

Transition  
Finance  
Council



THE  
GLOBAL  
CITY

# Transition Finance Council: Year-end Progress Report

26 March 2026

## Foreword



**Rt Hon. Lord Alok Sharma KCMG & Councillor Irem Yerdelen**  
Chair and Deputy Chair, Transition Finance Council

The economic opportunity presented by the transition to net zero has never been stronger. In 2025, the total global investment in the energy transition hit £2.3 trillion<sup>1</sup> whilst green jobs are now growing at four times the rate of traditional sectors.<sup>2</sup> Yet comparatively less capital is identified as flowing towards high-emitting sectors for transition purposes - where the greatest opportunity for industrial renewal, resilience and emissions reduction exists.<sup>3</sup>

Transition finance - investment that supports high-emitting sectors to decarbonise along credible pathways - is central to this economic transformation. However, as an investment theme, transition has faced challenges: concerns about greenwashing, gaps in regulatory and market frameworks, and uneven sectoral policy support have all constrained confidence.

This is now beginning to change. In late 2025, global market bodies issued detailed guidance for transition-labelled loans and bonds.<sup>4</sup> In parallel, the European Commission published proposals to amend the Sustainable Finance Disclosure Regulation, including proposals for a dedicated transition product label within the framework. These developments signal that transition finance is moving decisively from concept to implementation. As momentum is growing across the globe, so too is the demand for clarity and credibility. For the UK, this is both a challenge and an opportunity. To be a leader in transition finance, we must pair financial innovation with credibility, coordination and decisive action.

The Transition Finance Council - bringing together leaders from finance, industry and government - was established to

help build a robust, investable and internationally aligned UK transition finance market. In its first year, the TFC has delivered practical foundations for that ambition through its publications. The Transition Finance Guidelines support investors in identifying credible transitioning companies, while the Finance Playbook helps companies develop transition plans that are clear, ambitious and investable. Together, they aim to bridge both sides of the transition finance challenge; for corporates and for capital providers.

An enabling policy environment is critical to unlocking transition finance at scale. In this context, the Council has recommended four priority policy areas, developed through engagement with government and market stakeholders, to help inform the UK's approach to building a competitive transition finance market. Looking ahead, the TFC will focus on international engagement to promote greater global alignment and continue road-testing the Transition Finance Guidelines to ensure they remain practical and effective in real-world markets. With continued partnership between government, industry and finance, the UK can lead in mobilising the capital required for an orderly and competitive transition. This first year of the TFC has seen overwhelming interest and support, therefore we are grateful to members of the TFC and our partners for their dedication and energy, and to the UK Government for its continued support.



<sup>1</sup> Transition investment is defined by Bloomberg NEF as spending to deploy clean technologies in the following sectors: energy, transport, buildings, industry, and grids.

<sup>2</sup> In 2025 green jobs grew at four times the rate of traditional sectors globally. Please see [Net Zero & Green Growth: Strategies, Stats & Climate Leaders \(2024-2025\)](#) | Founders Forum Group

<sup>3</sup> Over 450 large-scale industrial projects globally are seeking hundreds of billions of dollars of investment to slash carbon emissions, according to the Industrial Transition Accelerator (ITA). The six heavy industry sectors examined in the report - aluminium, cement, chemicals, steel, aviation and shipping - contribute approximately 30% of all global CO2 emissions [Weak demand for low-carbon products hampers green investment, COP28 initiative says | Reuters](#)

<sup>4</sup> Loan Market Association (LMA) - [Guide to Transition Loans \(2025\)](#), International Capital Market Association - [Climate Transition Bond Guidelines \(2025\)](#)

# Navigation Guide to the Council's Outputs

Each of the Transition Finance Council's publications address a different part of the challenge of scaling transition finance and together they form a coherent pathway for scaling credible transition finance.

The Transition Finance Guidelines are a technical voluntary framework to support the qualification of unlabelled general equity and debt finance as entity-level transition finance. They support the assessment of companies' transition planning and implementation. They are complimented by the Implementation Handbook, which contains further contextual guidance and case studies to support the application of the Guidelines.

The Finance Playbook sets out how government, industry and finance should co design sector transition plans and technology roadmaps that integrate credible finance plans from the outset. Where the Guidelines help assess corporate level credibility; the Playbook help design sector and technology level pathways that make those credible transitions deliverable.

The Technology Scale-Up Roadmap on Long-Duration Energy Storage (LDES) applies the Playbook's co-creation and finance integration principles to a specific emerging technology area.

The Policy Briefs are a set of four targeted, evidence-based recommendations for government that address the structural barriers to scaling transition finance. They enable adoption of the Guidelines via a focused push on transition labelled instruments, and they drive delivery by embedding co-creation across sectors and technologies, consistent with the Finance Playbook.



> **The Transition Finance Guidelines, Exposure Draft**  
March 2026



> **Implementation Handbook**  
March 2026



> **Four policy briefs for scaling transition finance flows**  
March 2026



> **Sector Transition Plans: The Finance Playbook**  
September 2025



> **Securing the Transition: A UK Roadmap to Scaling Long-Duration Energy Storage**  
January 2026

> **Find more information and all of our outputs on our website**

# Contents

Executive summary	5
<b>1. Introduction</b>	6
1.1 Background and purpose of the Transition Finance Council	6
1.2 Theory of change	7
1.3 Measuring transition finance	7
<b>2. The Council's outputs and impacts</b>	8
2.1 The Transition Finance Guidelines	9
2.2 Sector Transition Plans: The Finance Playbook and LDES Scale-up Roadmap	12
2.3 Four policy briefs for scaling transition finance flows	14
<b>3. Stakeholder engagement</b>	16
3.1 Overview	16
3.2 UK Market engagement	16
3.3 International engagement	17
<b>4. The UK'S progress against the TFMR recommendations</b>	18
4.1 Progress highlights	19
Acknowledgements	20
Appendix - Summary table of progress against TFMR recommendations	21



# Executive summary

The Transition Finance Council (the TFC), established in February 2025, brings together over 80 senior leaders from finance, industry, policy, and civil society to accelerate the UK's leadership in transition finance. Its goal is to build a trusted, scalable ecosystem that mobilises capital for the net zero transition at pace and scale.

In its first year, the TFC has generated strong momentum through technical outputs, strategic stakeholder engagement, and public-private sector convening. Key achievements include:

- Publishing 5 key outputs, including;
  - The Transition Finance Guidelines, Exposure Draft
  - The Implementation Handbook
  - Sector Transition Plans: The Finance Playbook
  - Securing the Transition: A UK Roadmap to Scaling Long-Duration Energy Storage
  - Four policy briefs for scaling transition finance flows
- Engaging with over 100 domestic and international organisations
- Hosting 6 Strategic Steering Group meetings, 27 Working Group meetings, and over 40 stakeholder workshops.
- Conducting two public market consultations of the Transition Finance Guidelines



This year the Council has **strengthened the UK's leadership in transition finance**, advancing clear guidance and deepening global engagement to reinforce London as a trusted centre to raise private capital. This will drive the net-zero transition, unlock innovation and **support new jobs, growth and opportunity**.

- Chris Hayward, Policy Chairman, City of London Corporation



During its first year, the Transition Finance Council has done important work to support the UK's ambition of being a global leader in high-integrity transition finance; represented by the many outputs that we have published. We are grateful for the contributions made by all the members of our Steering Group and Working Groups, who have played a **pivotal role in transforming the Council's objectives and ambitions into concrete reality**. We look forward to continuing our work in the second year through international engagement, policy advocacy and road testing with industry partners.

- Councillor Irem Yerdelen, Deputy-Chair, Transition Finance Council



This year-end report provides an overview of the progress made by the TFC, and the progress made by UK stakeholders against the TMFR recommendations. It underscores the need for bold, coordinated action to seize opportunities for growth, innovation, and increased finance flows for the transition.

Moving forward, in Year 2 of the TFC, the Council's focus will shift from framework development to implementation and global engagement, structured around three priority themes:

1. Internationalisation and Alignment, positioning the Transition Finance Guidelines as a globally recognised reference point;
2. Industry Road-Testing and Domestic Adoption, supporting UK and international financial institutions and corporates to apply the Guidelines in real-world financing decisions; and
3. Market Development and Instruments, catalysing investment by working with industry to advance transition-aligned market instruments.



# 1. Introduction



The Rt Hon. Lord Sharma KCMG, Council Chair, making his address at the Council launch, February 2025



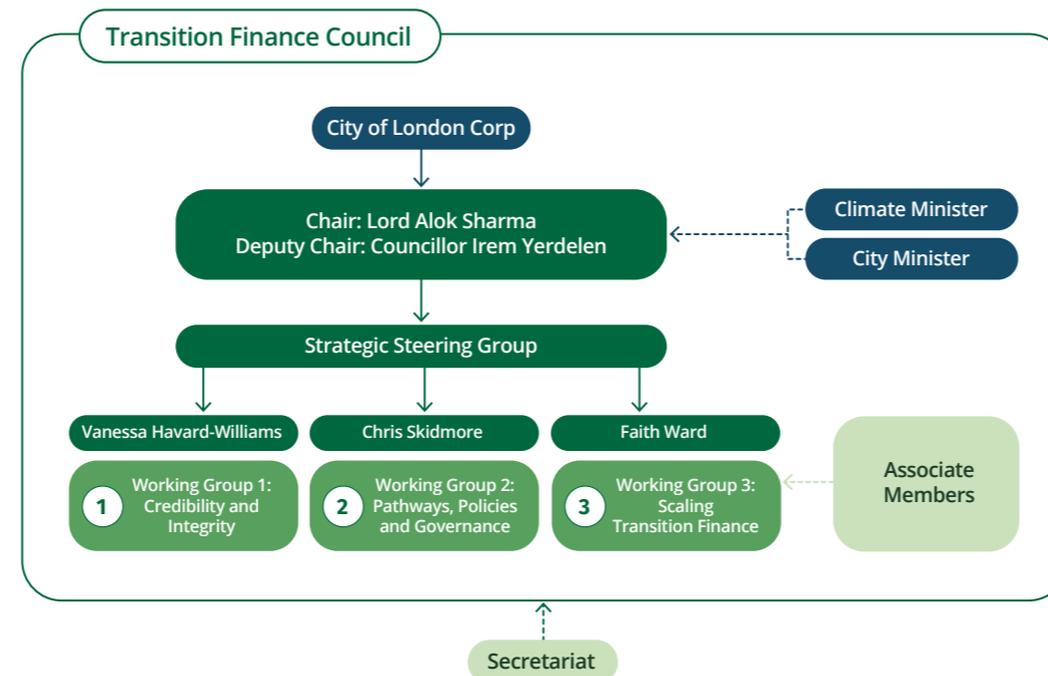
The Rt Hon. Lord Sharma KCMG addressing the Guidelines promotion event at Accenture, December 2025

## 1.1 Background and purpose

The Transition Finance Council (the TFC) was co-launched in February 2025 by the UK Government and the City of London Corporation to drive forward the recommendations of the Transition Finance Market Review (TFMR)<sup>5</sup> and position the UK as a global hub for raising and deploying transition finance.

Bringing together public and private sector leaders, the Council is led by Chair the Rt Hon. Lord Alok Sharma KCMG, and Deputy Chair Councillor Irem Yerdelen, Lead Member for Sustainable Finance at the City of London Corporation.

The Secretariat of the TFC was provided by Accenture. In its first year, the TFC was structured as below:



The Transition Finance Council plays a central role as a market convener, bringing together over 80 senior leaders from across finance, industry, policy and civil society, representing more than 40 institutions. Its membership spans banks, insurers, asset managers, asset owners, rating agencies, private equity and real-economy corporates, reflecting the breadth of the financial and corporate ecosystem. The TFC also benefits from the participation of leading voices from academia, NGOs and standard setters, ensuring a diversity of expertise and perspectives. Its work is endorsed by the Rt Hon Rachel Reeves MP (Chancellor of the Exchequer) and sponsored by Ministers Lucy Rigby MP (Economic Secretary to the Treasury and City Minister) and Katie White MP (Minister for Climate), underscoring strong government support for its objectives.

“Transition finance is central to the Government’s growth and clean energy missions. I’m pleased to see the **Transition Finance Council providing industry leadership**, strengthening the UK’s position as a global hub for transition finance, and taking the practical steps needed to help the transition finance market scale. **This work is essential to helping investors, lenders and insurers deploy and mobilise capital with confidence, and capture the opportunities of the global transition.**”

- Lucy Rigby KC MP, Economic Secretary to the Treasury

“Transition finance is central to our Clean Energy Superpower Mission, and capitalising on the economic benefits of the transition. We are **delighted to be working with the Transition Finance Council on their important outputs to help make the UK the world-leading financial centre for deploying and raising transition finance. I look forward to working together with the Council and City of London Corporation to translate these outputs into delivery – mobilising private capital into UK projects and shaping practice internationally.**”

- Katie White OBE MP, Minister for Climate

<sup>5</sup> TFMR, 2024. *Scaling Transition Finance: Findings of the Transition Finance Market Review*



Vanessa Havard-Williams OBE

## 1.2 Our theory of change

The TFC's theory of change sets out how targeted interventions – such as guidelines, tools, pilot projects, and market engagement – can deliver the systemic changes needed to scale credible transition finance in the UK and globally. The efforts of our three working groups ultimately aim to increase transition finance flows for real-world transition (please see diagram below).

Through its three Working Groups, the Council is driving targeted progress across key areas:

- 1

**Credibility and Integrity**

Developing market guidance to define and promote credible transition finance practices.

- Chaired by **Vanessa Havard-Williams OBE**, Chair of the Transition Finance Market Review
- 2

**Pathways, Policies and Governance**

Advancing best practice sector transition roadmaps which unlock transition finance.

- Chaired by the **Rt Hon. Chris Skidmore OBE**, former UK Energy and Clean Growth Minister and leader of the Independent Review of Net Zero
- 3

**Scaling Transition Finance**

Identifying practical solutions to increase finance flows into real-economy transition.

- Chaired by **Faith Ward MBE**, Chair of the IIGCC and Chief Responsible Investment Officer at Brunel Pension Partnership



Rt Hon. Chris Skidmore OBE



Faith Ward MBE

We cannot do it alone, and a supportive policy and regulatory environment is essential to achieving this long-term ambition. Please refer to the [TFC's mid-year progress report \(p. 8\)](#) for more details on our theory of change.

## 1.3 Measuring transition finance flows

Robust data is critical to understanding progress in scaling transition finance for real-world outcomes. Gaps in definitions, data, and methodology continue to hinder a clear picture of transition finance progress. Though there is currently no dataset that fully captures the breadth of transition finance, BloombergNEF measure of UK energy transition investment<sup>6</sup> shows a clear long-term growth trajectory.



Precise measurement of transition finance flows will require time to mature. Recognising the current limitations, the TFC has also considered a broader set of KPIs to assess the effectiveness and impact of its work. These provide an additional lens through which to evaluate our progress. The following section outlines the progress made by the Transition Finance Council over the past year.

A KPI tracked by the TFC is marked by this symbol.

<sup>6</sup> Please see p. 11 of the below report from Bloomberg NEF, please note this is only one way of defining transition finance.

<sup>7</sup> BloombergNEF 2026 (p.10)

<sup>8</sup> BloombergNEF 2026 (p.9)

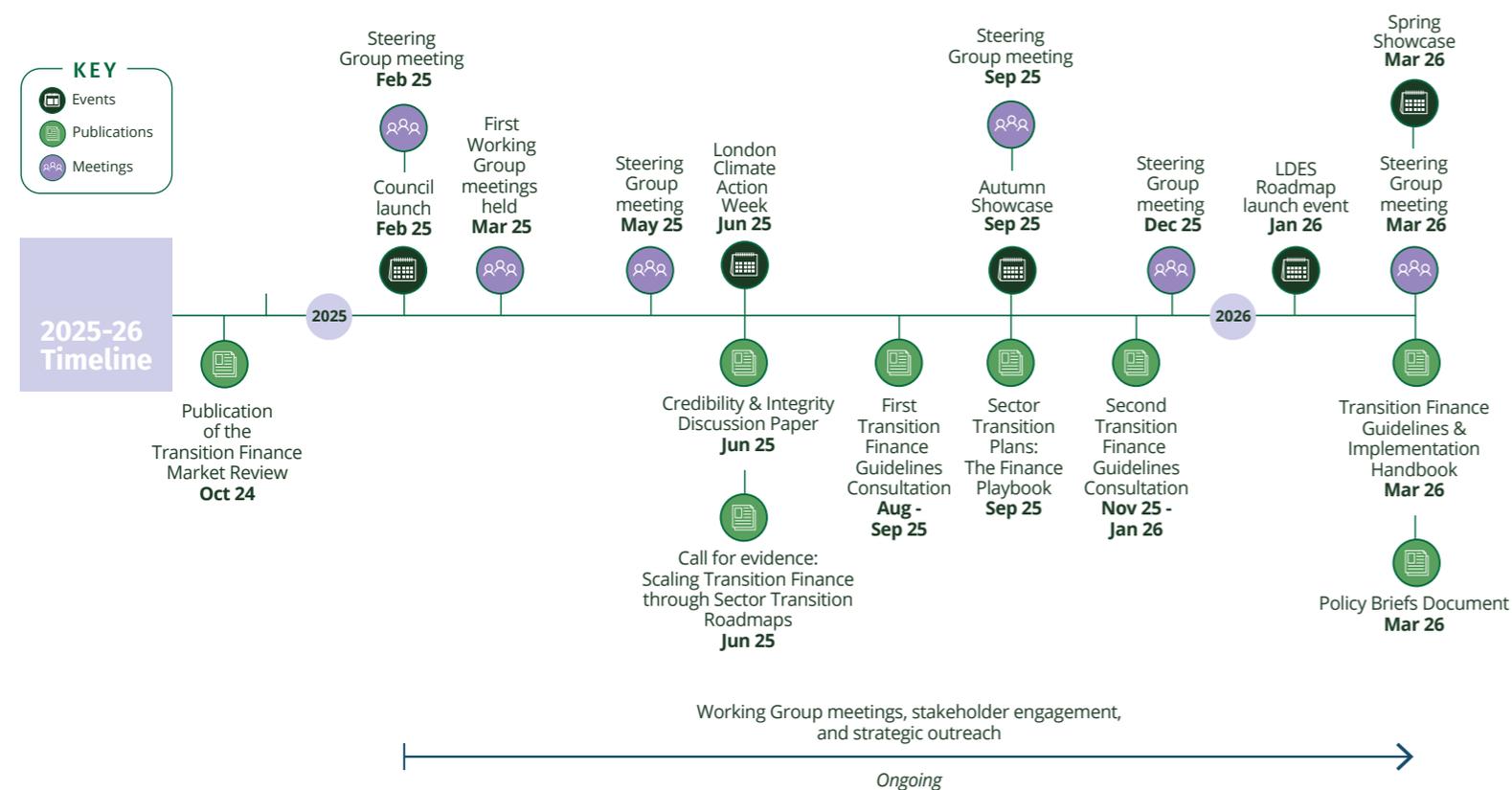
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## 2. The Council's outputs and impacts

The TFC has delivered a series of publications developed collaboratively with industry, finance, policymakers, and civil society. Aligned with our broader mission, they are designed to guide market practice, inform policy, and help unlock investment for real economy emissions reductions.

Over 12 months, the TFC has prioritised building an inclusive foundation for transition finance. While engagement metrics alone do not capture real-world impact, they are critical to ensuring that the TFC's outputs are informed by diverse expertise and grounded in practical market experience. This approach - developing guidance *with* the market, not simply *for* the market - has been central to establishing credibility and building momentum.

### High-level overview of the Council's first twelve months



### A year in numbers:



The TFC's first Strategic Steering Group meeting, February 2025



Working Group 1's penultimate meeting, February 2026

<sup>9</sup> For example, a Time magazine feature highlighted London's sustainable finance leadership and showcased the Council's role in advancing credible transition finance. [The Rise of Green Wall Street](#)

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**The Transition Finance Guidelines, Exposure Draft**  
March 2026

## 2.1 The Transition Finance Guidelines

### A tool for credible, consistent transition assessment

This exposure draft of the voluntary 'Transition Finance Guidelines' enables capital providers to identify credible transition finance opportunities at entity-level. These Guidelines are intended for unlabelled general equity and debt finance to help capital providers assess the credibility of a company's transition planning and implementation. They focus on real economy companies, particularly in high-emitting sectors.

The Guidelines may be used as a tool to qualify investment in credibly transitioning companies as transition finance as well as informing transition finance frameworks and other transition assessment processes.

The objectives of the Guidelines are to:

- **support capital providers** by defining expectations for credible, Paris compatible transition planning and delivery, helping reduce greenwashing and transition risk;
- **serve as an external reference point** in designing transition themed products or funds;
- **support qualification of unlabelled general equity and debt finance** as entity-level transition finance; and
- **clarify for companies** the expected areas of focus of capital providers.

### Market benefits from using the Guidelines



**Legitimacy:**

Provide a clear signal that financing transitioning entities (particularly those that are high-emitting) supports a whole-of-economy transition.



**Scale:**

Contribute to scaling the market by providing a clear and credible basis for supporting the transition effort.



**Transparency and comparability:**

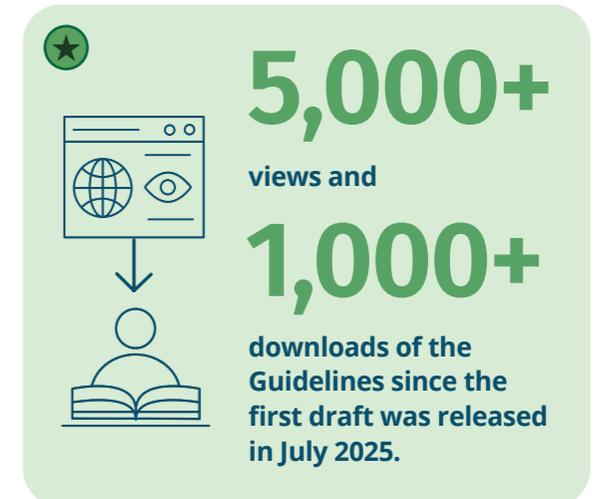
Increase transparency and offer a consistent approach to assessing the ambition and progress of transitioning companies.

### Designed for the global market, by the market

The Guidelines have been developed by the market, for the market through two public consultations held between July 2025 and January 2026, generating forty-four responses from financial institutions, corporates, NGOs and public bodies across multiple jurisdictions.

Creating an approach that complements existing frameworks and requirements has been a priority from the outset. The Guidelines have been mapped to four (4) commonly used international frameworks, the Carbon Disclosure Project questionnaire, the Net Zero Investment Framework (NZIF), the TPT Disclosure Framework and IFRS S2, ensuring they leverage existing disclosure and data points.

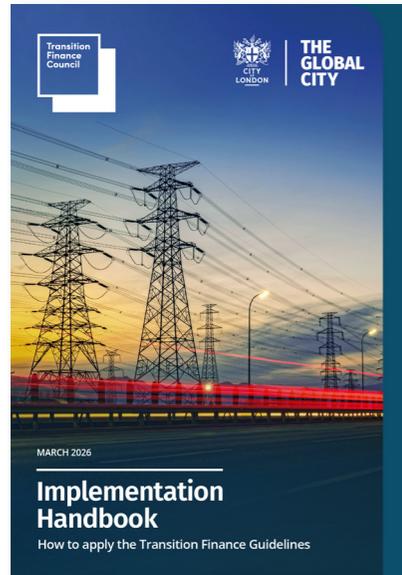
An important part of the process has been and continues to be testing the Guidelines across different parts of the globe. The TFC has directly engaged to promote and obtain feedback on the Guidelines from financial institutions, standard setters, NGOs and government departments from over 10 different jurisdictions across Asia and Europe. Please see our Stakeholder Engagement section for more information on how the Guidelines (and the TFC's other outputs) have been marketed on the global stage.



“  
Strong engagement across the sector on the **Transition Finance Guidelines** – from road-testing with stakeholders to bilateral engagement across markets – demonstrates a **shared commitment to shaping guidance that can be credibly adopted and scaled.**  
”

- Vanessa Havard-Williams OBE

★ A KPI tracked by the TFC is marked by this symbol



Implementation Handbook  
March 2026

### Scaling the impact of the Guidelines

No single company's transition journey is the same. In order for transition finance to scale successfully, it's important to acknowledge how different contexts can pose different challenges for knowing what 'credible' transition really looks like. Published alongside the Guidelines, the Implementation Handbook contains case studies and practical considerations for applying the Guidelines across different asset class, country or sector contexts. We worked closely with industry experts to develop this guidance. Particular thanks go to UK Private Capital who drafted asset specific guidance for applying the Guidelines in a private equity or private credit context.



Published

8

case studies demonstrating how to use the Guidelines



Published specific guidance for

5

different asset classes



### Road testing the Guidelines with financial institutions

For the Guidelines to be widely adopted, they must be tested on real companies and real transactions. With support from financial institutions and companies from both within and beyond the TFC's working group, we have started road testing the Guidelines.

A variety of asset managers, asset owners and credit institutions including **Carlyle, NatWest, Standard Chartered, Santander, Barclays, Ninety One, Columbia Threadneedle, and Lloyds Banking Group**, amongst others, have supported in testing the Guidelines, either by assessing them against their own approach to transition finance or by applying them to real company examples. This testing helped note consistencies and areas of difficulty, improving practical usability.<sup>10</sup> Over the next year one of the council's main objectives will be to encourage financial institutions to use the Guidelines as an input in advancing their own transition finance frameworks and to feed back remaining areas for improvement or simplification.



14

institutions have supported in the testing of the Guidelines, either in comparing to their own approaches or support in applying to real company examples



There are clear benefits of **robust, interoperable guidelines** for transition finance. By basing decisions on clear, consistent evidence, capital can be directed at activity that makes the biggest decarbonisation impact. Crucially, **these Guidelines provide businesses with a simple framework to aid their planning and with a better opportunity to capture the benefits of transition.**

- Hannah Simons, Lloyds Corporate & Institutional Head of Sustainable & Transition Finance



Transition finance plays an important role in supporting the real economy's journey towards a lower carbon future. Through our involvement in the Transition Finance Council's Working Group, we have seen how a **voluntary and practical framework** can help provide lenders, investors and corporates with greater confidence in financing the transition.

- Jacqueline Ricciani, Global Head of Ratings and Sustainability Solutions, Santander Corporate & Investment Banking



<sup>10</sup> The testing of the Transition Finance Guidelines has been conducted voluntarily by a number of institutions. This constitutes a preliminary assessment only and does not imply formal endorsement or application of the Transition Finance Guidelines within regular business processes.

In order to aid future users of the Guidelines on how the assessment could work in practice, we have also published three assessment examples on real economy corporates. These are an illustrative example of how evidence points can be used to satisfy that the company meets the criteria in the Guidelines.



These three assessment examples are the starting point. With support from financial institutions, we intend to extend this testing to more companies and real assets during a piloting phase of the Guidelines. This form of road testing will help develop a common understanding across the market of the characteristics of a credible transition.

The TFC would like to express its immense gratitude to all the organisation and individuals that have supported the road testing of the Guidelines so far. Please see our acknowledgements section for full details on the organisations and individuals that have formally supported the TFC's work.

### What's next?

The TFC has published the Transition Finance Guidelines Exposure Draft with the intention to continue efforts on road testing and developing further assessment examples during this pilot phase. Learnings from this pilot phase will be incorporated into a future finalised publication. Given the rapidly evolving expectations around the climate transition, it is acknowledged that the Guidelines cannot exist as a static document.

Looking ahead, the TFC hopes to expand its international outreach with aim of increasing alignment on the approach to transition finance across the globe.



As a member of the Strategic Steering Group of the Transition Finance Council, I recognise the importance of having a **consistent, transparent, and practical approach** to assessing and deploying transition finance. Through testing the Guidelines, **we've seen first-hand the value they provide in helping the market identify credible opportunities that supports both the UK's ambitions and our customers on their own transition journeys too.**

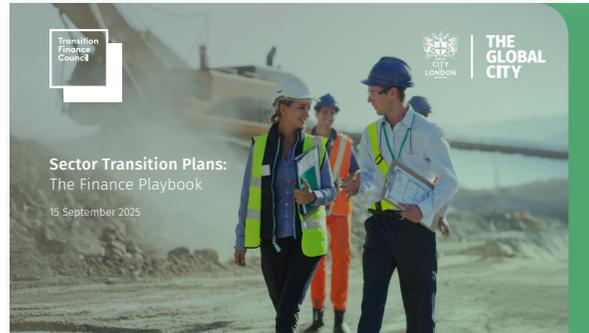
- Katie Murray,  
Group CFO, NatWest Group



Testing Kier's strategy against the Transition Finance Guidelines has proven a **valuable experience. It reinforces the progress we've made – from science-based targets to delivery and governance – and highlights where we can keep improving our transparency so capital can flow faster into credible transition.**

- Ben Stone,  
Group Head of Environmental  
Sustainability, Kier Group





**Sector Transition Plans: The Finance Playbook**  
September 2025

## 2.2 Sector Transition Plans: The Finance Playbook and LDES Scale-up Roadmap

### The Finance Playbook

Published in September 2025, the Finance Playbook offers practical guidance on integrating robust finance plans within sector transition plans and technology scale-up roadmaps. While sector transition plans and roadmaps are becoming more common, they often fall short in one critical area: the practical integration of finance. Existing plans tend to emphasise technological ambition and emissions outcomes but provide limited detail on how risks will be mitigated, dependencies addressed and how government policy and public finance will interact to mobilise private finance at scale. This gap slows delivery and constrains investor confidence. The Finance Playbook, developed in collaboration with the Net Zero Council, aims to bridge this gap and is designed to help the market come together to unlock investment in transition.

The objectives of the Playbook are to:

- Create an enabling environment for transition finance.
- Support the raising and deployment of transition finance from diverse sources.
- Inform national policymaking, business transition planning, and financing decisions.

### Co-creation

This Playbook recommends a co-creation process: a structured mechanism for businesses, finance, and government to come together – supported by civil society and academia – to share knowledge, build a shared vision, and co-develop financeable sector transition plans. Co-creation helps reduce uncertainty and strengthen the credibility of transition finance.

### Writing the Playbook

When writing the Playbook, the TFC applied the co-creation principles and conducted a thorough evidence-gathering and feedback process. This included five workshops exploring how sector transition plans can effectively guide capital allocation and unlock transition finance, a consultation that resulted in detailed responses from eleven stakeholders, and a literature review covering twenty-four separate transition roadmaps, both domestic and international.

**The Finance Playbook is the result of extensive engagement with the finance sector across all asset classes. It sets out how to engage the financial community from the outset, in developing an engaged model of co-creation between industry, finance and government. Investors should have clarity around the investment needed at every stage of a sector’s transition plan, in order to both help scale clean technologies and deliver the capital requirements necessary for infrastructure development.**

- Chris Skidmore OBE,  
(Chair of Working Group 2)

### The Co-Creation Principles

- 1 Mission-focused** Anchored by the mission to develop a sector transition plan or roadmap that will respond and contribute to national climate goals and mobilise transition finance
- 2 Authoritative** Strategic government oversight
- 3 Independently convened** Convened through an independent, neutral process
- 4 Inclusive** Involves actors from across the ecosystem (industry, finance, government, third sector) with expertise and agency in the transition
- 5 Pre-competitive and conflict free** Manages competition law and avoids lobbying and capture
- 6 Well resourced and dynamically run** Draws on dedicated resources and a mix of mission-relevant skillsets, and takes a dynamic, flexible approach
- 7 Data driven** Is informed by targeted, decision-useful data and information from across the ecosystem, including robust metrics
- 8 Robustly governed and reviewed** Operates transparently in accordance with best-practice governance and review processes
- 9 Supports delivery** Sets expectations for actors’ contributions to implementation of the sector transition plan or roadmap, along with effective monitoring, reporting, and verification



**Securing the Transition: A UK Roadmap to Scaling Long-Duration Energy Storage**  
January 2026

## Securing the Transition: A UK roadmap to scaling Long-Duration Energy Storage

Following on from the publication of the Finance Playbook, in January 2026, the TFC published a technology scale-up roadmap focussed on Long-Duration Energy Storage (LDES).

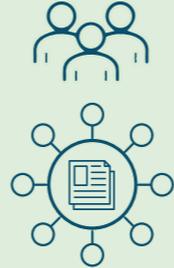
The UK Government's aim is to have a fully decarbonised electricity system by 2030. It has been estimated that UK energy storage capacity needs could be up to 30GW by 2030, with an LDES component of 8 GW, thus requiring a rapid scale-up of LDES capacity in the UK. The LDES Roadmap aims to apply the principles embodied in the Playbook and is designed to set out a practical guide to mobilising the finance required to enable the scaling-up of the LDES sector, to help decarbonise the grid and bring down bills, as well as providing a framework for future financing roadmaps for other emerging technologies.

Writing the LDES Roadmap was a six-month process that involved stakeholders from across the public and private sectors. During the drafting process, the TFC engaged with four different government departments and agencies, conducted a literature review covering thirty-four publications and drew upon evidence from the LDES sectors of five foreign jurisdictions, as well as a wide variety of domestic expertise including from the LDES Council.<sup>11</sup>

The highlight of the creation process was a roundtable held in October 2025 that brought together twenty-two industry experts to feedback on and discuss ideas to amplify the impact of the LDES Roadmap.

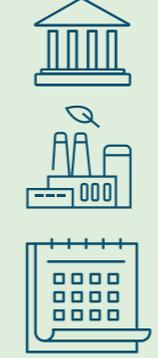
The roadmap was formally launched at an event in the Guildhall in January 2026, attended by thirty stakeholders and featuring a panel composed of both TFC members and representatives from across the sustainability and power sectors.

★



**20+**  
industry experts fed into the LDES Roadmap, across **5** jurisdictions

★

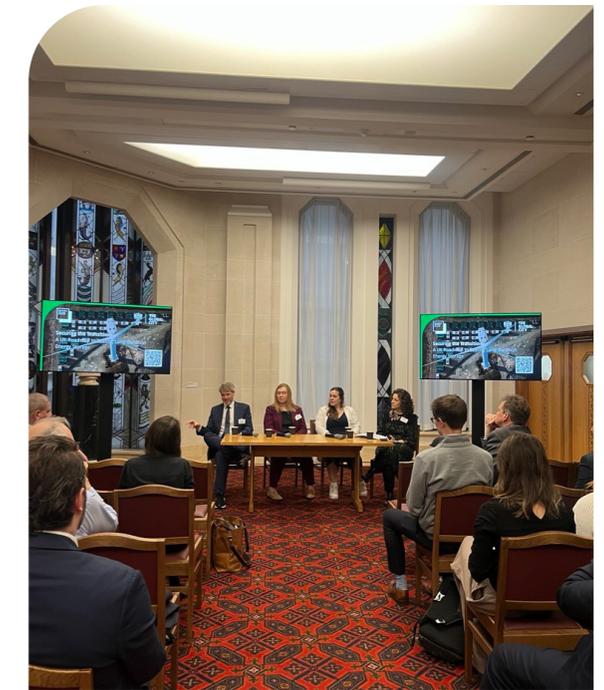


**30+**  
stakeholders across government and the power industry came together to celebrate the launch of the LDES Roadmap

### What's next?

In September 2025, the TFC signed a Memorandum of Understanding with the Net Zero Council (NZC), agreeing to collaborate to support the development and implementation of credible sector transition plans, pooling their connections both to the worlds of finance and the real economy.<sup>12</sup> This was followed by a formal agreement in March 2026 for the Policies, Pathways and Governance Working Group of the TFC to join the NZC as a sub-group, with specific responsibility for producing finance plans to be used in conjunction with the NZC's sector transition plans. Please see page 19 for more detail on the work of the NZC.

★ A KPI tracked by the TFC is marked by this symbol



The LDES Roadmap Launch, January 2026, featuring Chris Skidmore OBE (Chair, Working Group 2) and Councillor Irem Yerdelen (Deputy-Chair, Transition Finance Council)



The NZC-TFC Roundtable, March 2026, featuring Katie White OBE (Minister for Climate) and Chris Skidmore OBE (Chair, Working Group 2)

“  
**Long Duration Energy Storage (LDES) is crucial because it enables reliability, affordability, and decarbonisation at the same time. There has been good progress in this space already and the LDES roadmap provides recommendations to policy makers, regulators, and investors, to build on this to improve bankability and scale capital in the LDES space.**  
”

- Chandra Gopinathan, Insight Investment, Head of Responsible Investment Research, author of the LDES Roadmap

<sup>11</sup> The Department for Energy Security and Net Zero (DESNZ), the National Wealth Fund (NWF), the Office of Gas and Electricity Markets (OfGem), and the National Energy System Operator (NESO).

<sup>12</sup> The Net Zero Council is a partnership between government, business and civil society established to provide advice to government to support net zero strategy development, coordinate action to address cross-economy challenges and maximise the many economic and societal opportunities offered by the net zero transition

★ A KPI tracked by the TFC is marked by this symbol



**Four policy briefs for scaling transition finance flows**  
March 2026

## 2.3 Four policy briefs for scaling transition finance flows

One of the TFC's core objectives is to identify real-world barriers to scaling transition finance and work towards targeted solutions. To this end, the TFC has developed four policy briefs setting out recommendations to the UK's Government. Each brief identifies practical solutions and delivery channels, assesses expected outcomes, and is grounded in case studies demonstrating how action can scale transition finance in the UK and internationally.

### Multistakeholder-driven and action-oriented

The briefs were developed collaboratively by over twenty-five industry experts, with three rounds of formal review by stakeholders spanning banks, asset managers, asset owners, insurance, government, real-economy corporates, regulators and civil society. Combined with ongoing iteration with UK Government, this engagement ensured the briefs are grounded in real-world practicality and positioned for implementation.

From an initial long list of potential actions, the Council prioritised briefs that addressed the more material obstacles to finance flows and offered clear opportunities.<sup>13</sup>

★   **25+** industry experts fed into the Policy Briefs

“ The Council’s policy work has been driven by real-world insights. Through multistakeholder engagement and ongoing collaboration with UK Government, we have developed a set of practical solutions to unlock capital flows. We are confident that **this momentum is creating the conditions needed to catalyse investment into the decarbonisation of high-emitting sectors.** ”

- Faith Ward MBE, Chair of the Council's Scaling Transition Finance Working Group



<sup>13</sup> The Council acknowledges that these briefs are not exhaustive; their modular design aims to allow replication for other targeted solutions by varying stakeholders in future cycles.

## The four briefs

### Policy Brief 1 Clarifying and promoting links between UK Pension Fund trustees' fiduciary duties and scaling transition finance flows.

The brief calls for: formal UK Government endorsement of the FMLC report;<sup>14</sup> clarification of fiduciary duty in relation to transition finance through forthcoming DWP statutory guidance;<sup>15</sup> strengthened trustee knowledge and understanding; and practical tools and guidance to help trustees and their advisers.

### Policy Brief 2 Supporting the uptake of transition-labelled instruments

The brief calls for the UK Government to encourage coalescence around market-led transition finance frameworks to align expectations across issuers and capital providers, reduce fragmentation and build confidence. It also sets out targeted levers – across demand, supply and fund-level regimes – to accelerate the scaling of transition-labelled debt.

### Policy Brief 3 Establishing co-creation processes across a range of sectors and technologies critical for the transition.

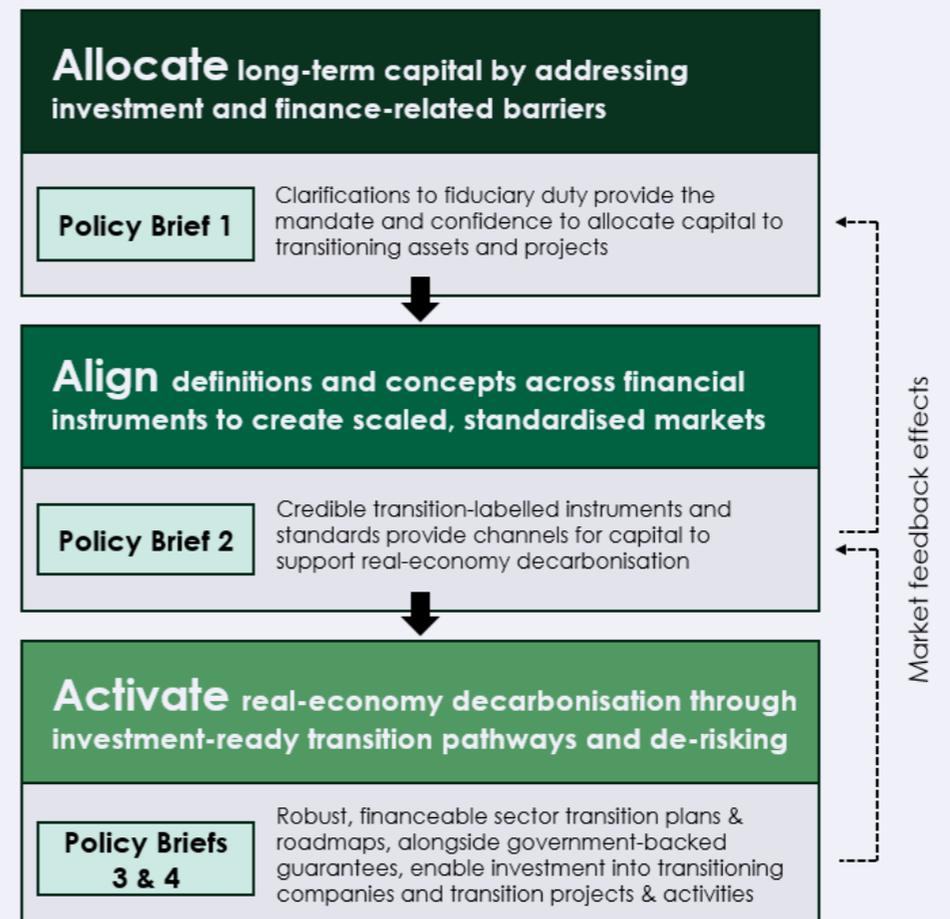
The brief builds on the Council's Finance Playbook recommendation,<sup>16</sup> calling for the UK Government to move from principle to practice by implementing the co-creation<sup>17</sup> design principles relevant to its role – taking strategic oversight of the UK's sector transition plans and technology scale-up roadmaps, ensuring the process remains inclusive, and investing in the capacity needed to deliver it effectively.

### Policy Brief 4 Continuing the rollout of government-backed guarantees to de-risk private investment

This brief outlines how the UK can accelerate private investment into the Net Zero transition by scaling the use of blended finance, particularly government-backed guarantees, to de-risk uncertainty and fund first-of-a-kind projects. It calls for Public Finance Institutions (PuFIs), in conjunction with UK Government departments, to leverage their existing remits and the new fiscal framework<sup>18</sup> to target interventions to solve market failures.

The four policy briefs are designed to be interdependent, illustrating selective examples across three levels of a pathway for unlocking capital and scaling transition finance flows – allocate, align, activate – as shown in the diagram below (Fig. 2). Scaling transition finance requires more than isolated interventions: long-term capital must be able to be allocated by addressing investment and finance-related barriers (Policy Brief 1), markets must provide consistent definitions and signals to align it (Policy Brief 2), and investment-ready transition pathways must be de-risked to activate real-economy decarbonisation at scale (Policy Briefs 3 & 4). The briefs therefore highlight complementary policy approaches across these levels, demonstrating how progress at each stage reinforces the others along the finance pathway — with market feedback effects flowing back through all three levels, amplifying impact across the system.

## Allocate–Align–Activate: Three levels for scaling transition finance



## What's next?

The TFC will look to continue working closely with UK Government, industry and wider stakeholders to support progress on implementation and to cultivate a targeted policy pipeline for transition finance. This could include additional sessions with relevant UK Government departments at a working-level to further review briefs for further development; workshops with UK Government, market actors and technical experts to further explore feasibility and implementation pathways; continued engagement with both practitioners and UK Government to monitor additional emerging policy needs.

<sup>14</sup> Financial Markets Law Committee (FMLC) (2024), *Pension Fund Trustees and Fiduciary Duties: Decision-making in the context of Sustainability and the subject of Climate Change*.

<sup>15</sup> Department for Work & Pensions (DWP) (2025), *Trust-based pension schemes: Trustees and governance, building a stronger future*.

<sup>16</sup> Transition Finance Council (2025), *Sector Transition Plans: The Finance Playbook*

<sup>17</sup> Co-creation process: a structured mechanism for businesses, finance, and government to come together – supported by civil society and academia – to share knowledge, build a shared vision, and co-develop financeable sector transition plans and roadmaps. Transition Finance Council (2025), *Sector Transition Plans: The Finance Playbook*. p.16.

<sup>18</sup> HM Treasury (2024), *A strong fiscal framework: Explaining the government's new fiscal framework and rules*

## 3. Stakeholder engagement

### 3.1 Overview

The TFC engages actively across the UK and internationally to shape market development, build consensus, and strengthen alignment on credible transition finance. A cornerstone of this work domestically is maintaining ongoing collaboration with key public sector institutions, including the FCA, the Bank of England, the National Wealth Fund, the Net Zero Council, HM Treasury, and the Department for Energy Security and Net Zero (DESNZ).

International engagement is central to the TFC's mission. We aim to ensure UK efforts both inform and align with global practice by:



**Creating globally relevant guidance:** Developing market-led Transition Finance Guidelines designed for international interoperability and local adaptability whilst seeking international feedback through consultation.



**Fostering strategic partnerships:** Sharing insights and aligning approaches through platforms such as the Coalition of Finance Ministers for Climate Action, the EMDE Investor Taskforce, the International Transition Plan Network (ITPN), and the UK-China Green Finance Taskforce.



**Supporting global capacity-building:** Learning from global peers and sharing UK experience and tools, to strengthen overall capacity and help develop best practice.

<sup>19</sup> [International Investors Group on Climate Change](#)

<sup>22</sup> [Centre for Economic Transition Expertise](#)

<sup>20</sup> [UK Private Capital](#)

<sup>23</sup> [The Association of Corporate Treasurers](#)

<sup>21</sup> [Association for Financial Markets in Europe](#)

<sup>24</sup> [Westminster Business Forum](#)

### 3.2 UK market engagement

#### Promoting the Council

Throughout the year, the TFC has organised a number of events to highlight its work and outputs to a wider audience. It has held two showcases, one in Autumn 2025 and one in Spring 2026, to promote the work of the TFC. Both events were well attended by 100+ guests from across the public and private sectors.

The TFC has also hosted a number of smaller events to amplify the impact of the Transition Finance Guidelines, including in June 2025, during London Climate Action Week, and December 2025, where Accenture hosted 70+ public and private market participants to encourage engagement in our public consultations on the Transition Finance Guidelines.

The TFC also maintains regular dialogues with a wide range of private sector and non-governmental organisations in the UK, including the IIGCC,<sup>19</sup> UK Private Capital,<sup>20</sup> AFME,<sup>21</sup> and CETEx.<sup>22</sup> We have also presented on our work at a number of important UK forums such as the Annual Corporate Treasurers Meeting<sup>23</sup> and the Westminster Business Forum.<sup>24</sup>



**The UK Transition-Finance Guidelines represent a major step forward for the market, delivering a clear and practical way to assess entities that have a credible transition strategy. From our perspective, the Guidelines should not be confined to the UK – they offer a template that can be adopted globally, thereby enabling investee companies and investors to speak a common language regardless of jurisdiction.**

- Agnes Gourc, co-Head of Sustainable Capital Markets Solutions, DCM Structuring & Solutions at BNP Paribas



L-R: Vanessa Havard-Williams OBE (Chair, Working Group 1), Alderman Vincent Keaveny CBE, Councillor Irem Yerdelen (Deputy-Chair, Transition Finance Council), Lucy Rigby MP (Economic Secretary to the Treasury), the Rt Hon. the Lord Sharma KCMG (Chair, Transition Finance Council), Faith Ward MBE (Chair, Working Group 3), Chris Skidmore OBE (Chair, Working Group 2) at the Autumn Showcase, September 2025.



Councillor Irem Yerdelen (Deputy-Chair, Transition Finance Council) presents at London Climate Action Week.



The Rt Hon. the Lord Sharma KCMG (Chair, Transition Finance Council) and Faith Ward MBE (Chair, Working Group 3) at PRI in Person in Sao Paulo, November 2025.

## 3.3 International Engagement

### COP30 Belem

In Belem, the Transition Finance Council co-hosted a breakfast reception with EY, bringing together senior diplomatic, governmental, and financial leaders from across the globe. It featured several speakers from amongst the TFC's working group members, who presented on key elements of the Guidelines as well as on the wider work of the TFC. The Rt Hon. Lord Sharma KCMG and two of the Working Group chairs, Chris Skidmore OBE and Faith Ward MBE, also attended the finance focussed Climate Implementation summit in Sao Paulo, attending a number of panels, roundtables and launches to promote the work of the TFC, including the PRI in Person.

### UK-China Green Finance Taskforce (GFT)

The GFT is jointly led by the City of London Corporation and China's Green Finance Committee, with its mission being to facilitate alignment on net-zero standards and promote practical cross-market cooperation, including through a workstream dedicated specifically to transition finance. On February 5th 2026, the UK-China GFT hosted a webinar featuring TFC Working Group Chair, Vanessa Havard-Williams and representatives on the Chinese side from the China Academy of Financial Research (CAFR), the Bank of Jiangsu, the China Industrial Bank Research Institute and China Galaxy Securities Research Institute. Discussions hinged around the practicality of the Transition Finance Guidelines and their global applicability, as well as the consistency of the Guidelines with other frameworks and taxonomies in use within China. The engagement proved an excellent opportunity to obtain feedback and build understanding with a globally leading player in sustainability issues.

### UK-Japan Dialogue on Transition Finance

In January 2026, the Transition Finance Council met with representatives from Japan's Ministry of Economy, Trade and Industry (METI), the Japan Financial Services Agency (JFSA), MUFG and other Japanese financial institutions to exchange perspectives on transition finance and share insights from the UK's Transition Finance Guidelines.

Discussions explored areas of common focus, as well as differences in market context and policy approaches between the UK and Japan. The engagement provided a valuable opportunity to gather feedback, deepen mutual understanding and strengthen international dialogue on the development of credible transition finance frameworks.

### Collaborating with the World Federation of Exchanges

The TFC has actively engaged with the World Federation of Exchanges (WFE) – the industry association for stock exchanges and central counterparties. The WFE's work on transition finance aligns closely with the TFC's objectives.

We have presented at the WFE's sustainability meetings to share our progress on the UK Transition Finance Guidelines. We also collaborated on the WFE's webinar to celebrate the launch of its *Assessing Transition Finance: A Practical Guide for Issuers*<sup>25</sup> guide. The guide aims to support issuers to better understand the transition finance landscape and how to improve their access to transition finance. In addition, we are working with the WFE to understand how to support growth and enhance market integrity in relation to transition finance in equity markets.

### Other international engagements

Alongside these key engagements, TFC representatives have also participated in a large number of other formal and informal dialogues to promote the work of the Council beyond the UK. Meetings were held with representatives from several jurisdictions from the Asia-Pacific Region, including Australia, Singapore and Brunei, as well as the Hong Kong Monetary Authority. A TFC representative also attended Abu Dhabi's Sustainability Week, engaging with regional banks and other financial institutions on the topic of transition finance. The TFC also participated in an Anglo-French dialogue, as well as meetings with representatives from other European bodies such as France's Institute de la Finance Durable, the Spanish Treasury, and the Association of Foreign Banks, sharing views on transition finance. TFC also engaged with several international NGOs, including working closely with the Carbon Disclosure Project (CDP) to map the Transition Finance Guidelines to CDP's data points.<sup>26</sup>



Vanessa Havard Williams OBE (Chair, Working Group 1) and representatives from the Monetary Authority of Singapore.



Vanessa Havard-Williams (Chair, Working Group 1), Ms Takako Onitsuka, Ministry of Economy, Trade and Industry (METI), and Mr Tomohiro Ishikawa, Chief Regulatory Engagement Officer, MUFG at HM Treasury.

Scaling transition finance depends on robust, comparable transition planning data. CDP is proud to have worked closely with the UK Transition Finance Council to support the development of the UK's Transition Finance Guidelines. Our joint mapping shows that CDP's globally comparable disclosure provides investors and lenders with a practical, ready-to-use foundation for applying the Guidelines and accelerating the shift to earth-positive economy.

- Sherry Madera, CEO, CDP

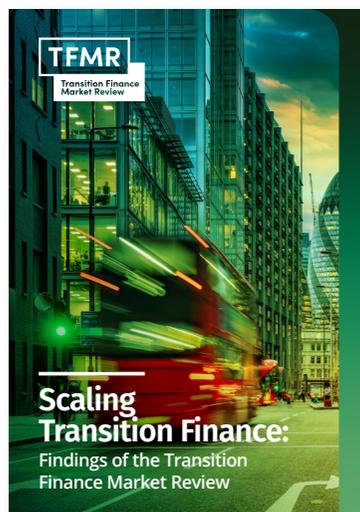
The work of the Transition Finance Council marks an important milestone in developing transition finance practical guidelines. The UK and Japan have been the leaders in the field of transition finance, and as a representative from a Japanese institution, we look forward to working with the UK stakeholders to accelerate transition in economies we serve.

- Tomohiro Ishikawa, MUFG Chief Regulatory Engagement Officer, Head of Sustainable Business Division

<sup>25</sup> [Assessing Transition Finance - A Practical Guide for Issuers](#) February 2025 (World Federation of Exchanges)

<sup>26</sup> [CDP: Turning Transparency to Action](#)

## 4. The UK's progress against the TFMR recommendations



**Scaling Transition Finance:  
Findings of the Transition  
Finance Market Review**  
October 2024

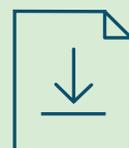
The UK Government commissioned the Transition Finance Market Review (TFMR) to support the scaling of transition-focused capital raising and maximise opportunities for UK-based financial and professional services.<sup>27</sup>

The TFMR highlighted that finance ultimately responds to the direction set by government through policy, regulation, and public investment. Therefore, to deliver at pace requires a whole-of-government, economy-wide approach to align market signals, address systemic barriers, and mobilise private finance.

There has been encouraging collective progress across government, business, and finance in responding to the TFMR's recommendations. The Government's ongoing partnership with the TFC, reaffirmed in the Chancellor's Mansion House speech and the Financial Services Growth and Competitiveness Strategy,<sup>28</sup> reflects growing recognition of transition finance as central to the UK's global financial leadership.



The TFMR has been widely disseminated, receiving more than



**12,000**

downloads from the Global City website alone



I am determined to focus our efforts on **policies that matter** most to our world-leading sustainable finance sector... and work with the Transition Finance Council to capitalise on the £200 billion opportunity of the global transition to net zero.

- The Rt Hon Rachel Reeves MP,  
Chancellor of the Exchequer<sup>29</sup>



<sup>27</sup> For details of the TFMR, see <https://www.theglobalcity.uk/tfmr>

<sup>28</sup> UK Government, 2025. [Financial Services Growth and Competitiveness Strategy](#)

<sup>29</sup> UK Government, 2025. [Rachel Reeves Mansion House 2025 speech](#). Source of £200 billion figure: McKinsey, 2021. [Opportunities for UK businesses in the net-zero transition](#)

## 4.1 Progress highlights

Since the publication of the TFMR, there has been encouraging collective progress across government, business, and finance in responding to the TFMR's recommendations. The paragraphs below reflect some of the significant highlights from the past year, whilst more details can be found in the tables in the appendices:

### The FCA Pilot

The FCA, in partnership with the Prudential Regulation Authority (PRA) and Green Finance Institute (GFI) is leading a Transition Finance Pilot to engage the market on the practical barriers to scaling transition finance for UK climate solutions. The Pilot has conducted over 40 interviews with market participants, including finance providers and project developers. The FCA will publish an overview of findings in mid-2026.

### Green Finance Institute (GFI): Transition Finance Lab

Over the past year, the Green Finance Institute (GFI) has continued to support the development of practical pathways to mobilise private capital for the transition, building on its established role at the interface of policy, public finance institutions, and markets. In collaboration with DESNZ, GFI has undertaken a time-bound scoping exercise to explore how a more structured, "Lab" approach can strengthen policy planning insight and early-stage transaction development. This work focuses on improving the quality and readiness of pipelines that can be taken forward by existing public finance institutions and market actors, and on addressing execution-stage barriers that were highlighted in the Transition Finance Market Review. The collaboration with DESNZ is ongoing and is intended to generate practical learning and exemplars that complement, rather than duplicate, existing institutional mandates.

### The EMDE Investor Taskforce

The Taskforce was launched in May 2025 to convene major UK financial institutions to address barriers to EMDE investment. One aspect of the work of the Taskforce focuses on blended and concessional product development and regulatory treatment, aligning with many of the recommendations in section 6 of the TFMR roadmap. This culminated in the publication of the report: 'Scaling EMDE Investment Products' in January 2026. The Regulatory workstream of the Taskforce also submitted private recommendations to government in January 2026 on the prudential treatment of blended finance, reflecting the TFMR's recommendation for the UK to play a more direct role in engaging with co-financing models.

### Net Zero Council

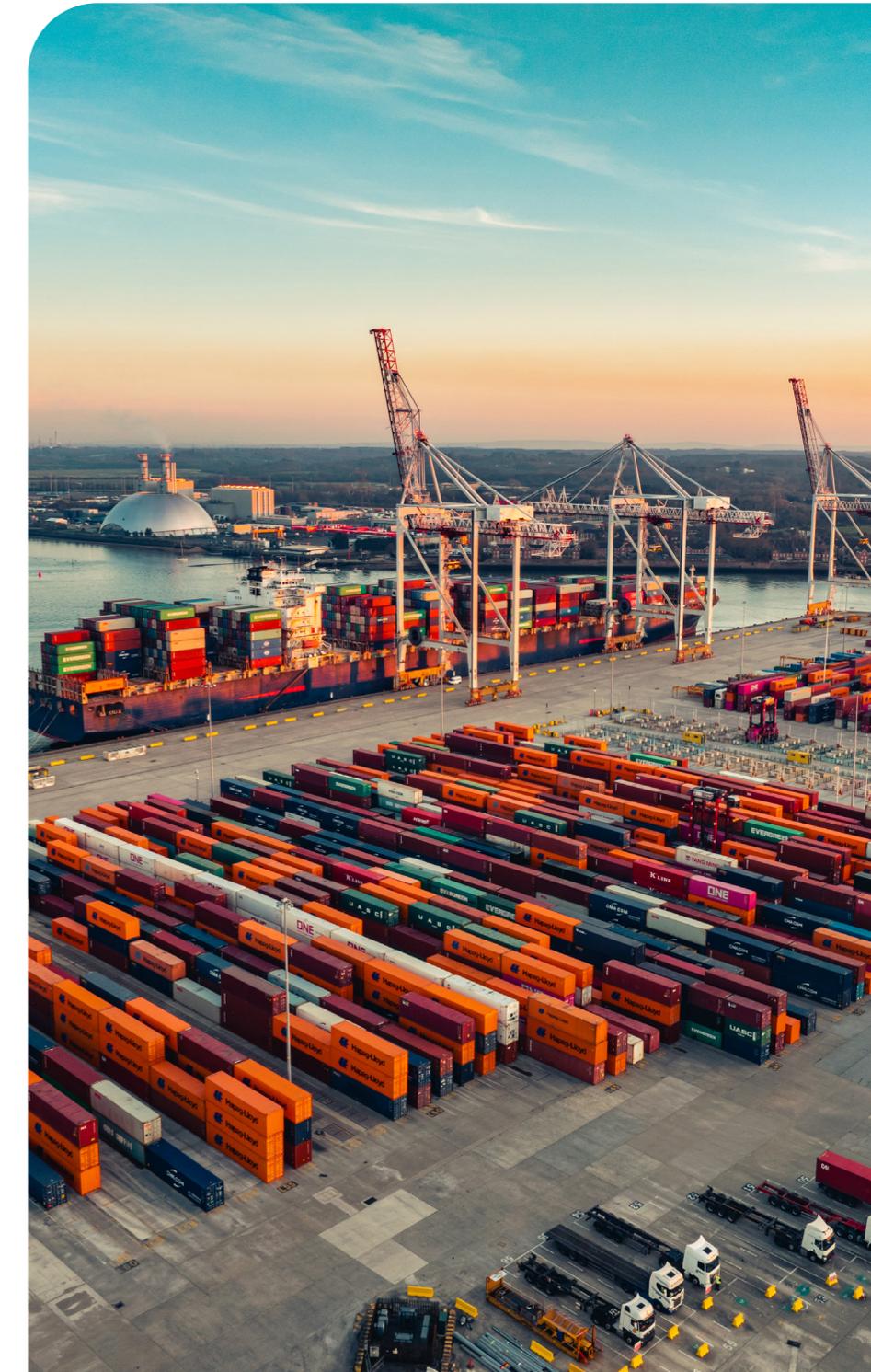
The Net Zero Council is a partnership between government, business and civil society established to provide advice to government to support net zero strategy development, coordinate action to address cross-economy challenges and maximise the opportunities offered by the net zero transition. The TFMR report recognised the important role that the Net Zero Council should play in the UK's decarbonisation delivery architecture, focusing on developing improved decarbonisation pathways in the form of Sector Transition Plans. During 2025, the Net Zero Council collaborated with the Transition Finance Council to produce guidance on Sector Transition Plan development and implementation (please see page 13). The Net Zero Council now has a rolling work programme to support the delivery of industry-led Sector Transition Plans for the major UK industry sectors during this parliament.

### UK-China Green Taskforce Transition Finance Workstream

Since its launch in June 2025, the UK-China GFT's Transition Finance Workstream has broadened engagement among UK and Chinese financial institutions, produced shared research outputs (including sector-specific analyses and transition-plan guidance), and facilitated the development and application of transition finance standards, catalogues, and assessment tools. It has also deepened market practice by showcasing case studies across multiple industries and promoting more consistent, comparable approaches to evaluating credible transition activities. Taken together, these efforts have helped build a more interoperable, practice-oriented foundation for scaling transition finance across both jurisdictions.

### UK SRS S1 and S2: Supporting Transition Finance through Enhanced Disclosure Frameworks

Following its 2025 consultation, the UK Government published the final UK Sustainability Reporting Standards (UK SRS) S1 and S2 in February 2026, alongside its formal response to stakeholder feedback. UK SRS S1 establishes the overarching framework for sustainability-related disclosures, including requirements on identifying and reporting general sustainability risks and opportunities, while UK SRS S2 focuses specifically on climate-related risks and opportunities. By improving the consistency and decision-usefulness of disclosures the standards could support more effective mobilisation of transition finance. Their publication marks the completion of the UK's endorsement process and makes them available for voluntary adoption by companies.



# Acknowledgements

The Transition Finance Council extends its sincere thanks to our Sponsor Ministers for their leadership and support. We are grateful to our Chair, Rt Hon. Lord Alok Sharma KCMG, and Deputy-Chair, Councillor Irem Yerdelen, for guiding the TFC's work, and to our Working Group Chairs – Vanessa Havard-Williams OBE, Rt Hon Chris Skidmore OBE, and Faith Ward MBE – for their tireless efforts in driving forward our ambitious workplan.

We also thank the members and observers of our Strategic Steering Group for overseeing the Council's strategic agenda, our Working Group members for their valuable contributions, and our Associate Members and other contributors for their ongoing engagement. Individuals and organisation represented on the TFC's Strategic Steering Group and Working Groups can be seen on our website and listed on this page.

Additionally, we would also like to thank the City of London Corporation, and in particular the Policy Chairman Chris Hayward and the Executive Director of Innovation and Growth Damian Nussbaum, for hosting the Council and for all the support it has provided in its first year. Finally, we would like to extend thanks to the Economic Secretary to the Treasury and Minister for Climate for the ceaseless trust and support that they have extended to the TFC.

The views expressed in this report do not necessarily reflect those of individual members of the Council or the organisations they represent.

## Transition Finance Council Strategic Steering Group members:

**Sir Danny Alexander**, CEO, HSBC Infrastructure Finance & Sustainability  
**Mani Atwal**, CFO, Associated British Ports  
**Clara Barby CBE**, Senior Partner, Just Climate  
**Emmanuelle Bury**, UK Country Head, BNP Paribas  
**Dame Julia Hoggett DBE**, CEO, London Stock Exchange  
**Kate Levick**, **Founding Director**, International Transition Plan Network, Associate Director, E3G  
**Katie Murray**, **Group CFO**, NatWest Group  
**Rain Newton-Smith**, CEO, CBI  
**Alistair Phillips-Davies CBE**, CEO, SSE  
**Mark Versey**, CEO, Aviva Investors

## Strategic Steering Group observers:

**David Bailey**, Executive Director, Prudential Policy, Prudential Regulation Authority  
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**Joel Kenrick**, Deputy Director, Head of Policy, National Wealth Fund  
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**Sacha Sadan**, Director, Sustainable Finance, Financial Conduct Authority

The Council would also like to thank current and former members of the TFC Secretariat for their work on the TFC work programme:

**Jennifer Wu** (Head of Secretariat)  
**Laila Sharif** (Technical Lead)  
**Tim Foulds**  
**Teresa Clark**

**Ashleigh Lee**  
**Ieuan Luke**  
**Will Minter-Kemp**  
**Amy Thomas**  
**Corinna Williams**  
**Leo Donnachie**  
**Claire Sheppard**

## Organisations represented on the Council's Strategic Steering Group and Working Groups:

- A&O Shearman
- Accenture
- Aldersgate Group
- Anglo American plc
- Associated British Ports
- Aviva Investors
- AXA XL
- Barclays
- BNP Paribas
- Brunel Pension Partnership
- Carlyle
- Confederation of British Industry (CBI)
- Centre For Climate Finance and Investment, Imperial College Business School CETEx, LSE
- Climate Action Coalition
- Climate Bonds Initiative
- Columbia Threadneedle
- D. A. Carlin and Company
- Department for Energy Security and Net Zero
- Diageo Plc
- E3G
- Environmental Resources Management (ERM)
- Financial Conduct Authority
- Federated Hermes
- Fidelity International

- Green Finance Institute
- HM Treasury
- Howden
- HSBC
- IFM Investors
- Impactivise
- Insight Investment
- Institutional Investors Group on Climate Change (IIGCC)
- International Capital Market Association (ICMA)
- International Transition Plan Network
- JPMorganChase
- Just Climate
- Lloyds Banking Group
- Group Loan Market Association
- London Stock Exchange
- M&G plc
- MetLife Investment Management
- Moody's Ratings
- NatWest
- Ninety One
- Phoenix Group
- Prudential Regulation Authority
- S&P Global
- Santander Corporate & Investment Banking
- SSE
- Standard Chartered Bank
- The Carlyle Group
- TPI Global Climate Transition Centre, LSE
- Morgan Stanley
- National Grid
- National Wealth Fund

# Appendix

## Summary table of progress against TFMR recommendations

The following table provides a snapshot of progress against the TFMR's key recommendations.<sup>30</sup> It highlights the steps that have been taken since the TFMR's publication in October 2024 up until this Progress Report's publication in March 2026 across government, industry, and the finance sector in support of scaling transition finance and a number of priority areas for further progress.

	Key recommendations	Progress since TFMR publication	Opportunities for further progress
Chapter 1	<ul style="list-style-type: none"> <li>Promoting a <b>dynamic and pragmatic understanding of transition finance</b> - responsive to jurisdictional, sectoral, and entity-specific context.</li> <li>The Review presents a <b>Transition Finance Classification System</b> to support readers in understanding the 'transition activities' and 'transitioning entities' that could be considered in scope for transition finance classification.</li> </ul>	<ul style="list-style-type: none"> <li>The TFC has developed use cases for transition finance classification at entity-level as part of its Transition Finance Guidelines. The TFC is working to ensure that the Guidelines are applicable across multiple jurisdictions and sectors, as well as to contextualise this guidance through examples provided in the Implementation Handbook.</li> </ul>	<ul style="list-style-type: none"> <li>As discussed at a year-end trilateral between HMT, DESNZ, and the TFC, the latter will continue to lead on developing and implementing an international outreach strategy for the Guidelines, whilst HMG will continue to help inform this strategy and identify opportunities. For the Guidelines to be widely adopted, they must be tested on real companies and real transactions. With support from financial institutions and companies from both within and beyond the TFC's working group, the process of road-testing the Guidelines has already begun. Nonetheless, financial institutions should continue to engage with and apply the Guidelines when developing their own approaches to transition finance, and road-testing should be expanded in Year 2 of the Council.</li> <li>The TFC will update the Transition Finance Guidelines over the next year based on further road testing.</li> </ul>
	<ul style="list-style-type: none"> <li>Developing and embedding the <b>Guidelines for Credible Transition Finance</b> set out by the Review which present a voluntary, principles-based framework to support institutions in developing their own transition finance frameworks in consultation with governments.</li> </ul>	<ul style="list-style-type: none"> <li>The TFC has published the Transition Finance Guidelines Exposure Draft.</li> <li>The TFC has begun road-testing the Guidelines with a mixture of banks, asset managers and real economy entities.</li> </ul>	
Chapter 2	<ul style="list-style-type: none"> <li><b>More granular national and sectoral pathways and planning</b>, developed in partnership with industry, via a relaunched <b>Net Zero Council</b>, and communicated in a way that provides confidence and certainty to issuers and investors.</li> </ul>	<ul style="list-style-type: none"> <li>The Net Zero Council has been relaunched and has agreed a statement of collaboration with the Transition Finance Council, outlining complementary roles within the transition planning ecosystem.<sup>31</sup> The TFC has published a Playbook on unlocking transition finance through sector transition plans. It has also published a technology scale-up roadmap for the Long-Duration Energy Storage sector,<sup>32</sup> building on the principles embodied in the Playbook.</li> <li>Government representatives will be part of the refreshed working group, with responsibility for monitoring progress on actions, responding to STP recommendations and developing a digital hub to host sectoral transition plans (STPs).</li> </ul>	<ul style="list-style-type: none"> <li>Government should endorse the collaborative work of the Transition Finance Council and Net Zero Council in developing STPs guidance.</li> <li>Government should fulfil its role within the co-creation<sup>33</sup> of the UK's sector transition planning. This includes overseeing the process, ensuring it remains inclusive, and investing in the capacity needed to deliver it effectively.</li> <li>STPs should be developed collaboratively, in line with the joint NZC/TFC guidance which clearly sets out respective roles and responsibilities for: sector-leads, businesses, financial institutions, the Net Zero Council and government. It is vital that STPs have buy-in from the sector and are responsive to their needs; this can only be achieved if they are industry-led.</li> </ul>

<sup>30</sup> This progress summary is based on the 'Summary of key recommendations at a glance' table on p.10 of the TFMR. For clarity and brevity, it reports progress only against the recommendations included in that table. Additional TFMR recommendations exist, but progress against them is not covered here.

<sup>31</sup> TBC

<sup>32</sup> Transition Finance Council (2025), *Securing the Transition: A UK Roadmap to Scaling Long-Duration Energy Storage*

<sup>33</sup> Co-creation process: a structured mechanism for businesses, finance, and government to come together – supported by civil society and academia – to share knowledge, build a shared vision, and co-develop financeable sector transition plans and roadmaps. Transition Finance Council (2025), *Sector Transition Plans: The Finance Playbook*. p.16.

	Key recommendations	Progress since TFMR publication	Opportunities for further progress
Chapter 2	<ul style="list-style-type: none"> <li>• <b>Macro policy levers</b>, including subsidies, incentives, carbon pricing, and prudential policy, all tilting towards transition.</li> </ul>	<ul style="list-style-type: none"> <li>• In 2025, the Government published the Clean Energy Industries Sector Plan, which sets out a vision for UK global leadership in clean energy industries. This plan is underpinned by long-term deployment plans for key technologies, catalytic public investment through the NWF and GBE, reforms to the planning system, and the creation of a skilled workforce.</li> <li>• The UK Government has expanded the UK Emissions Trading Scheme to cover shipping (from 2026) and waste incineration (later this decade). It also plans to extend the scheme to 2040, giving longer-term certainty. The UK is exploring closer alignment with the EU carbon market, although no agreement has been met yet.</li> <li>• Since publication of the TFMR, UKEF has increased its financing capacity to £80bn to support UK exporters and deliver on the government's Industrial Strategy and Trade Strategy, including clean growth. In addition, the Industry and Exports (Financial Assistance) Bill has completed all stages in the House of Commons and is currently being considered in the House of Lords. The bill will provide UKEF additional headroom to support UK exporters at scale, doubling our statutory commitment limit to £160bn. UKEF is also reviewing its mandate with a view to expanding the range of trade and investment activities it can support.</li> </ul>	<ul style="list-style-type: none"> <li>• Government should continue to expand the scope and ambition of the UK Emissions Trading Scheme (ETS), to cover more sectors of the economy with a lower emissions cap. Alignment with the EU's Emissions Trading System could also be beneficial.</li> <li>• Government should continue reviewing the alignment of broader macroeconomic policy tools – such as subsidy regimes, tax treatment, public procurement, and prudential regulation – with transition objectives, making transition-aligned investment the economic choice.</li> </ul>
Chapter 3	<ul style="list-style-type: none"> <li>• <b>Catalytic capital and blended finance</b> which targets specific sectoral market failures, embedded within a streamlined landscape of public finance institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Foundational institutional infrastructure is in place,<sup>34</sup> but evidence of overall coherence and avoidance of the 'valley of death' for transition solutions remains limited to date.<sup>35</sup></li> <li>• The TFC's LDES scale-up roadmap contains a number of recommendations designed to drive catalytic capital into that sector, which can be applied to other emerging green technologies.</li> <li>• This remains a priority policy area for UKEF, which continues to explore blended finance opportunities. UKEF has also entered into a new UKEF-BII Cooperation Agreement, reinforcing the UK's ambition to drive domestic and global growth and prosperity through strategic partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>• Government should scale the use of blended finance, particularly government-backed guarantees, to de-risk uncertainty and fund first-of-a-kind projects. In conjunction with UK Government departments, it should encourage Public Finance Institutions (PuFIs) to leverage their existing remits and the new fiscal framework to target interventions to address market failures. (See the Council's Policy Brief 4, <i>Continuing the rollout of government-backed guarantees to de-risk private investment</i>, for more detail).<sup>36</sup></li> <li>• Government commits to update the Green Gilt framework to reflect a joined-up, long-term approach aligned with the Net Zero Strategy.</li> <li>• Government should encourage the Public Investment Roundtable to road-test the Transition Finance Council Guidelines.</li> <li>• Government commits to developing a re-financing / securitisation platform (potentially backed by the National Wealth Fund and MDBs), to make the UK a hub for re-financing international transition infrastructure debt and unlock broader investor participation and free-up bank capital across domestically &amp; internationally.</li> </ul>

<sup>34</sup> Including the National Wealth Fund, GB Energy, the creation of the Strategic Public Investment Forum, Net Zero Blended Finance Project, as well as UK Export Finance and British Business Bank capacity increase.

<sup>35</sup> The 'valley of death' refers to a situation in which small and mid-sized companies working on transition solutions struggle to access the capital funding needed to support scaling-up.

<sup>36</sup> Transition Finance Council (2026), *Scaling Transition Finance, Recommended policy briefs for scaling transition finance flows in the UK*.

	Key recommendations	Progress since TFMR publication	Opportunities for further progress
Chapter 3	<ul style="list-style-type: none"> <li>Establishing a <b>Transition Finance Lab</b>, based in the Green Finance Institute, which enables the collaborative design, development and testing of innovative solutions to accelerate finance for sector-specific transition challenges.</li> </ul>	<ul style="list-style-type: none"> <li>DESNZ is exploring how the government might partner with the Transition Finance Lab being established by the GFI.</li> <li>This worked is intended to complement existing government initiatives - including the establishment of the NWF and GBE, whose strategic plans were recently published, the additional capital for BBB's equity investment, and the Public Investment Roundtable's role in coordinating collaborations between public financial institutions and government departments. A key focus of this work is on accelerating investment into green technologies, with the aim of crowding-in private finance.</li> </ul>	<ul style="list-style-type: none"> <li>The TFC considers leveraging private sector expertise, coordinating across government, and targeting first-mover risks as critical, and stands ready to support alternative measures for a Transition Finance Lab and highlight where further progress is needed.</li> </ul>
	<ul style="list-style-type: none"> <li>Improving the commercial viability of transition activities through all available levers, <b>including insurance solutions and demand incentivisation and aggregation.</b></li> </ul>	<ul style="list-style-type: none"> <li>Some progress on demand incentivisation, e.g. Sustainable aviation fuel (SAF) mandate, and consultation on 'Growing the market for low carbon industrial products'.</li> </ul>	<ul style="list-style-type: none"> <li>Insurers should be consulted as part of measures additional to the Transition Finance Lab, to embed sectoral risk expertise.</li> <li>Industry should embed best practices in exploring the use of credit risk insurance, political risk insurance, M&amp;A insurance and technology performance insurance (amongst other products) to enable risks to sit on the balance sheets with the most suitable risk appetite – achieving "right risk on the right balance sheet" for transition finance.</li> <li>Government should facilitate structured sharing of insurers' climate risk modelling capabilities with policymakers and financiers to create standardised risk assessments and accelerate investment decisions.</li> </ul>
Chapter 4	<ul style="list-style-type: none"> <li>Interventions needed to achieve widespread <b>transition planning</b>, and the development of a suitable ecosystem to support the assessment and verification of transition plans, with access to effective data and ratings.</li> </ul>	<ul style="list-style-type: none"> <li>Building on the work of the UK Government-commissioned Transition Plan Taskforce (TPT) which produced the 'gold standard' disclosure framework for business transition plans and sector-specific guidance documents, in June 2025 the Government launched consultations on transition plans, UK sustainability reporting standards (UK SRS), and assurance.<sup>37</sup></li> <li>IFRS SRS 2.0 S1 &amp; S2 were published in February 2026, setting out a framework for corporate disclosures. UK SRS S1 includes the general framework for applying UK SRS, as well as requirements on general sustainability-related risks and opportunities. UK SRS S2 sets out requirements on climate-related risks and opportunities.</li> <li>The FCA launched its consultation on aligning listed company sustainability disclosures with international standards via UK SRS on 30 January, which closed on 20 March. The results can be found here: <a href="#">CP26/5: Aligning listed issuers' sustainability disclosures with international standards   FCA</a></li> </ul>	<ul style="list-style-type: none"> <li>Government should publish a clear, phased implementation roadmap for transition plan disclosure requirements, setting out specific timelines and coverage thresholds for different types/sizes of entities. It should also ensure that expectations on companies and financial institutions are supported by the tools, guidance, and infrastructure needed to deliver on them.<sup>38</sup></li> <li>Businesses and financial institutions should engage with transition planning guidance, advocate for credible transition planning, and develop their own plans.</li> <li>Financial institutions should build capacity for, and integrate, transition plan assessment into their decision-making frameworks.</li> </ul>

<sup>37</sup> The International Financial Reporting Standards Foundation (IFRS Foundation) is now responsible for the TPT's disclosure-specific materials and has drawn on these to develop guidance materials to support entities' disclosure of information about transition plans. IFRS, 2025. [IFRS - Transition Plan Taskforce resources; IFRS guidance on disclosing information about transition plans.](#)

<sup>38</sup> This should include streamlining disclosures, developing sector-specific guidance and plans, and strengthening mechanisms for plan assessment and assurance. See TFMR Chapter 4.

	Key recommendations	Progress since TFMR publication	Opportunities for further progress
Chapter 4	<ul style="list-style-type: none"> <li>• Collaboration between the market and regulators to establish key transition finance metrics, through the establishment of a <b>Climate Financial Risk Forum (CFRF) transition finance working group</b>.</li> </ul>	<ul style="list-style-type: none"> <li>• The Climate Financial Risk Forum (CFRF) Transition Finance Working Group has been established, co-chaired by Ben Carr (Global Head of Climate Risk Products at Bloomberg) and Stephanie Maier (Global Head of Sustainable at FTSE Russell, LSEG).</li> <li>• This working group will focus on development of transition finance metrics for inclusion in commercial transition-related instruments. It will initially identify existing metrics which are used and are useable by the industry, with a focus on practical application and usability for key finance sector participants – asset owners, asset managers, banks and insurance.</li> <li>• In October 2025, the CFRF published a series of guides, including a guide on integrating adaptation into finance.</li> <li>• Over the past six months, the Government has been working on a research piece to quantify the current and potential future size of the transition finance market in the UK.</li> </ul>	<ul style="list-style-type: none"> <li>• The CFRF transition finance working group should work with industry to test and refine the metrics that are most practical for finance sector participants.</li> <li>• Government should publicly publish their research on transition finance flows and use the findings to inform and prioritise transition finance policy choices.</li> </ul>
	<ul style="list-style-type: none"> <li>• Measures to align capital providers to transition opportunities, including <b>unlocking productive finance, supporting stewardship</b>, maturing of the <b>labelled debt market</b> and improvements to retail product offering.</li> </ul>	<ul style="list-style-type: none"> <li>• The <i>Mansion House Accord</i> voluntarily committed 17 major defined contribution (DC) pension schemes to invest 10% in private markets by 2030, an initiative which will be supported by the Pension Schemes Bill consolidation and new value-for-money rules.</li> <li>• Progress is also reflected in the labelled debt market - with FCA noting maturation of the sustainability-linked loan market, the Financial Markets Standards Board's (FMSB) Statement of Good Practice on governance of sustainability linked products, and the Loan Market Association (LMA) progressing transition loan guidance, and labelled fund market - where around 150 funds have now adopted UK Sustainability Disclosure Requirements (SDR) labels.</li> <li>• Both the LMA and ICMA have recently published new guidance, the former releasing a Guide to Transition Loans and the latter releasing Climate Transition Bond Guidelines. The LSTA has also published a Transition Loans Guide.</li> <li>• The EMDE Investor Taskforce convened a private roundtable with DWP and industry in November 2025 to discuss the Pension Schemes Bill and implications of the reforms, and the Taskforce aims to work further in 2026 on the complementarity between EMDE investment and domestic investment under the MHA.</li> <li>• UKEF's offers a Transition Export Development Guarantee (TEDG) product, which is the only UK public finance institution to offer a transition-related product.</li> </ul>	<ul style="list-style-type: none"> <li>• Government should endorse the FMLC report;<sup>39</sup> clarify fiduciary duty in relation to transition finance through forthcoming DWP statutory guidance;<sup>40</sup> strengthen trustee knowledge and understanding; and enhance practical tools and guidance to help trustees and their advisers. (See the Council's Policy Brief 1, <i>Clarifying and promoting links between UK Pension Fund trustees' fiduciary duties and scaling transition finance flows</i>, for more detail).<sup>41</sup></li> <li>• Government should encourage coalescence around existing, market-led transition finance frameworks to align expectations across issuers and investors, reducing fragmentation and building confidence. It should also consider targeted levers – across demand, supply and fund level regimes – to accelerate the scaling of transition labelled debt. (See the Council's Policy Brief 2, <i>Supporting the uptake of transition-labelled instruments</i>, for more detail).<sup>42</sup></li> <li>• Government should announce plans to create a single, accessible gateway to help businesses navigate Government funding and support, alongside a database of investible projects and success stories to crowd in private capital which will help drive economic growth.</li> <li>• Incentivisation and support with data streamlining would further support uptake of labelled products.<sup>43</sup></li> </ul>

<sup>39</sup> Financial Markets Law Committee (FMLC) (2024), *Pension Fund Trustees and Fiduciary Duties: Decision-making in the context of Sustainability and the subject of Climate Change*.

<sup>40</sup> Department for Work & Pensions (DWP) (2025), *Trust-based pension schemes: Trustees and governance, building a stronger future*.

<sup>41</sup> Transition Finance Council (2026), *Scaling Transition Finance, Recommended policy briefs for scaling transition finance flows in the UK*.

<sup>42</sup> Transition Finance Council (2026), *Scaling Transition Finance, Recommended policy briefs for scaling transition finance flows in the UK*.

<sup>43</sup> One example of data streamlining is the SME Sustainability Data Taskforce - a UK initiative led by Bankers for Net Zero to develop a standardised, proportionate framework to help UK SMEs report sustainability and emissions data in a way that is comparable, practical, and aligned with regulatory requirements.

	Key recommendations	Progress since TFMR publication	Opportunities for further progress
Chapter 5	<ul style="list-style-type: none"> <li>• <b>Proactive engagement from regulators</b> which provides confidence to the market on best-practice transition finance.</li> </ul>	<ul style="list-style-type: none"> <li>• FCA clarified that transition plans disclosed in a prospectus qualify as protected forward-looking statements<sup>44</sup> and are undertaking a Transition Finance Pilot in partnership with the PRA and GFI to engage the market on practical barriers to scaling transition finance.</li> <li>• The PRA published policy statement PS25/25 and supervisory statement SS5/25 updating its supervisory expectations for banks and insurers on their management of climate-related risks.</li> </ul>	<ul style="list-style-type: none"> <li>• The Council will continue its dialogue with the FCA and the PRA to maintain their support in the uptake of the Guidelines.</li> <li>• Government and regulators should continue to engage with the Council’s Transition Finance Guidelines, consider future engagement and support, and look for opportunities to promote international alignment.</li> <li>• Industry should continue engagement with regulators and the Council to identify and address regulatory barriers that limit greater allocation to transition finance.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>International alignment and collaboration</b> on supportive sustainable finance policy and frameworks.</li> </ul>	<ul style="list-style-type: none"> <li>• Government and regulators engaged internationally on sustainable finance through forums such as the Network for Greening the Financial System (NGFS), Coalition of Finance Ministers for Climate Action, Coalition to Grow Carbon Markets, International Organisation of Securities Commissions (IOSCO), ITPN, G20 Sustainable Finance Working Group, and regulatory dialogues.</li> <li>• COP30 featured transition finance themes such as the Baku-to-Belem roadmap.</li> </ul>	
Chapter 6	<ul style="list-style-type: none"> <li>• <b>Strategic and catalytic deployment of UK grant funding</b> for the transition of emerging markets and developing economies (EMDE).</li> </ul>	<ul style="list-style-type: none"> <li>• British International Investment (BII) launched a new £100m Mobilisation Facility with dedicated concessional funding from FCDO. In partnership with Mercer, it ran a call for proposals from institutional investors, for up to £50M under the Facility to de-risk climate projects in emerging markets and mobilise private capital. Blue Orchard Finance Ltd was selected as the first winner of this process with others to be announced.<sup>45</sup></li> <li>• EMDE Investor Taskforce established in May 2025 to convene major financial institutions to address investment barriers.</li> <li>• BII and South Africa’s FirstRand group announced a \$150 million financing facility to accelerate Transition Finance projects across Africa with BII providing both capital and technical assistance to establish FirstRand’s Transition Finance framework and practices.<sup>46</sup></li> <li>• UKEF launched two new financing products (Critical Goods Export Development Guarantee and Critical Goods EDG) to strengthen UK and overseas critical minerals supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>• Once a strategic workplan is in place, the government should support engagement internationally in relation to the Council’s Transition Finance Guidelines to encourage inputs to enable EMDE application.</li> <li>• The Government should commit to support and promote emerging market participants to issue transition finance in London and make this a focus of the UK’s investor concierge service and the FCDOs overseas network of trade envoys.</li> <li>• The Council should potentially explore options around transition labelled financial instruments.</li> <li>• Reinforce London’s role as a trusted hub for global transition capital by supporting transition issuance from emerging markets into the UK.</li> <li>• Explore new financing platforms, such as re-financing and securitisation facilities to recycle capital into new projects and attract a broader pool of investors. The UK Government to build on the success of the BII Mobilisation Facility by continuing to fund off balance sheet concessional finance in BII’s next five-year strategy (2026-31). It should continue its support for mechanisms such as BII Plus that deploy Technical Assistance for project preparation, development of private sector transition plans, and other interventions to support nascent climate technologies and business models.</li> <li>• The EMDE Investor Taskforce continues to convene major financial institutions to address barriers to sustainable investment. Across 2026, the Taskforce will focus on five distinct but complementary areas: asset owner mobilisation, products and tools. Data compilation and usage, credit ratings and regulation policy.</li> <li>• UKEF to continue to progress scoping of an untied finance offer in overseas markets.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>International advocacy and diplomacy</b> supporting the development of jurisdictional pathways and planning, and improvements to the international financial architecture which allows greater blended finance support for EMDEs</li> </ul>	<ul style="list-style-type: none"> <li>• London Coalition on Sustainable Sovereign Debt launched to improve sovereign debt sustainability in developing economies.</li> <li>• Government supported a new bond structure via the Climate Investment Funds (CIF), issuing bonds backed by multi-development bank loan repayments through the London Stock Exchange, known as the CIF Capital Market Mechanism. The first bond was issued in January 2025 and was x6 oversubscribed.</li> <li>• At COP30, the UK and Brazil launched key deliverables for the Global Clean Power Alliance’s finance mission, including a global <a href="#">Roadmap for High Quality Energy Investment Planning</a> to help countries mobilise private finance behind their clean energy transitions. Clean energy action plans were also launched with the Caribbean, Chile, Colombia, Mozambique and the African Union.</li> <li>• The UK continues to be a major donor to the NDC Partnership, supporting EMDEs to develop and implement ambitious NDCs. The UK supported the development of over 50 NDCs in EMDEs in 2025 and will now focus on capacity building efforts to support implementation.</li> </ul>	

<sup>44</sup> FCA, 2025. [Policy Statement PS25/9](#)

<sup>45</sup> Impact Investor, 2024. [BII partners with Mercer to boost climate finance in emerging economies](#)

<sup>46</sup> <https://www.bii.co.uk/en/news-insight/news/british-international-investment-and-firstrand-advance-transition-finance-across-africa-with-150-million-facility/>

	Key recommendations	Progress since TFMR publication	Opportunities for further progress
Chapter 7	<ul style="list-style-type: none"> <li>Establishment of a <b>Transition Finance Council</b>, based in the City of London Corporation, which ensures delivery of the Review's recommendations and supports <b>communication</b> and cross-market <b>collaboration</b>.</li> </ul>	<ul style="list-style-type: none"> <li>Government and the City of London Corporation co-launched the Council in February 2025, committing to twice-yearly reporting on progress against the TFMR recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>The TFC will continue to progress work in year two of its existence, with a focus on internationally promoting and road testing the Transition Finance Guidelines. As the TFC's mandate is set to expire in March 2027, it will also work to find permanent homes for the outputs produced by it this year.</li> </ul>
	<ul style="list-style-type: none"> <li>Government should convene working groups, supported by the Transition Finance Council, market, regulators and key education providers to assess the critical skills gaps across organisations and develop proposals to fill those gaps.</li> </ul>	<ul style="list-style-type: none"> <li>Throughout 2025, the EMDE Investor Taskforce began drafting for an 'Asset Owner Toolkit', primed for publication in 2026 and addressing the skills gap across organisations, specifically on EMDE investment.</li> </ul>	<ul style="list-style-type: none"> <li>As part of clarifying and promoting links between UK Pension Fund trustees' fiduciary duties and scaling transition finance flows, Government should take steps to improve the knowledge of trustees and their advisers, as well as provide tools and guidance to help them make use of the additional flexibility. (See the TFC's Policy Brief 1 for more detail).<sup>47</sup></li> </ul>

<sup>47</sup> Transition Finance Council (2026), *Scaling Transition Finance, Recommended policy briefs for scaling transition finance flows in the UK*.

Transition  
Finance  
Council



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### **About the City of London Corporation:**

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