changes to the plan.

Progress against the plan and material updates should be reported annually as part of TCFD- or ISSB-aligned disclosures in general purpose financial reporting (e.g., the Annual Financial Report).

If an entity produces a long-form TCFD or sustainability report, the transition plan must be clearly separable (e.g. as an appendix or separate document).

