



Transition
Finance
Council



THE
GLOBAL
CITY

Transition Finance Council: Mid-year Progress Report

15 September 2025

Contents

Foreword	3
Executive summary	4
1. Introduction	5
1.1 Background and purpose	6
1.2 Our theory of change	8
1.3 Measuring the impact	9
1.4 Structure of this progress report	9
2. Progress made by the Transition Finance Council	10
2.1 Overview	11
2.2 Events and engagements	12
2.3 Council publications	13
2.4 Next steps	14
3. Progress against the TFMR roadmap	15
3.1 Overview	16
3.2 Progress highlights	16
3.3 Summary table	17
4. Global transition finance outlook	20
4.1 International progress	21
4.2 The Council's international engagement	21
4.3 Securing a leadership role for the UK in global transition finance	22
Conclusion	23
Acknowledgements	24
Appendix one – How Council publications support the transition planning ecosystem	25
Appendix two – Global approaches that support transition finance	27
Endnotes	28



Foreword



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

The world is at a defining moment in the race to net zero. The economic opportunity is huge. Net zero sectors in the UK are already growing three times faster than the overall economy.¹ Transition finance – investment that helps high-emitting industries move onto credible decarbonisation paths – is not just about reducing emissions. Done right, it can drive growth, create high-value jobs, stimulate innovation, and strengthen the UK as a global financial leader.

Around the world, countries are moving with pace and purpose, and the UK has a unique opportunity to lead. Last year, global temperatures temporarily exceeded the 1.5°C threshold agreed in the Paris Agreement - a stark reminder of what's at stake, and a call to accelerate transition solutions. Our choices now will shape the resilience of our economies, infrastructure, and communities for decades to come.

Against this backdrop, the UK has much to gain by acting boldly, collaborating effectively, and driving transition finance with credibility and dynamism. The Transition Finance Council is taking practical steps to make the UK the place to raise transition finance. Our three Working Groups – on credibility, sectoral planning, and scaling finance – bring together voices from across the economy to build a UK transition finance market that is open, investable, and internationally aligned.

This report offers a snapshot of the Council's first six months: what we've achieved, the lessons we've learned, and the path ahead. It is a reminder that this is a critical moment, not just for the UK, but for global

efforts to mobilise finance for emerging markets and beyond. The UK has the right foundations to lead – but it must pair financial leadership with decisive government action to seize the opportunity and stay competitive.

The response to the Council's work so far has been very positive. We have seen strong engagement from industry and civil society, both in the UK and internationally. People understand what's at stake – and they are ready to act. We are grateful for the dedication of everyone who has contributed to the Council's work so far, and the support of the UK Government. Thank you to all our members and collaborators for your energy and commitment.



Executive summary

The Transition Finance Council (the Council), established in February 2025, brings together over 80 senior leaders from finance, industry, policy, academia, 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.

Globally, transition finance is growing, but challenges remain, particularly in emerging markets and developing economies. The Council is advancing UK leadership through globally applicable guidelines, partnerships, and capacity-building, reinforcing London as a trusted hub for transition capital.

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

- Hosting 4 Strategic Steering Group meetings, 15 Working Group meetings, and 20 stakeholder workshops.
- Publishing 4 key outputs, including draft *Transition Finance Guidelines* for consultation and a *Playbook* for scaling transition finance through sector transition plans.
- Engaging with over 100 domestic and international organisations and playing a prominent role at London Climate Action Week.

This mid-year report provides an overview of progress made by the Council, progress by UK stakeholders against the Transition Finance Market Review (TFMR)² roadmap, and an outlook on global transition finance. It underscores the need for bold, coordinated action to seize opportunities for growth, innovation, and increased finance flows for the transition.

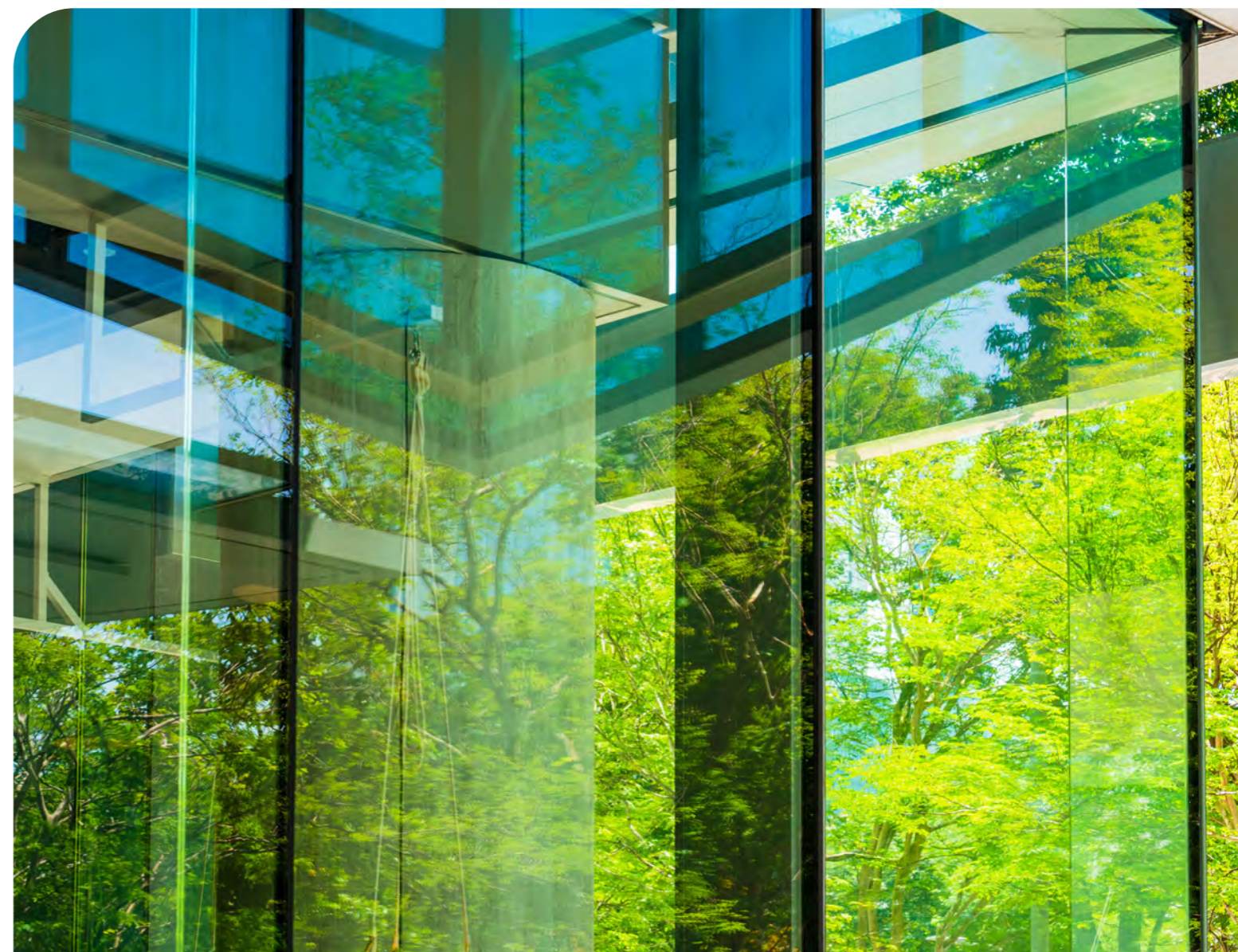
The Council has identified three key opportunities for the UK Government to consider, that would support the development of a world-leading transition finance market.

- 1. Scale transition planning across the economy** by (i) setting out a pathway to widespread and credible transition planning, vital to deliver climate goals, unlock sustainable growth, and manage systemic risks, and (ii) reinforcing the role of robust sector transition plans with comprehensive investment planning in the Government's upcoming Carbon Budget Delivery and Growth Plan.
- 2. Unlock capital through collaborative innovation and strategic public investment** by (i) aligning the mandates and activities of public finance institutions to support the development of investable transition finance markets and de-risk private capital, (ii) engaging the finance sector early to design market solutions, and (iii) establishing a clear feedback loop between transition finance pilots and policymaking.
- 3. Create a better user journey for businesses and investors** by (i) creating a single digital gateway to all Government support, incentives, and funding programmes, with a database of investable projects, and (ii) continuing work to develop and support adoption of a digital solution for small and medium-sized enterprise (SME) sustainability data capture.

Looking ahead, the Council will build on its first six months through continued engagement, publications, and key milestones, including our Spring Showcase.

“The Council aims to utilise the UK’s existing strengths in financial services to make it the best place in the world to raise private capital to fund the global transition in infrastructure, markets and technology to support a net-zero future.”

– **Chris Hayward**, Policy Chairman, City of London Corporation



1. Introduction



1.1 Background and purpose

The Transition Finance Council (the Council) was co-launched in February 2025 by the UK Government and the City of London Corporation to drive forward the recommendations of the TFMR 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 Rt Hon Lord Alok Sharma KCMG, and Deputy Chair Councillor Irem Yerdelen, Lead Member for Sustainable Finance at the City of London Corporation.

“The overwhelming interest in and support for the Council’s work gives me real hope. From the remarkable number of applications to join our Working Groups, to the proactive engagement from UK and international industry leaders, there is clear momentum to scale credible transition finance for real-world impact.”

– **Faith Ward MBE**,
Chair of the Council’s Scaling
Transition Finance Working Group

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

The Transition Finance Council as market convenor

- 80+ leaders from finance, industry, policy, and civil society, representing 40+ institutions
- Spanning banks, insurers, asset managers, asset owners, rating agencies, and private equity
- Including leading voices from academia, NGOs, and standard-setters
- Endorsed by the Rt Hon Rachel Reeves MP (Chancellor of the Exchequer), and sponsored by Ministers from HM Treasury, and the Department of Energy Security and Net Zero



As a global financial centre, the UK has a unique opportunity to shape international standards, attract capital, and deploy it where it's needed most. Done well, this will drive down future costs for consumers,* create skilled jobs across the country,⁴ and put the UK at the forefront of a \$7.5 trillion global investment opportunity (per year between now and 2030).⁵ By combining global ambition with technical rigour and practical collaboration, the Council is building a trusted, scalable transition finance ecosystem that supports both economic growth and real-world decarbonisation, at home and abroad.

The Council exists to help the UK lead the next industrial revolution – making low-carbon industry the norm. Transition finance is critical to achieving this – it refers to financial tools and investments that help businesses, especially in high-emitting sectors, shift onto credible pathways to net zero. This goes beyond financing established clean technologies like wind and solar, focusing instead on finance for next-gen solutions such as hydrogen or low-carbon steel, and ensuring that British businesses and communities thrive.

“Transition is not just the right thing to do for the planet – it makes commercial sense. Investing in low-carbon solutions to decarbonise operations over time opens new markets, drives efficiency, and strengthens resilience for the long-term.”

- Mani Atwal, CFO, Associated British Ports

CASE STUDY 1

Decarbonising packaging through next-generation materials with transition finance: Pulpex Ltd⁶



Pulpex Ltd is a sustainable packaging technology company founded in 2020 as a collaboration between Diageo and Pilot Lite. In February 2025, Pulpex secured £62 million in funding to scale its plastic-free, fibre-based bottle technology. The round was led by the National Wealth Fund, which invested £43.5 million, and included £10 million from the Scottish National Investment Bank, alongside existing investors.

This investment will fund the construction of Pulpex's first commercial-scale manufacturing facility near Glasgow, capable of producing 50 million bottles annually. Made from sustainably sourced wood pulp, the bottles are recyclable via standard household paper streams. Life Cycle Assessment shows Pulpex bottles generate 40–70% fewer emissions than conventional plastic bottles (33 CL), supporting packaging sector transition.

Following successful demonstration at the Scotland facility, wider adoption by third-party manufacturers is expected to deliver over 870 ktCO₂e in emissions savings over the lifetime of installed capacity during the National Wealth Fund's holding period, as well as reducing plastic waste. The facility will also create over 35 permanent jobs and support 50 additional roles.

This investment exemplifies transition finance accelerating industrial decarbonisation in product streams that have historically utilised fossil-fuel based materials like plastics, supporting the UK's Net Zero ambitions while aiding regional economic development.



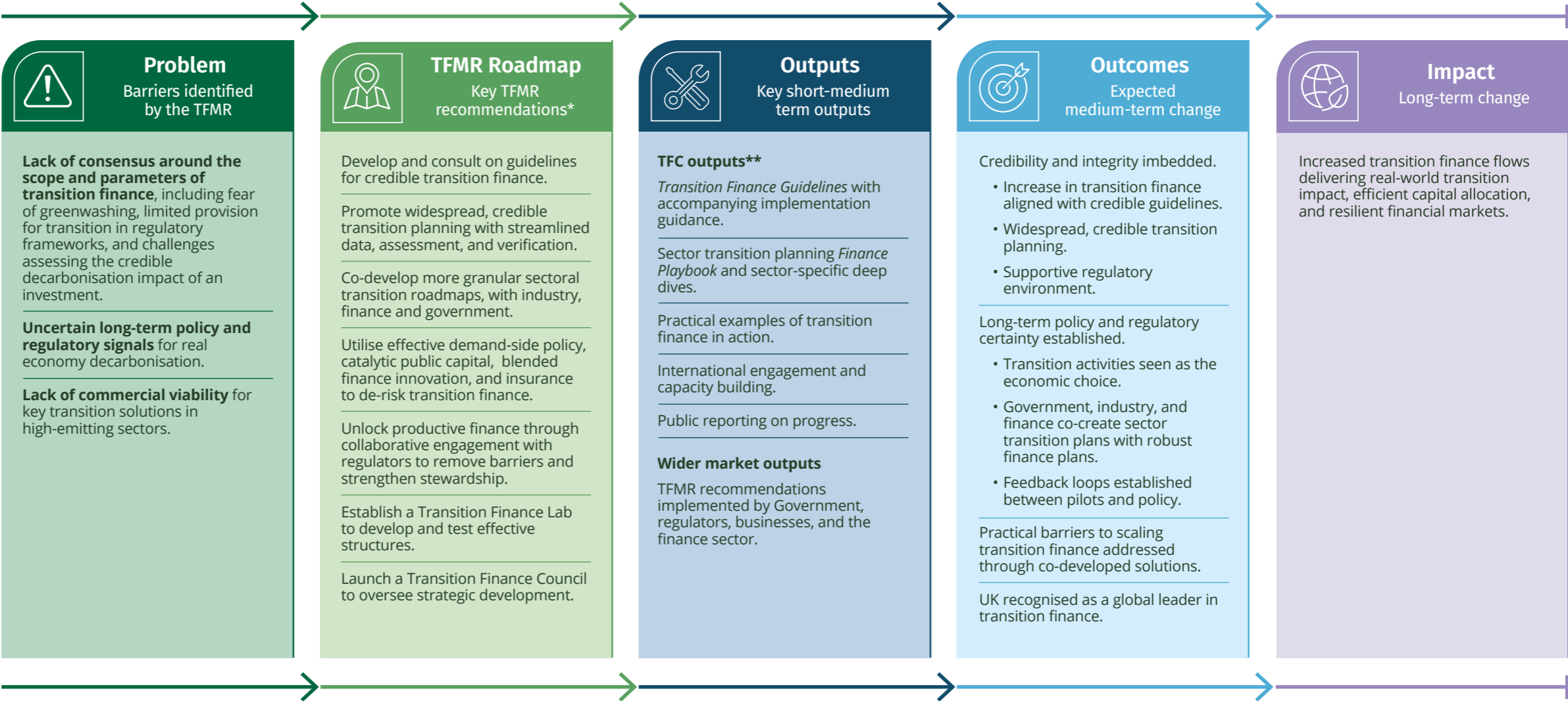
*According to the UK's Climate Change Committee, continuous innovation has resulted in substantial cost reductions across renewable energy, electric vehicles, and heat pumps, helping to achieve net-zero targets more efficiently and driving down costs for consumers in the process.³

1.2 Our theory of change

Delivering a trusted and effective transition finance market requires action across multiple fronts – from building market credibility to unlocking real-economy investment. The Council’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.

Our work focuses on three strands: building market credibility and integrity; embedding finance into supportive sectoral policy; and scaling innovative finance structures for transition activities and transitioning entities. Our efforts ultimately aim to increase transition finance flows for real-world transition. We cannot do it alone, and a supportive policy and regulatory environment is essential to achieving this long-term ambition.

Scaling transition finance: Theory of change



*Progress against the TFMR recommendations discussed in section 3
**TFC outputs discussed in section 2

1.3 Measuring the impact

Robust data is critical to understanding progress in scaling transition finance for real-world outcomes. Yet today, there is no consistent way to measure transition finance flows globally. Gaps in definitions, data, and methodology continue to hinder a clear picture of progress.

To begin addressing this, the Council – supported by EY – undertook a review of available data sources. The review found that no dataset fully captures the breadth of transition finance under the Council’s working definition, with BloombergNEF (BNEF) identified as the most comprehensive and closely aligned proxy.

According to BNEF, UK energy transition investment reached US\$65 billion in 2024, ranking fourth globally, with total global investment growing 11% year-on-year to US\$2.1 trillion.⁷ Although likely understating the full scope of transition finance – with areas such as agriculture, waste, and general-purpose finance for transitioning entities not fully captured – these figures nonetheless demonstrate positive strides and a clear long-term growth trajectory. Work is now underway to explore how these gaps can be addressed.

“Rationalising regulation shouldn’t mean watering down UK sustainability requirements. Designed thoughtfully, sustainability rules (including on disclosure) prompt inclusion of climate and material sustainability issues in business planning. We need them if we want to compete as a market hub for green and transition finance and to drive our own sustainable growth.”

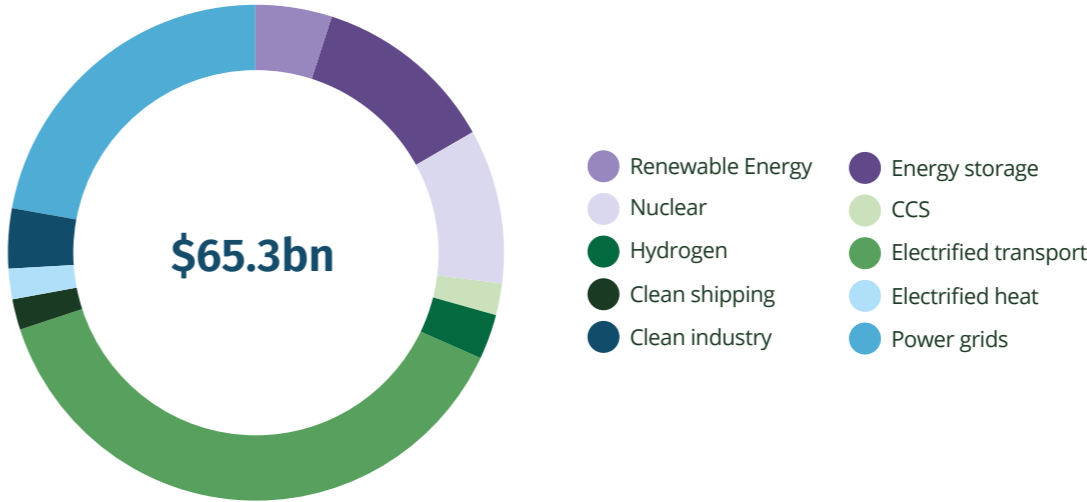
- Vanessa Havard Williams OBE, Chair of the Council’s Credibility and Integrity Working Group

1.4 Structure of this progress report

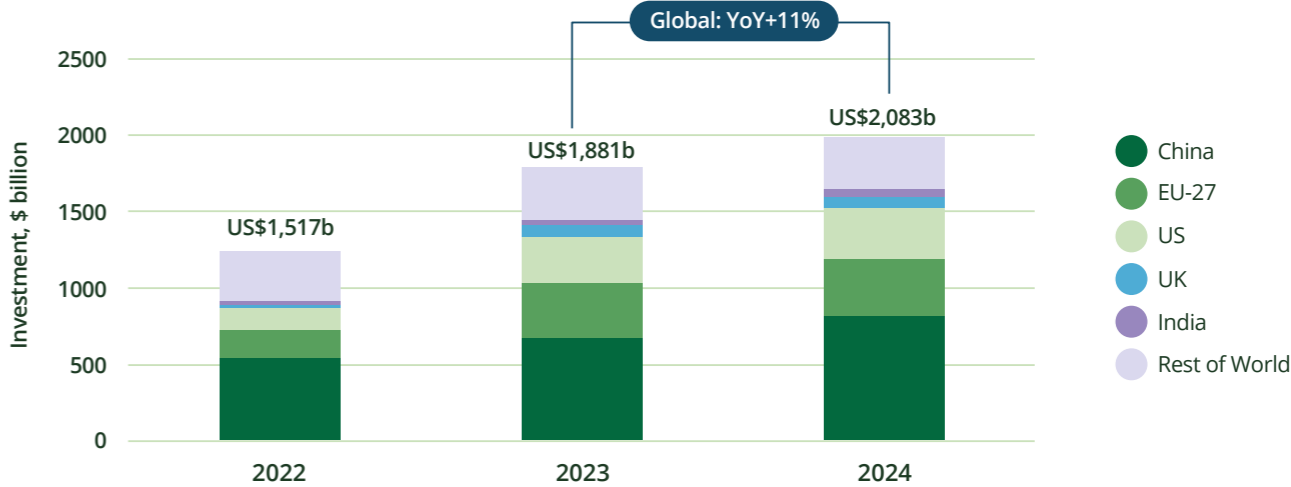
This report highlights the progress made by the Council, and also wider market stakeholders aiming to scale transition finance. There are three core sections:

- Progress made by the Transition Finance Council:** This section provides an overview of the key activities delivered by the Council in the past six months, and the progress made in delivering the outputs identified in the theory of change.
- Progress made against the TFMR roadmap:** This section showcases the progress made by UK stakeholders in implementing the TFMR roadmap, including the Council, UK Government, Financial Conduct Authority (FCA), Bank of England, Net Zero Council and market participants.
- Global transition finance outlook:** This section provides an overview of international progress and how the Council and UK market stakeholders can engage internationally, to promote the UK as a global leader in transition finance.

UK energy transition investments 2024



Annual global energy transition investment by country



Source: BloombergNEF, Energy Transition Investment Trends 2025

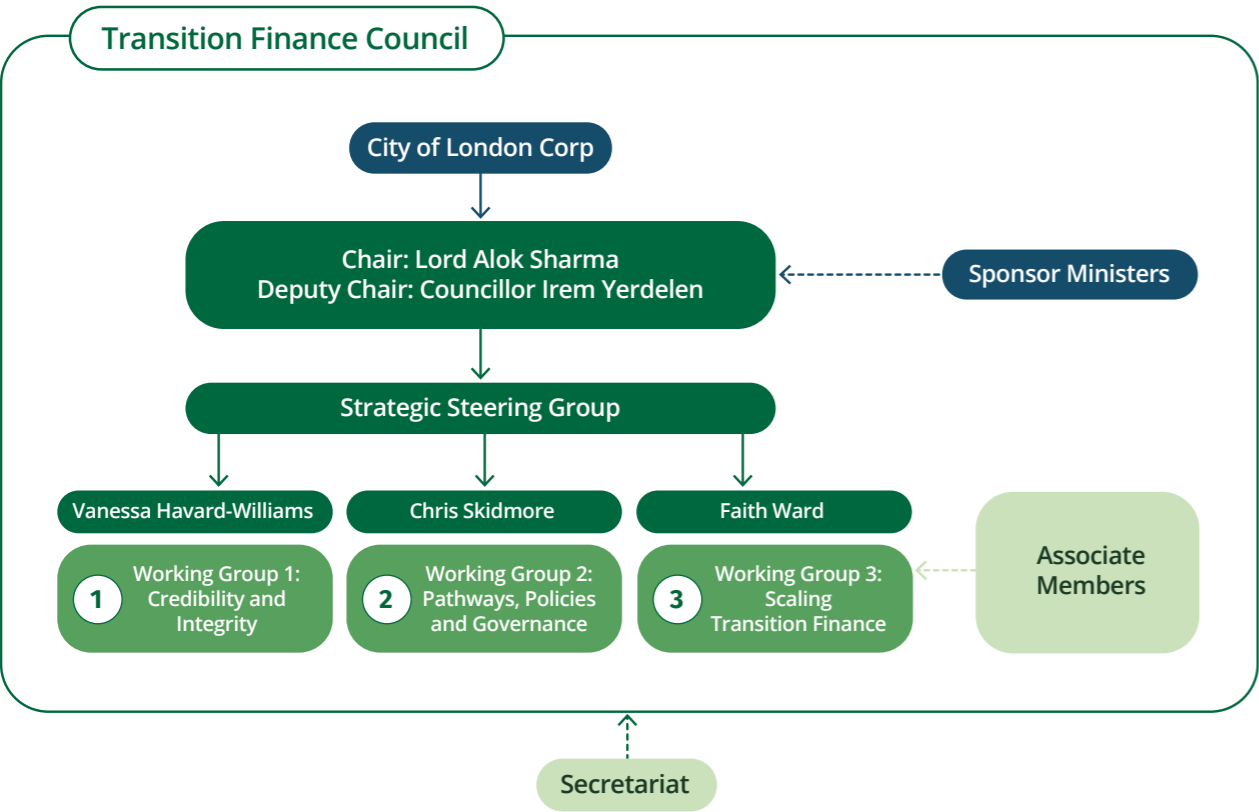
2. Progress made by the Transition Finance Council



2.1 Overview

The Council held its official launch at the Guildhall in February 2025, just four months after the publication of the TFMR. Joined by then Economic Secretary to the Treasury and City Minister, Emma Reynolds MP, and over 100 senior leaders from finance, industry, government, and civil society, the event set the tone for the months ahead – practical, collaborative, and ambitious.

The Council’s structure was unveiled on the day, with a Strategic Steering Group of senior industry leaders, and three Working Groups formed by technical experts to drive forward the Council’s ambitious programme of work. The Secretariat team ensures the smooth functioning of the Council and enables delivery of its outputs, while Associate Members champion the Council’s work and contribute valuable input where needed.*



*The Council’s leadership composition and Terms of Reference can be found on our website: [Transition Finance Council: leadership and structure](#)
**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*.

Since its launch, the Council has hit the ground running – delivering a packed programme of meetings, workshops, publications, and international engagement in its first six months, and tracking ahead of its initial workplan.

Six months in numbers



“I want to thank the many industry leaders who have engaged so openly in shaping our work on sector transition planning. Your insights, case studies, and constructive challenge have been invaluable in ensuring our Playbook reflects real-world needs and opportunities.”

- Rt Hon Chris Skidmore, Chair of the Council’s Pathways, Policies, and Governance Working Group



From left to right: Irem Yerdelen (Council Deputy Chair), Emma Reynolds MP (then Economic Secretary to the Treasury and City Minister), Lord Sharma (Council Chair)



Lord Sharma, Council Chair, making his address at the Council launch, February 2025



The Council’s first Strategic Steering Group meeting, February 2025

2.2 Events and engagements

The Council 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).

London Climate Action Week (LCAW)

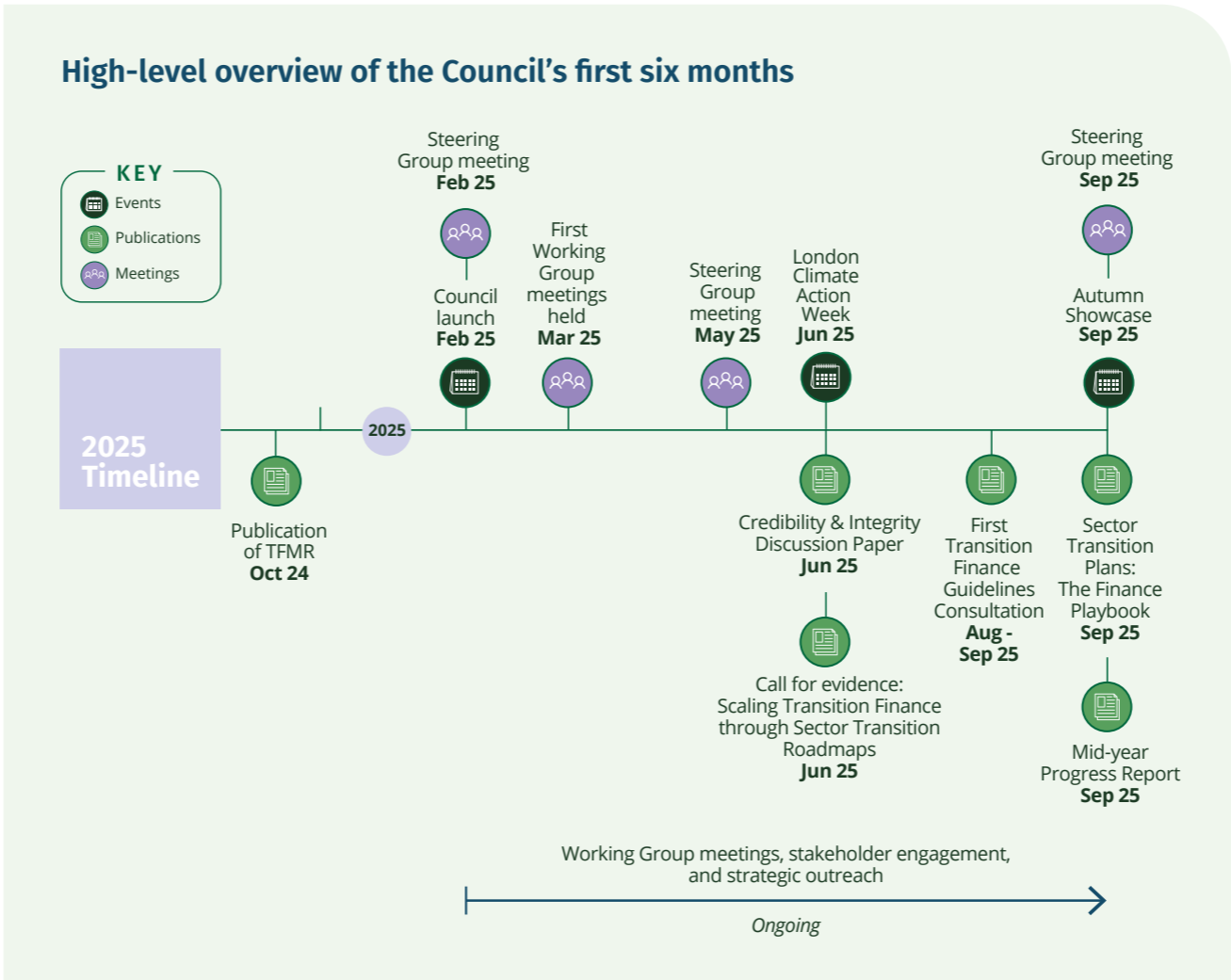
London Climate Action Week (21-29 June 2025) provided a high-profile platform for the Council to showcase its work, shape dialogue on credible transition finance, and engage with international partners. Alongside the publication of two major outputs, the Council welcomed the UK transition planning consultation, and consultations on sustainability reporting standards and assurance.

International engagement is discussed further in section 4.

London Climate Action Week highlights

- Council leaders participated in the City of London's Net Zero Delivery Summit, including moderating a transition finance panel.*
- Our sector transition planning *Call for Evidence* was launched at a meeting of the UK Clean Power Taskforce.
- Our Working Group chairs hosted a workshop gathering international input on our credibility and integrity *Discussion Paper*.
- Council members participated at international events on sustainability, transition finance, transition planning, and climate finance.

*See video recordings from the Summit [here](#).



London Climate Action Week 2025 was the largest to date, with the city hosting over

700 events
throughout
the week.



First meeting of Working Group 2, March 2025



Transition Finance Council workshop during LCAW, June 2025



Lord Sharma, Council Chair, hosting a transition finance panel at the City of London's Net Zero Delivery Summit during LCAW, June 2025

2.3 Council publications

The Council has already delivered a series of publications developed collaboratively with industry, finance, policymakers, and civil society. In total there are five Council publications, including this mid-year report. Aligned with our broader mission, they are designed to guide market practice, inform policy, and help unlock investment for real-economy emissions reductions. Appendix one provides further detail on how these publications fit into the wider transition planning ecosystem, including their role in supporting interoperability across frameworks and initiatives.

Transition Finance Council publications

Establishing credibility and integrity in transition finance⁸
June, 2025

This *Discussion Paper* marked the first output of the Council's work to define and embed credibility and integrity in transition finance. It explored core principles to guide market practices and guard against greenwashing risks.

Call for evidence: Scaling transition finance through sectoral transition roadmaps⁹
June, 2025

This *Call for Evidence*, developed in collaboration with the Net Zero Council, sought views from high-emitting sectors and climate solution providers on how sectoral transition plans can unlock finance and support real-economy decarbonisation.

Transition Finance Guidelines consultation¹⁰
August, 2025

This consultation presented draft *Guidelines* establishing a common baseline for credible transition finance at the entity-level. The voluntary framework is designed to be flexible, proportionate, and adaptable across different types of finance and regions, aiming to help unlock capital for transitioning businesses while aligning with international standards.* A second consultation will follow later in 2025.

Sector transition plans: The Finance Playbook¹¹
September, 2025

Published alongside this progress report, the *Playbook* offers practical guidance on integrating robust finance plans within sector transition plans and technology scale-up roadmaps. Developed alongside the Net Zero Council, it is designed to help government, industry, and finance work together to develop actionable plans that unlock investment in high-emitting sectors.

*The *Guidelines* focus on finance applied to entities that are transitioning (as opposed to finance extended to a specific project or activity). The second consultation, which will be updated to reflect feedback and additional guidance, is expected to be published in November 2025.

2.4 Next steps

Looking ahead, the Council will build on its first six months, advancing both outputs and engagement across the market. Council leaders will continue to amplify key messages and materials at international events such as Climate Week NYC and COP30, alongside our Spring Showcase. Four further publications are also planned:

- A second consultation on the *Transition Finance Guidelines*
- Deep-dive sector transition plans which, drawing from the *Playbook*, address the finance case for:
 - Long-duration energy storage
 - Cement
- Updated *Transition Finance Guidelines* with implementation guidance.

These publications will be complemented by ongoing engagement – including Working Group and Steering Group meetings, industry and stakeholder workshops, and the collection of case studies – ensuring that the Council's work stays practical and responsive to market needs.

“There is already a market for investing in green technologies, but scaling finance to transition the wider economy is where the real impact – and business opportunity – lies.”

- Jonathan Dunn, Head of Climate, Anglo American



3. Progress against the TFMR roadmap



3.1 Overview

As set out in the 2023 Green Finance Strategy, the previous Government commissioned the TFMR to support the scaling of transition-focused capital raising and maximise opportunities for UK-based financial and professional services.¹² While much of the financial architecture to support the transition already exists, delivering at pace requires clear leadership and coordinated action across government, businesses, and the finance sector.

The TFMR, published in October 2024, highlighted that finance ultimately responds to the direction set by government through policy, regulation, and public investment. A whole-of-government, economy-wide approach is needed to align market signals, address systemic barriers, and mobilise private finance. The UK has the right foundations to lead – but must act decisively to stay competitive and seize the opportunity.

TFMR engagement and reach

Scaling Transition Finance: Findings of the Transition Finance Market Review has gained:

Over

6,600

views on the Global City website

Around

2,800

downloads



More than

60

pieces of media coverage, including written news, articles, radio and podcasts

3.2 Progress highlights

There has been encouraging collective progress across government, business, and finance in responding to the TFMR's recommendations. The UK Government's ongoing partnership with the Council, reaffirmed in the Chancellor's Mansion House speech and the Financial Services Growth and Competitiveness Strategy,¹³ reflects growing recognition of transition finance as central to the UK's global financial leadership.

“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 Exchequer¹⁴

Selected UK highlights

- The UK Government and the City of London co-launched the Transition Finance Council, announced in the Chancellor's 2024 Mansion House Speech.¹⁵
- The UK Government relaunched the Net Zero Council with the remit to develop sector transition plans in partnership with industry.¹⁶
- New consultations were launched by the Government on transition planning, sustainability reporting standards, and assurance.*
- The FCA confirmed that information on issuers' transition plans, when disclosed in a prospectus, can be designated as protected forward-looking statements, providing greater clarity and facilitating more open disclosures on transition ambition.
- The FCA, in partnership with the Prudential Regulation Authority (PRA) and Green Finance Institute (GFI) is spearheading a Transition Finance Pilot as an innovative way to engage the market on practical matters relating to scaling transition finance.
- The UK Government launched the EMDE Investor Taskforce with a dedicated focus on unlocking private investment for

- the transition across emerging markets and developing economies (EMDEs).¹⁸

 - The National Wealth Fund was launched with additional capital and risk appetite. Recent examples include deploying £50m in a new battery storage transaction with Asterion,¹⁹ backing Sizewell C construction with a term loan of up to £36.6bn,²⁰ and – through a partnership with UK Export Finance – securing more than £1bn for Nissan's Sunderland Gigafactory.²¹
 - Recent real economy policy developments include: the reinstatement of electric vehicle incentives, changes to heat pump rules, and the extension of Contracts for Difference, with strong delivery in allocation rounds AR6 and AR7 already in progress. These provide clear signals to the market and are an essential complement to regulatory efforts in the financial sector.
 - The number of UK banks publishing transition finance frameworks continues to grow, drawing on the TFMR guidance.**

* The UK Government also consulted on the use cases for a Green Taxonomy and ultimately signalled that this would not be pursued in the near term, providing clarity to investors.¹⁷

** Most recently NatWest published a new 2030 target and associated framework, directly referencing the TFMR guidance and a desire to align with emerging market practices.²²

3.3 Summary table

The following table provides a snapshot of progress against the TFMR’s key recommendations to date. It highlights a number of steps that have been taken since the TFMR’s publication in October 2024 across government, industry, and the finance sector in support of scaling transition finance and a number of priority areas for further progress.




























KEY






 Government and regulators

 Corporates

 Financial & professional services

***Progress** provides a qualitative assessment of how fully the recommendation has been implemented since the TFMR, towards the level that would be required from the UK as a mature global transition finance hub.






	Key recommendations	Responsibility of	Progress*	Progress since TFMR publication	Opportunities for further progress																									
Chapter 1	Defining the scope of transition finance																													
	<ul style="list-style-type: none">Promoting a dynamic and pragmatic understanding of transition finance - responsive to jurisdictional, sectoral, and entity-specific context.The Review presents a <i>Transition Finance Classification System</i> to support readers in understanding the ‘transition activities’ and ‘transitioning entities’ that could be considered in scope for transition finance classification.	  	<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">The Council has developed use cases for transition finance classification at entity-level as part of its <i>Transition Finance Guidelines</i>.	<ul style="list-style-type: none">Government, UK public finance institutions, and industry should participate in and promote the Council's second consultation on the entity-level <i>Transition Finance Guidelines</i> internationally including at COP30, and encourage alignment on a global benchmark for credible transition finance.The Council will update the entity-level <i>Guidelines</i> for publication in March 2026.Financial institutions should engage with and apply the <i>Guidelines</i> when developing their own approaches to transition finance.																									
	<ul style="list-style-type: none">Developing and embedding the <i>Guidelines for Credible Transition Finance</i> set out by the Review which present a voluntary, principles-based framework to support institutions in developing their own transition finance frameworks.	  	<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">The Council has published draft entity-level <i>Transition Finance Guidelines</i> for consultation.		Chapter 2	Pathways and policy					<ul style="list-style-type: none">More granular national and sectoral pathways and planning, developed in partnership with industry, via a reinstated <i>Net Zero Council</i>, and communicated in a way that provides confidence and certainty to issuers and investors.	  	<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">The Net Zero Council has been relaunched and agreed a statement of collaboration with the Transition Finance Council outlining complementary roles within the transition planning ecosystem.²³The Council has published a <i>Playbook</i> on unlocking transition finance through sector transition plans.²⁴	<ul style="list-style-type: none">Government should use the upcoming Carbon Budget Delivery and Growth Plan to highlight the important role of sector transition plans in scaling transition finance, and commit to co-creation and embedding these plans in national strategy.Industry should co-create and use sector plans to shape their transition plans.	<ul style="list-style-type: none">Macro policy levers, including subsidies, incentives, carbon pricing, and prudential policy, all tilting towards transition.	  	<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">Some progress made on macroeconomic levers including introduction of the carbon border adjustment mechanism (CBAM).	<ul style="list-style-type: none">Government should continue to expand the scope and ambition of the UK Emissions Trading Scheme.A more comprehensive economy-wide tilt would mean aligning a broader set of macroeconomic policy tools – such as subsidy regimes, tax treatment, public procurement, and prudential regulation – with transition objectives, making transition-aligned investment the economic choice.The European Central Bank’s forthcoming integration of a climate risk factor into its corporate bond collateral framework is the type of systemic approach the UK could consider.	Chapter 3	Scaling finance for transition activities					<ul style="list-style-type: none">Catalytic capital and blended finance which targets specific sectoral market failures, embedded within a streamlined landscape of public finance institutions.	  	<div><div></div><div></div><div></div><div></div><div></div></div>
Chapter 2	Pathways and policy																													
	<ul style="list-style-type: none">More granular national and sectoral pathways and planning, developed in partnership with industry, via a reinstated <i>Net Zero Council</i>, and communicated in a way that provides confidence and certainty to issuers and investors.	  	<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">The Net Zero Council has been relaunched and agreed a statement of collaboration with the Transition Finance Council outlining complementary roles within the transition planning ecosystem.²³The Council has published a <i>Playbook</i> on unlocking transition finance through sector transition plans.²⁴	<ul style="list-style-type: none">Government should use the upcoming Carbon Budget Delivery and Growth Plan to highlight the important role of sector transition plans in scaling transition finance, and commit to co-creation and embedding these plans in national strategy.Industry should co-create and use sector plans to shape their transition plans.																									
	<ul style="list-style-type: none">Macro policy levers, including subsidies, incentives, carbon pricing, and prudential policy, all tilting towards transition.	  	<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">Some progress made on macroeconomic levers including introduction of the carbon border adjustment mechanism (CBAM).	<ul style="list-style-type: none">Government should continue to expand the scope and ambition of the UK Emissions Trading Scheme.A more comprehensive economy-wide tilt would mean aligning a broader set of macroeconomic policy tools – such as subsidy regimes, tax treatment, public procurement, and prudential regulation – with transition objectives, making transition-aligned investment the economic choice.The European Central Bank’s forthcoming integration of a climate risk factor into its corporate bond collateral framework is the type of systemic approach the UK could consider.	Chapter 3	Scaling finance for transition activities					<ul style="list-style-type: none">Catalytic capital and blended finance which targets specific sectoral market failures, embedded within a streamlined landscape of public finance institutions.	  	<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">Foundational infrastructure in place (National Wealth Fund, GB Energy, creation of Strategic Public Investment Forum, Net Zero Blended Finance Project, UK Export Finance and British Business Bank capacity increase), but evidence of overall coherence and avoidance of the ‘valley of death’ for transition solutions remains limited to date.	<ul style="list-style-type: none">Deployment of Strategic Public Investment Forum to support greater collaboration across Government and public finance institutions, enabling these and industry to work together to design investable solutions, pilot new approaches, address first-mover risks, and ensure feedback loops enable rapid learning and adaptation.Government should create clear channels for investors and businesses to navigate government support and identify viable projects.														
Chapter 3	Scaling finance for transition activities																													
	<ul style="list-style-type: none">Catalytic capital and blended finance which targets specific sectoral market failures, embedded within a streamlined landscape of public finance institutions.	  	<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">Foundational infrastructure in place (National Wealth Fund, GB Energy, creation of Strategic Public Investment Forum, Net Zero Blended Finance Project, UK Export Finance and British Business Bank capacity increase), but evidence of overall coherence and avoidance of the ‘valley of death’ for transition solutions remains limited to date.	<ul style="list-style-type: none">Deployment of Strategic Public Investment Forum to support greater collaboration across Government and public finance institutions, enabling these and industry to work together to design investable solutions, pilot new approaches, address first-mover risks, and ensure feedback loops enable rapid learning and adaptation.Government should create clear channels for investors and businesses to navigate government support and identify viable projects.																									

	Key recommendations	Responsibility of	Progress*	Progress since TFMR publication	Opportunities for further progress
Chapter 3	<ul style="list-style-type: none">Establishing a Transition Finance Lab, 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.		<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">The Government has decided not to take forward the Transition Finance Lab at this stage, instead pursuing its objectives through collaborative work with the GFI and other measures which are set out in the Financial Services Growth and Competitiveness Strategy and include the Net Zero Blended Finance Project, Strategic Public Investment Forum, and Transition Finance Pilot.²⁵The London School of Economics and Political Science (LSE) has launched a practical Blended Finance Lab.²⁶	<ul style="list-style-type: none">The Council views leveraging private sector expertise, coordinating across government, and targeting first-mover risks as critical, and stands ready to support alternative measures that the Government has laid out for the Transition Finance Lab and highlight where further progress is needed.
	<ul style="list-style-type: none">Improving the commercial viability of transition activities through all available levers, including insurance solutions and demand incentivisation and aggregation.		<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">Some progress on demand incentivisation, e.g. Sustainable aviation fuel (SAF) mandate, and consultation on ‘Growing the market for low carbon industrial products’.	<ul style="list-style-type: none">Product standards would be more impactful if combined with incentives / disincentives.Demand-side policy can be further addressed through sector transition planning.Insurers should be consulted as part of alternative measures to the Transition Finance Lab, to embed sectoral risk expertise.
Chapter 4	Scaling finance for transitioning entities				
	<ul style="list-style-type: none">Interventions needed to achieve widespread transition planning, and the development of a suitable ecosystem to support the assessment and verification of transition plans, with access to effective data and ratings		<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">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 planning, UK sustainability reporting standards, and assurance.*	<ul style="list-style-type: none">Government should set out a pathway to widespread, credible transition planning and ensure expectations on companies and financial institutions are matched by the tools, guidance, and infrastructure needed to deliver on them.**Businesses and finance should engage with transition planning guidance, advocate for credible transition planning, and develop their own plans.Financial institutions should build capacity for and integrate transition plan assessment into decision-making frameworks.
	<ul style="list-style-type: none">Collaboration between the market and regulators to establish key transition finance metrics, through the establishment of a Climate Financial Risk Forum (CFRF) transition finance working group		<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">Launch of the Climate Financial Risk Forum (CFRF) transition finance working group delayed due to challenges in appointing a suitably profiled chair. Nonetheless, over 40 organisations have expressed interest in joining.	<ul style="list-style-type: none">Industry should engage to provide a chair and more generally on the ongoing development of transition finance metrics and the CFRF working group.
	<ul style="list-style-type: none">Measures to align capital providers to transition opportunities, including unlocking productive finance, supporting stewardship, maturing of the labelled debt market and improvements to retail product offering.		<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none"><i>Mansion House Accord</i> committed major defined contribution (DC) pension schemes to 10% in private markets by 2030, supported by Pension Schemes Bill consolidation and new value-for-money rules.PRA’s proposed Matching Adjustment Investment Accelerator is expected to boost insurer investment in UK infrastructure and transition assets.Progress 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 Loan Market Association (LMA) progressing transition loan guidance; and labelled fund market – with around 150 funds now adopting UK Sustainability Disclosure Requirements (SDR) labels.	<ul style="list-style-type: none">Industry should engage with regulators and the Council on regulatory barriers to increasing allocation to transition finance.Incentivisation and support with data streamlining would further support uptake of labelled products.***Government should ensure the Green Financing Framework reflects its long-term climate objectives and encourages wider investment in sectoral priorities.

* 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.²⁷

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

*** 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	Responsibility of	Progress*	Progress since TFMR publication	Opportunities for further progress
Chapter 5	Scaling transition finance with credibility & integrity				
	<ul style="list-style-type: none">Proactive engagement from regulators which provides confidence to the market on best-practice transition finance.		<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">FCA clarified that transition plans disclosed in a prospectus qualify as protected forward-looking statements²⁸ and launched a Transition Finance Pilot in partnership with the PRA and GFI to engage the market on practical barriers to scaling transition finance.Bank of England speeches highlighted climate risks as immediate financial stability and inflation concerns, signalling stronger central bank engagement.PRA consultation on updated climate risk guidance demonstrates strong supervisory focus on preventing destabilising losses, while highlighting gaps in firms' risk management.	<ul style="list-style-type: none">Government and regulators should continue to engage with the Council's <i>Transition Finance Guidelines</i>, consider future endorsement and support, and look for opportunities to promote international alignment.
	<ul style="list-style-type: none">International alignment and collaboration on supportive sustainable finance policy and frameworks.		<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">Government and regulators engage 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.	
Chapter 6	Scaling transition finance in emerging markets and developing economies				
	<ul style="list-style-type: none">Strategic and catalytic deployment of UK grant funding for the transition of emerging markets and developing economies (EMDEs).		<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">British International Investment (BII), in partnership with Mercer and London institutional investors, committed £50M under the Mobilist programme to de-risk climate projects in emerging markets and mobilise private capital.²⁹EMDE Investor Taskforce established in May 2025 to convene major financial institutions to address investment barriers.	<ul style="list-style-type: none">Support international transition planning at national, sectoral, and company level, including through fora such as the International Transition Plan Network.Engage internationally in relation to the Council's draft <i>Transition Finance Guidelines</i> to encourage inputs to enable EMDE application.Leverage the UK's world-leading expertise in carbon markets to scale high-integrity climate finance.Reinforce London's role as a trusted hub for global transition capital by supporting transition issuance from emerging markets into the UK.Explore new financing platforms, such as re-financing and securitisation facilities to recycle capital into new projects and attract a broader pool of investors.
	<ul style="list-style-type: none">International advocacy and diplomacy supporting the development of jurisdictional pathways and planning, and improvements to the international financial architecture which allows greater blended finance support for EMDEs.		<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">London Coalition on Sustainable Sovereign Debt launched to improve sovereign debt sustainability in developing economies.Government supported a new bond structure via the Climate Investment Funds (CIF), issuing bonds backed by multilateral development bank loan repayments through the London Stock Exchange.UK co-chairing Global Clean Power Alliance Finance Mission with Brazil and supporting the Green Grids Initiative.The UK continues to be a major donor to the NDC Partnership, supporting EMDEs to develop and implement ambitious NDCs.	
Chapter 7	Delivering on the ambitions of the Review				
	<ul style="list-style-type: none">Establishment of a <i>Transition Finance Council</i>, based in the City of London Corporation, which ensures delivery of the Review's recommendations and supports communication and cross-market collaboration.		<div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">The Council will progress work as set out in this report, engage stakeholders and monitor market and policy progress and provide our second progress report in March 2026.

4. Global transition finance outlook



4.1 International progress

Around the world a range of new policies, regulations, and market standards are coming together to create an enabling environment for transition finance – defining what counts, promoting useful information flows, and aligning incentives (see Appendix two). The global shift to a low-carbon economy is now widely recognised as fundamental to sustainable growth.

CASE STUDY 2

Japan's national transition finance strategy



Japan has been an early mover in transition finance, seeking to support the decarbonisation of its manufacturing- and energy-intensive economy. In 2021, the government introduced *Basic Guidelines on Climate Transition Finance*, to provide a framework for companies and investors to raise funds for transition activities.³⁰ These were supported by sector roadmaps setting out technology pathways for high-emitting sectors such as steel, cement, and chemicals.

This framework has spurred private sector activity. Mitsubishi Heavy Industries, for example has issued three ¥10 billion (around US\$70 million) transition bonds since 2022 to finance hydrogen solutions, ammonia co-firing, and CO₂ capture systems.³¹

Building on this, the *Green Transformation (GX) Strategy* launched in 2023, aims to mobilise ¥150 trillion (around US\$1trillion) in public-private investment over the coming decade.³² A central element is the issuance of sovereign *Climate Transition Bonds*, which began in February 2024 (the first globally) with two tranches of ¥800 billion (around US\$5 billion) to fund research and development, and deployment of low-carbon solutions.³³

Over the next decade, Japan aims to issue a total of ¥20 trillion (around US\$130 billion) through the Climate Transition Bonds as part of its wider GX strategy, which could require ¥150 trillion (around US\$1 trillion) in public and private financing by 2034.³⁴ Together, Japan's guidelines, sovereign bonds, and industry roadmaps have created a coordinated national approach to transition finance, providing clarity to businesses and financial institutions.

4.2 The Council's international engagement

International engagement is central to the Council'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), the UK-India Infrastructure Financing Bridge, 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.

Recent international engagement highlights include



- UK-UAE and UK-Australia transition finance roundtables.
- Transition finance dinner with the International Forum of Sovereign Wealth Funds.
- Launch of a new transition finance workstream under the UK-China Green Finance Taskforce.
- UK-Japan Transition Finance Forum.
- Bilateral meetings with international transition finance leaders from jurisdictions including the EU, US, and Singapore.



UK-Japan Transition Finance Forum, July 2025 (left to right: Hideki Takada, Director GX Agency; Faith Ward, Working Group 3 Chair; Vanessa Havard-Williams, Working Group 1 Chair)



Vanessa Havard-Williams, Working Group 1 Chair, with participants at the launch of the UK-China Green Finance Taskforce's transition finance workstream, June 2025

4.3 Securing a leadership role for the UK in global transition finance

The UK's strength in structuring complex finance, developing global standards, and convening capital gives it a unique opportunity to shape the future of transition finance. But as other jurisdictions such as Australia, Singapore, and the UAE are moving quickly to position themselves as leaders in sustainable finance, the UK must act decisively to maintain momentum and realise its own potential.

Despite global headwinds – from geopolitical tensions and inflationary pressures to energy security concerns – leaders across government, finance, and the real economy continue to advance transition efforts, even if this progress is not always widely publicised.

EMDEs face additional well-known financing challenges,* compounded by high-emitting assets that are often newer and harder to retire, as well as high-emitting sectors critical to livelihoods. Supporting EMDE transitions is both a responsibility for developed economies and an opportunity for the UK's financial sector, with international climate finance needs projected to reach up to US\$1 trillion per year by 2030.³⁵

The Council sees opportunities for the UK in promoting international alignment on credible transition finance, championing transition planning across the economy, and leveraging London's expertise in carbon markets and capital markets to scale high-integrity transition finance and reinforce its position as a trusted global hub.

“Unlocking the economic opportunities of the transition and achieving a net zero global economy requires scaling up finance in emerging markets and developing economies. This, in turn, will largely depend on effective public-private collaboration to overcome barriers to investment.”

- Sir Danny Alexander,
CEO, HSBC Infrastructure Finance

* Such as relatively elevated borrowing costs, currency volatility, and policy instability.



Conclusion

Since its establishment in February 2025, the response to the Council and its work has been very positive, reflecting a shared understanding across the ecosystem of both the urgency and opportunity at hand. The foundations are in place, and encouraging progress is already visible across government, business, and finance. The task now is to maintain momentum and deliver at pace.

Looking ahead, the Council will continue to advance its outputs and deepen engagement, staying practical and responsive to market needs. Continued government leadership will be vital – setting clear direction, working with industry to both shape and align with global standards, and creating the conditions for private capital to scale. With this, the UK can consolidate its role as a trusted, competitive hub for transition finance, driving investment into the real economy and strengthening its global position.



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, Irem Yerdelen, for guiding the Council'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 Council's Strategic Steering Group and Working Groups can be seen on our website³⁶ and listed on this page.

We are grateful to officials at HM Government, the Financial Conduct Authority, the Bank of England, the National Wealth Fund and the Net Zero Council, among others, for their constructive input and support.

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
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Vanessa Havard-Williams OBE, Chair, Transition Finance Market Review
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Alistair Phillips-Davies CBE, CEO, SSE
The Rt Hon Chris Skidmore, Chair, Climate Action Coalition
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David Bailey, Executive Director, Prudential Policy, Prudential Regulation Authority
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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
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

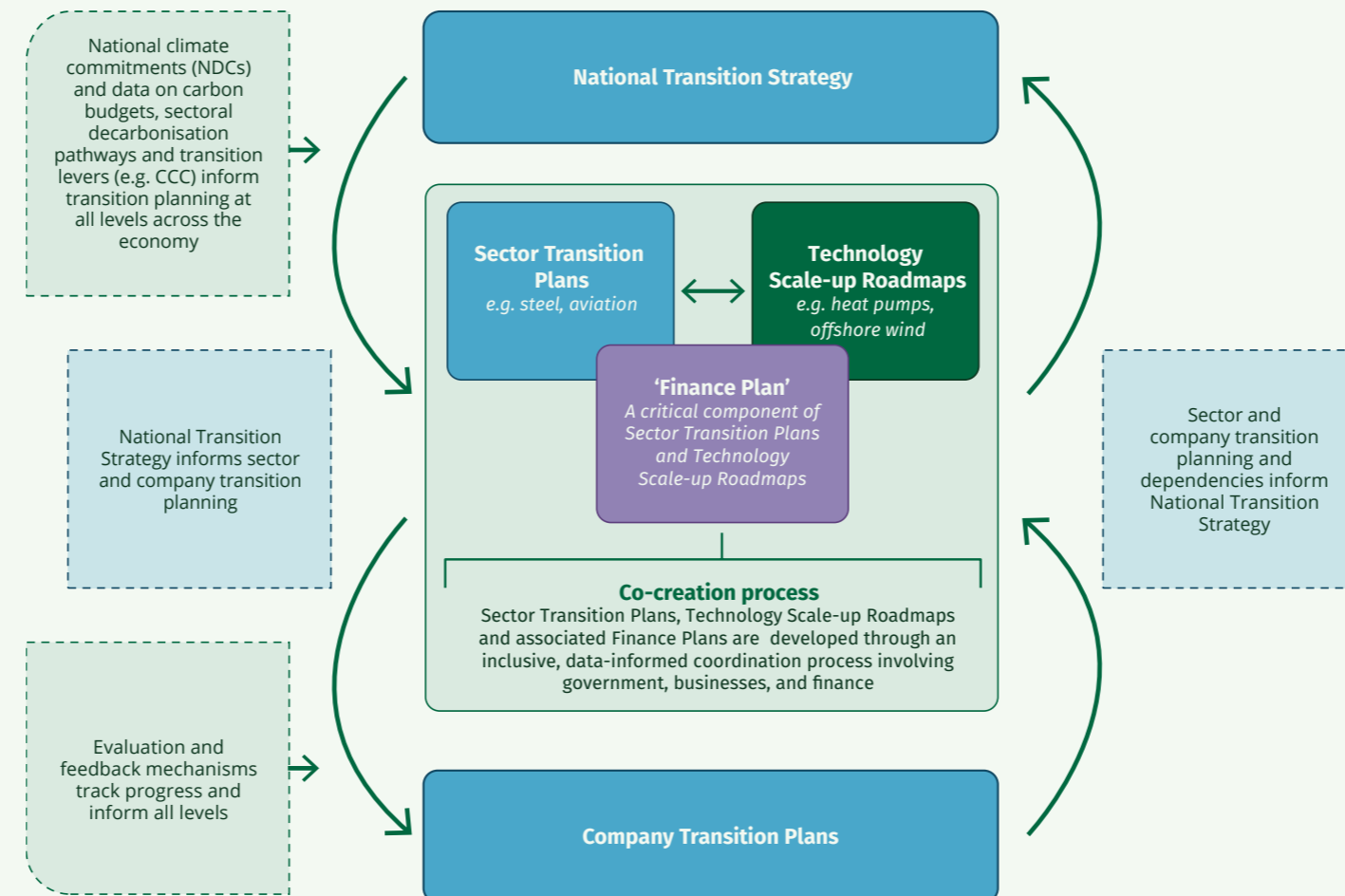
Howden
HSBC
IFM Investors
Impactivise
Institutional Investors Group on Climate Change (IIGCC)
International Capital Market Association (ICMA)
International Transition Plan Network
JPMorganChase
Just Climate
Lloyds Banking Group
Loan Market Association
London Stock Exchange
M&G plc
MetLife Investment Management
Moody's Ratings
Morgan Stanley
National Grid
National Wealth Fund
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

Appendix one – How Council publications support the transition planning ecosystem

Transition planning operates within a layered and interconnected ecosystem across national, sectoral, and company levels, as set out in *Sector Transition Plans: The Finance Playbook* and depicted here.

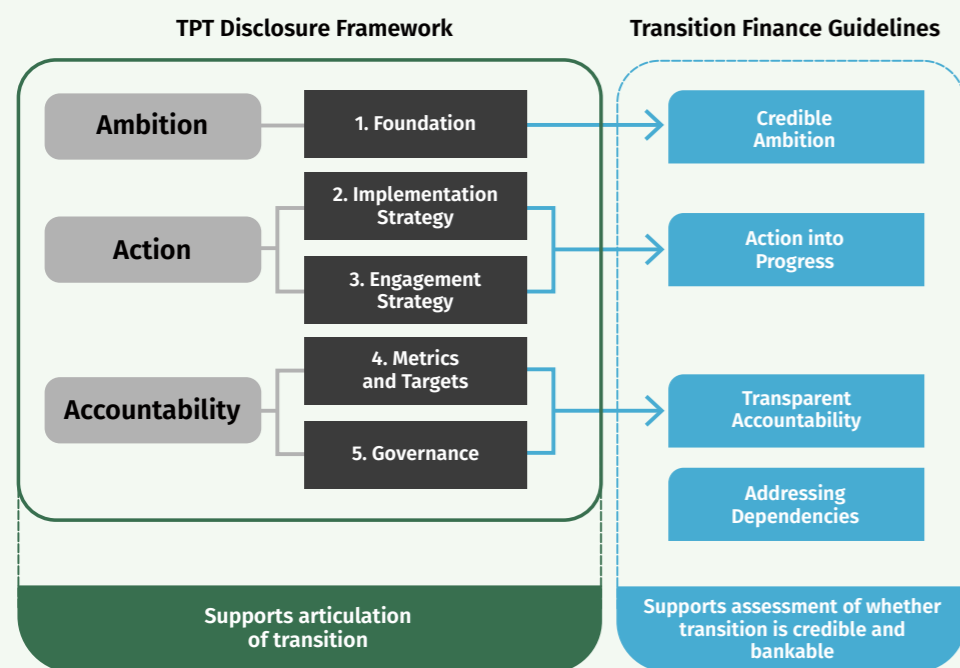
The Council plays a pivotal role in ensuring coherence across this system. Recent efforts have focused on strengthening the finance components that underpin robust sector transition plans and supporting the credibility assessment of entity transition plans. Both the *Transition Finance Guidelines* and *Sector Transition Plans: The Finance Playbook* have been designed with wider operability in mind – docking into and complementing existing frameworks and initiatives.

Transition planning ecosystem at national, sectoral, and company level



- The *Transition Finance Guidelines* present a voluntary framework comprising a set of 'Principles' and 'Factors' that set minimum expectations for credible transition finance. They are designed to be interoperable with international frameworks, including the TPT disclosure framework as depicted here. The *Guidelines* build on this by focusing on how to assess the credibility of an entity's ambition, near-term planning, and progress. They can also be applied where a formal transition plan is not yet in place or disclosed. The Council published draft entity-level *Guidelines* for consultation in August 2025, with a second consultation expected later this year.

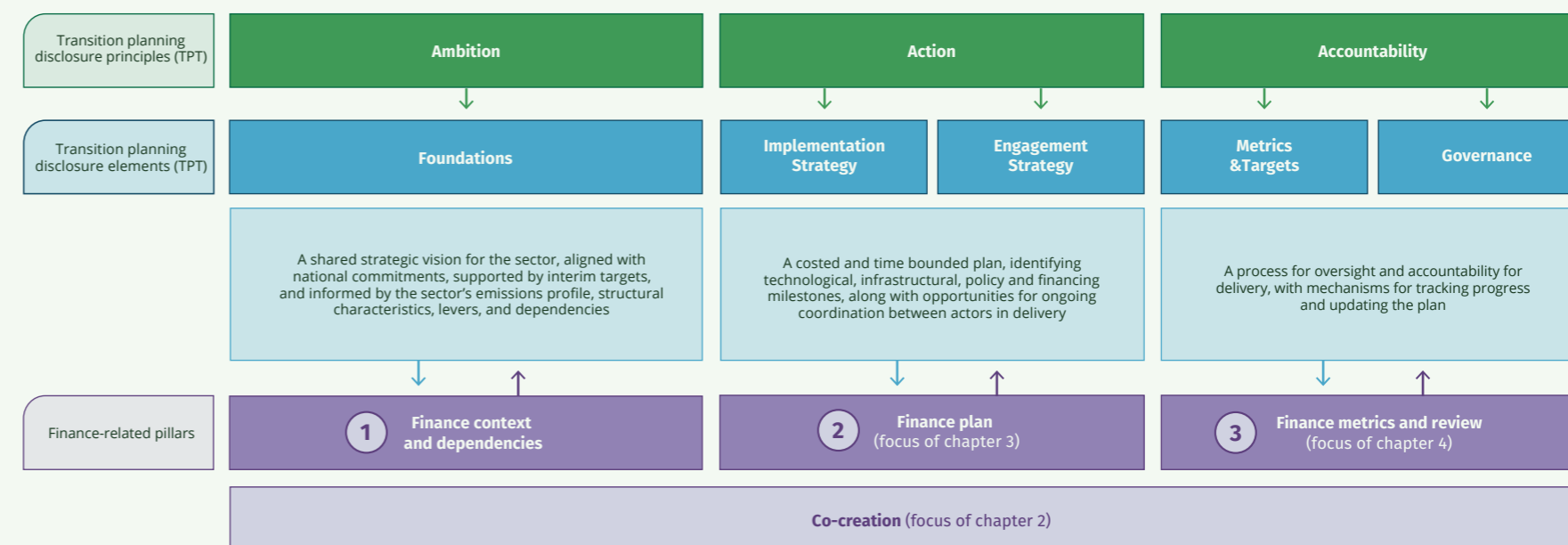
Mapping the elements from the TPT framework into the Council's *Transition Finance Guidelines*



Source: Transition Finance Guidelines consultation³⁸

- The *Playbook* provides a practical, sector-agnostic framework to embed finance as a core component of sector transition plans and technology scale-up roadmaps, supporting robust and financeable transition plans at all levels. It offers principles, guidance, and examples for co-creating finance plans, supports collaboration between business, finance, and government, and is intended as a living, adaptable governance asset. Developed in close collaboration with the Net Zero Council, it is designed to inform and complement the Net Zero Council's forthcoming Sector Transition Plan Guidance (October 2025). Both Councils apply a shared overarching sector transition plan framework, which aligns with the TPT disclosure framework and is depicted here.

Structural framework for a sector transition plan with demonstration of core finance components



The *Guidelines* and the *Playbook* are mutually reinforcing. A company that participates in the co-creation of a sector transition plan or utilises its output will be well positioned to develop its own credible transition plan in line with the *Transition Finance Guidelines*. For example, co-created sector plans provide the basis for demonstrating ambition in line with credible sectoral trajectories; collaborative planning helps companies identify and, where possible, address key dependencies; and the resulting transition plan can be disclosed in a way that supports a compelling financing proposition to investors.

In development of both these, and future, tools, the Council is committed to alignment, avoiding duplication, and building on existing work to ensure consistency and credibility across the transition planning ecosystem.

Sector transition plans and roadmaps – and associated finance plans – are the product of the co-creation process described in Chapter 2, involving government, industry and finance.

Source: Sector Transition Plans: The Finance Playbook³⁹

Appendix two – Global approaches that support transition finance

International transition finance approaches	Purpose	Relevance to Transition Finance	Examples (non-exhaustive)
Transition planning and transition plan disclosure frameworks	Disclosure frameworks and guidance for corporate-level net zero transition strategy.	Provides framework for key information on an entity's strategy to align with net zero, supporting credibility assessments and financial decision-making.	ISSB ⁴⁰ , TPT ⁴¹ , EU ⁴² , GFANZ ⁴³ , ATP-Col ⁴⁴ , TransitionArc ⁴⁵
Sustainability reporting standards and disclosure requirements	Streamline firms' disclosure of sustainability-related risks, opportunities, impacts, and targets.	Enables consistent, comparable data for assessing sustainability risks and opportunities and tracking transition progress.	ISSB ⁴⁶ , EU CSRD ⁴⁷ , UK SDR ⁴⁸ , draft UK SRS ⁴⁹ , Brazil CVM Rule 193 ⁵⁰
Taxonomies	Classify green and/or transition-aligned activities.	Provides clarity on which activities are financeable under a transition label, especially when they include criteria for 'transition' or 'amber' activities.	EU Taxonomy for Sustainable Activities ⁵¹ , ASEAN Taxonomy for Sustainable Finance ⁵² , Australian Sustainable Finance Taxonomy ⁵³ , China Green Finance Endorsed Project Catalogue ⁵⁴
Product labelling and classification	Classifying or tagging financial instruments aligned with sustainability goals.	Differentiates credible transition finance products and avoids greenwashing.	Sustainable debt instrument standards e.g., ICMA Green Bond Principles ⁵⁵ and Climate Transition Finance Handbook ⁵⁶ , APLMA/LMA/LSTA Green and Sustainability-linked Loan Principles ⁵⁷ ; UK SDR ⁵⁸ , EU SFDR ⁵⁹
Transition Finance frameworks	Frameworks which seek to define the overarching objectives and parameters of credible transition finance. May be asset class or jurisdiction specific.	Helps to define the parameters of credible transition finance, guiding the development and use of TF by market participants, policymakers, and regulators.	GFANZ ⁶⁰ , OECD ⁶¹ , G20 ⁶² , ASEAN ⁶³ , Japan ⁶⁴ , ICMA ⁶⁵ , Transition Finance Council Guidelines (in progress) ⁶⁶ , ISO Net Zero Transition Planning (draft standard) ⁶⁷
Transition pathways or roadmaps	Set out science-based or desirable transition trajectories or plans for sectors, systems, or technologies, typically aligned with net zero goals. May be global or jurisdiction specific.	Anchor company transition plans, provide a credibility 'benchmark' for a company, and provides guidance to investors.	Transition Pathway Initiative (TPI) ⁶⁸ , Japan (Meti) ⁶⁹ , US ⁷⁰ (Liftoff reports), Australia ⁷¹ , ADEME ⁷²
Net Zero frameworks	Enable businesses to align with established pathways, set targets, and monitor progress against them.	Provides businesses with clear targets and milestones to aim for, and therefore where they may need to allocate investment.	Science-Based Targets Initiative ⁷³ , CDP ⁷⁴ , ISO Net Zero aligned organisations (draft standard) ⁷⁵
Financial policy and regulation	Financial system policies that guide or require the integration of climate and transition considerations into financial decision-making, including e.g. supervisory expectations, capital requirements, or taxonomy-aligned disclosure rules.	Aligns financial system incentives and risk management with climate goals, enabling capital allocation toward transition-aligned assets and entities.	EU Green Asset Ratio and Pillar 3 disclosure requirements ⁷⁶ , Network for Greening the Financial System (NGFS) supervisory guidance on climate-related risks ⁷⁷ , UK PRA SS 3/19 approaches to climate-related financial risk management ⁷⁸
Real economy incentives and enabling policy	Policy measures that incentivise or enable transition-aligned activities for the real economy, such as subsidies, tax credits, mandates, or public procurement that favour low-carbon technologies.	Creates demand signals and improves the risk-return profile for low-carbon investments, enabling finance to flow into transition activities by increasing commercial viability. Most useful when clearly linked to sector pathways / roadmaps.	EU Green Deal ⁷⁹ , UK Sustainable Aviation Fuel (SAF) mandates ⁸⁰ , public procurement for low-carbon steel or cement ⁸¹
Carbon pricing mechanisms	Markets or taxes that assign a cost to carbon emissions.	Internalises the cost of emissions, shifts incentives toward low-carbon solutions, and can generate revenue for transition investment.	Emissions Trading Schemes (ETS) (e.g. China ⁸²), Carbon Border Adjustment Mechanisms (CBAM) (e.g. EU ⁸³) carbon tax (e.g. Singapore ⁸⁴), voluntary carbon market, CORSIA ⁸⁵ , UNFCCC's Article 6 ⁸⁶ , UK's Coalition to Grow Carbon Markets ⁸⁷
Blended finance approaches	Financing structures that use concessional capital or public finance to de-risk private investment in transition-related activities, especially in emerging and developing markets. Instruments can include guarantees, first-loss tranches, technical assistance, or outcome-based payments.	Helps mobilise private capital into nascent or high-risk transition sectors by improving the risk-return profile, particularly where commercial investment alone is not yet viable.	Guarantees from multilateral development banks (e.g. IFC ⁸⁸ , EBRD ⁸⁹), concessional capital in Just Energy Transition Partnerships (JETPs ⁹⁰), technical assistance grants

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We aim to:

- Contribute to a flourishing society
- Support a thriving community
- Shape outstanding environments

By strengthening the connections, capacity and character of the City, London and the UK for the benefit of people who live, work and visit here.

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About the Global City campaign:

The Global City campaign is the City of London Corporation's overarching initiative to promote the UK as a world-leading international financial centre.

It showcases the UK as a great place for financial and professional services firms to invest, locate and grow.

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