TFMR

Transition Finance Market Review

Call for Evidence

The Transition Finance Market Review (TFMR)

TFMR Transition Finance Market Review

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Chapter 1 Background to the Review

In the Green Finance Strategy 2023 the UK Government announced it would establish a market-led review to explore how the UK can become the best place in the world to raise capital, invest and obtain financial services to facilitate a transition to a net zero future.[1]

The Transition Finance Market Review (the Review) was launched in January 2024 and will report to the UK government in Summer 2024. This Call for Evidence is an important step in our work program and the information you provide will inform the Review's recommendations.

The scale of the investment opportunity associated with the overall global net zero transition is significant: additional investment needs are estimated as at least $4.5 trillion per year globally by the 2030s[2] and, for the UK, £50-60 billion per year by the late 2020s and early 2030s.[3] This relates to all types of entity or person – including companies, investors, public bodies, sovereigns, and households.

The economy-wide application of this investment means that the Review proposes to take a broad view of what constitutes transition finance, focusing on how financing and financial services of any type, across all relevant asset classes, can be enabled to support a credible net zero transition (**Chapter 2**). In this call for evidence when we refer to a '**credible net zero transition**' we mean an entity or organisation's strategy or plan that is consistent with global climate and nature goals, including the Paris Agreement.

The Review has been commissioned in response to stakeholder feedback. This identified a need for the UK Government to work with financial markets to innovate financial products and services that support high emitting companies to decarbonise and reduce their environmental impact. Underlining this is the importance of demonstrating credibility and integrity to build confidence in the market and scalable, trusted solutions (**Chapter 3**). The Review will particularly

[1] UK Government (2023), Green Finance Strategy: https://www.gov.uk/government/publications/green-finance-strategy
[2] International Energy Agency (IEA) (2023) 'Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach': https://iea.blob.core.windows.net/assets/4d93d947-c78a-47a9-b223-603e6c3fc7d8/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf
[3] Department for Energy Security and Net Zero (DESNZ) and Department for Business, Energy and Industrial Strategy (BEIS) (2021) 'The UK's Net Zero Strategy': https://www.gov.uk/government/publications/net-zero-strategy

focus on hard to abate and high emitting sectors, and the barriers (**Chapter 4**) and opportunities to scale transition finance in these areas (**Chapter 5**).

We will leverage and align with the work of the Transition Plan Taskforce (TPT), building an understanding of how transition plans support transition finance. The TPT was launched by HM Treasury in April 2022 to develop the gold standard for private sector transition plan disclosures. In October 2023 it published its Disclosure Framework, informed by nearly two years of engagement with hundreds of organisations in the UK and globally, and has specific sector guidance forthcoming.

The UK is of course not the only country thinking about how to respond to the opportunities and challenges that the net zero transition creates. Around the world, there is growing interest in creating enabling environments for robust and scalable applications of transition finance and seizing the opportunities for growth it provides. Several other countries, including Brazil, India, Singapore, Hong Kong, China and Japan, are working on developing ecosystems for transition finance to flourish.

The Review will focus on how the UK can become a global hub for transition finance and will look to and build upon existing initiatives in other jurisdictions, by standard setters, and by industry coalitions. The UK's financial and insurance markets, professional services sector, legal system, sustainable finance and data expertise, cleantech start-ups, public finance institutions, and public policy frameworks all give the UK strong foundations. The Review will consider how these levers can be strategically utilised to create a dynamic and effective transition finance ecosystem (**Chapter 6**).

For additional information on the Review: https://www.theglobalcity.uk/tfmr

Our approach to the Review

For the UK to be successful in becoming a global hub for transition finance, it will need to strike the right balance between being:

- **Ambitious** – encouraging meaningful and credible progress that is consistent with the UK's legally binding net zero by 2050 target and carbon budgets, and global climate and nature goals, such as the Paris Agreement's global goal to limit temperature increase to well below 2 and preferably 1.5 degrees Celsius,[4] and;
- **Fit-for-purpose** – enabling uptake and the scaling of transition finance among market actors in a manner consistent with policy, regulatory and technology developments, while avoiding unintended consequences such as capital flight, the creation of social or systemic risks, or threatening environmental integrity.

The Review's approach will also recognise that the understanding and application of transition finance will both evolve over time and vary between jurisdictions. As transition finance is by definition transitory, the Review will not seek to propose a fixed definition or approach. We will instead focus on principles that drive credibility and integrity, and a supporting ecosystem to scale the application of solutions, and how these are best implemented.

This will involve appreciating the challenge that is inherent in the transition: that understanding of what constitutes a credible net zero transition will evolve and may do so rapidly and unexpectedly in response to new information, increased capacity and knowhow, leapfrogs in technological development, unforeseen policy changes and other uncertainties.

[4] UNFCCC (2021) 'Paris Agreement': https://unfccc.int/process-and-meetings/the-paris-agreement

Who should respond to the Call for Evidence?

The Review welcomes views on the questions contained in this Call for Evidence from a diverse set of stakeholders. Responses to all questions are welcome, but not required, and we would suggest that the following groups may find the following chapters particularly relevant:

Types of stakeholder	Ch. 2	Ch. 3	Ch. 4	Ch. 5	Ch. 6
Banks, asset managers and **private capital**					
Asset owners and **pension trustees**					
Corporates (inc. SMEs)– esp. hard to abate areas, such as energy, transport, mining, real estate, ceramics, & chemicals.					
Global actors - incl. MDBs and research organisations					
Civil society – inc. charities, NGOs, special interest groups, academia					
Sovereigns and **sub-sovereigns** such as governments and municipalities					
Insurance product providers					
Technical and strategic **consultants**					
Accountants and **law firms**					
Standards and **framework setters**					
Exchanges, rating agencies, **data analytics** and **index providers**					

We also seek the views of wider stakeholders across all chapters, including public bodies such as **public finance institutions** and **local authorities**, **philanthropic organisations** and **family offices** active on this topic.

How to respond

The Call for Evidence will be open for submissions until **Thursday 25 April 2024**. Please submit responses to:

> **Survey link**: **https://energygovuk.citizenspace.com/energy-markets/transition-finance-market-review-call-for-evidence**

Any additional evidence that you wish to provide can be provided by email to tfmr@cityoflondon.gov.uk. Please also use this contact if you have any questions.

Please take note of the following guidance for submissions:

- Your response will be most useful if it is framed in direct response to the questions posed, and with evidence in support wherever possible
- It is not necessary to answer every question
- Please state whether you are responding as an individual or representing an organisation
- We ask that your submission not exceed 400 words per question.
- Please use the portal link provided to submit answers as we do not have resources to manage responses that are entirely provided by email.

About you

When you reply using the above link, you will be prompted to provide basic information about yourself or your organisation. This helps us to analyse responses and viewpoints.

Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws.

Chapter 2 Scope of Transition Finance

Whilst to date 'transition finance' is a term with limited usage outside of sustainable finance circles, it is increasingly being used to describe the provision of finance that supports an organisation to credibly decarbonise its activities, respond to any climate-related risks and opportunities, and to contribute to a global and economy-wide net zero transition.[5] [6]

Over recent years governments, standard setters and industry coalitions have all begun to explore transition finance, developing a range of definitions.[7] This has started debate around the scope and boundaries of transition finance. The preliminary discussions that the Review has had indicate that the absence of an agreed core scope could be a barrier to building confidence in the transition finance market.

Q1) Do you consider there to be a lack of clarity around the scope of transition finance? Why / Why not?

Q2) Have you faced challenges in accessing or deploying transition finance because of a lack of clarity around its scope?

The Review will explore what additional clarity on the scope of transition finance is needed to address market and stakeholder concerns. This includes the questions on what sectors of the economy, types of financed activity and financial products and services, should be considered transition finance:

Sectors of the economy in scope

The Review's proposed starting point will be that transition finance has relevance across all sectors to the extent it is part of a credible net zero transition.

[5] This draws on the strategic and rounded approach put forward by the TPT on pages 16-17 of its Disclosure Framework (2023): https://transitiontaskforce.net/wp-content/uploads/2023/10/TPT_Disclosure-framework-2023.pdf
[6] It is also described more broadly as 'the provision and use of financial products and services to support counterparties, such as companies, sovereigns, and individuals, to realise alignment with environmental and social sustainability' Caldecott, B.L. (2022) 'Defining transition finance and embedding it in the post-Covid-19 recovery', Journal of Sustainable Finance & Investment, 12:3, 934-938, DOI: 10.1080/20430795.2020.1813478
[7] A summary of definitions by Japan, G20 Sustainable Finance Working Group, OECD, European Commission, the Glasgow Financial Alliance for Net Zero (GFANZ) and the Climate Bonds Initiative (CBI) is given at Appendix D of the ICMA's (2024) 'Transition Finance in the Debt Capital Market': https://www.icmagroup.org/assets/Transition-Finance-in-the-Debt-Capital-Market-paper-ICMA-14022024.pdf

Greenwashing concerns have led to suggestions that the scope of transition finance should not cover certain high emitting sectors or organisations. However, transition finance, almost by definition, needs to include high emitting sectors, such as being applied to reduce emissions in a just and equitable manner, including by early retirement of assets. Exclusion of sectors may encourage rejection of the need for substantive transition by some entities. These entities are likely to include ones whose action would be crucial for an economy to align with a credible net zero transition.[8]

To take this forward, the Review proposes to apply a holistic but robust economic scope to transition finance – not excluding any economic sector in principle, but with a strong emphasis on the credibility and integrity of transition finance, including understanding how transition plans (or their core constituent parts) and other standards and frameworks can support this (see Chapter 3).

Q3) Do you agree with the approach that transition finance includes all sectors of the economy to the extent that it is part of a credible net zero transition? Why / Why not? If not, please specify which should be excluded and why.

The Review's approach is that notwithstanding a broad definition, transition finance should focus primarily on the challenges specific to financing a credible net zero transition in hard to abate and high emitting areas of the economy. These might include companies in sectors such as energy, real estate, transportation, ceramics and mining, amongst others.

The proposed rationale for this is pragmatic – these areas will have significant impact on decarbonisation pathways, a long-term role to play in a net zero future and require substantial capital to scale. They also have more complex transition pathways, requiring a coordinated effort from public and private sector actors to support the necessary investment conditions and delivery mechanisms to enable an effective and just transition. To avoid oversimplification the Review proposes not to define an exhaustive list, or align with a specific legal framework, for these.

Q4) Do you agree that the primary focus of transition finance should be on a credible net zero transition in hard to abate and high emitting areas of the economy? Why / Why not?

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[8] International Energy Agency (IEA) (2023) 'The Oil and Gas Industry in Net Zero Transitions': https://www.iea.org/news/oil-and-gas-industry-faces-moment-of-truth-and-opportunity-to-adapt-as-clean-energy-transitions-advance

Activities in scope

The Review's proposed starting point will be that transition finance includes the financing of all activities compatible with an entity or organisation's credible net zero transition.

This would encompass the four categories of transition related activities capable of finance (climate solution, aligned, aligning and early retirement) originally described by the Glasgow Financial Alliance on Net Zero in 2022.[9] In practice, in a public body or corporate context it is likely that capital to support a transition strategy may engage several of these categories all at once.

Some consider that investment in the development, deployment or scaling of 'solution' technologies (e.g. renewable energy infrastructure or nature-based solutions) should be separately demarcated as 'green finance'. However, we expect creating an effective delineation between 'green' and 'transition' to be challenging in practice insofar as these activities are actively contributing to an ongoing transition, especially in hard to abate sectors where these solutions may be deployed as part of their transition. Examples might include where scaling a certain 'solution' technology, such as sustainable aviation fuel, may be a near term need on which delivery of organisation's transition plan depends.

Q5) Do you agree with the approach that transition finance includes all types of economic activity that are compatible with a credible net zero transition? Why?/Why not? If not, please specify which should be excluded and why.

Q6) Do you agree with the approach to not demarcate between 'transition finance' economic activities and 'green finance' economic activities? Why?/Why not?

Financial investments, products and services in scope

The starting point of the Review is that transition finance includes all types of financial investments, products and services that support a credible net zero transition. Examples include:

- financing for specific use-of-proceeds
- general-purpose finance

[9] Global Financial Alliance for Net Zero (GFANZ) (2022) 'Towards a Global Baseline for Net-zero Transition Planning': https://assets.bbhub.io/company/sites/63/2022/06/GFANZ_Towards-a-Global-Baseline-for-Net-Zero-Transition-Planning_June2022.pdf

- project finance
- investment strategies and asset allocations in stocks and shares
- insurance products
- related advisory services, such as investment banking, legal & accounting

This means the review will consider both "unlabelled" transition finance provided through a wide range of generic financial transactions, and "labelled" transition finance instruments that set particular performance expectations or define the uses to which funds can be put.

Each form of finance activity or service may raise different challenges in understanding how it applies to the scope of transition finance (See Chapter 5).

Case Study: General-purpose financing

The market has found it more difficult to credibly show how a company uses general-purpose financing for a credible net zero transition because it is not required to allocate the funds to a specific activity. However, general-purpose financing is a key source of operational capital, and an important driver for companies to incorporate transition objectives into their business planning.

For financial institutions that have their own transition plans and/or have set sector pathways and targets, the application of these funds by borrower or investee companies is relevant to those pathways and targets. Whether a company has a process of alignment to a transition pathway at the organisational level, such as through transition planning, related disclosure and investor-corporate engagement on these and associated metrics, is of increasing relevance.

Q7) Do you agree that transition finance includes all types of financial products and services that support a credible net zero transition? Why?/ Why not? If not, please specify which should be excluded and why.

Q8) Please describe any concerns you have with the application of transition finance through certain types of financial products or services?

Non-emission and non-climate-based considerations in scope

Alongside emissions reductions, key components of a credible net zero transition include biodiversity protection, nature-based solutions, adaptation and resilience building, and ensuring a just transition both globally and domestically.

The Review understands that these factors are critical and seeks to better understand how these non-emissions-based factors can be integrated into any guiding principles for transition finance.

Q9) Do you agree with the approach that non-emissions-based and non-climate-based considerations are included in the scope of transition finance? Why?/ Why not?

Chapter 3 Ensuring the Credibility and Integrity of Transition Finance

The Review's starting point is that it is important that all transition finance meets and demonstrates core environmental credibility and integrity expectations.

Defining credibility and integrity

Credibility and integrity are often referred to interchangeably as they address similar concerns and are often addressed within different components (e.g. certain principles and other criteria) of an overarching standard, framework or guidance. But they are not the same and should not be treated as interchangeable.

Credibility focused standards would include a sectoral or regional pathway that defines an appropriate pace of progress for entities in the relevant sector or region. Whereas standards relevant to integrity tend to set governance and other process requirements, such as on specific metrics, monitoring, reporting and external verification of progress. The examples at Table 3.1 show that while credibility relates to the alignment and ambition of the goals set by entities, integrity concerns the processes and mechanisms in place to ensure those goals are pursued and reported on transparently and accurately.

Table 3.1 Examples of credibility and integrity approaches

	Example Application
Credibility – 'aligned to pathway'	An asset manager commits to reducing scope 1, 2 and 3 emissions from its assets under management (AUM) from 3.17°C in 2019 to 2.39°C by 2030, which is considered to credibly align with a 1.5°C pathway by 2040.
Integrity – 'demonstrating adherence'	A corporation issues a sustainability-linked bond following principles-based guidance, disclosing details on its strategy, alignment with science-based targets and annual reporting of progress against Key Performance Indicators (KPIs). The corporation provides additional assurance and verifications through a Second Party Opinion (SPO).

These credibility and integrity standards are included or referenced in a growing number of frameworks, guidelines or other tools for classifying sustainable and (more recently) transition finance. These may be applied in relation to climate and sustainability disclosures; to define the characteristics of robust transition plans; to inform internal mechanisms to assess clients and transactions for risk management purposes; or to allocate transactions against sustainability targets.

Transition plans

> *"A transition plan is integral to an entity's overall strategy, setting out its plan to contribute to and prepare for a rapid global transition towards a low GHG-emissions economy".*[10]

Many recent discussions in literature about the credibility and integrity of transition finance point to the importance of credible **transition plans**, as well as requirements for their disclosure and assessment. Alongside national policy tools and other enabling levers, transition plans (or their core components) are seen as important tools to inform the assessment of an entity's wider transition activity in investment or financing decisions, and to assess whether it aligns with best practice in a given jurisdiction, industry or sector.

The preliminary thinking of the Review is that good quality transition plan disclosures as contemplated by the TPT Disclosure Framework and Sector Guidance will likely be a useful foundational point for framing the credibility and the integrity levers necessary for transition finance.[11] The Review will also consider what core transition principles may be necessary for a plan or strategy to be credible and the extent to which flexibility may be necessary and capable of justification in particular economies.

Q10) Do you agree there is a significant role for good quality transition plans aligned with the TPT Disclosure Framework in the provision of transition finance? Why/ Why not? If yes, please describe this role?

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[10] TPT (2023) 'Disclosure Framework': https://transitiontaskforce.net/wp-content/uploads/2022/11/TPT-Disclosure-Framework.pdf

[11] TPT Disclosure Framework and Sector Guidance use the International Sustainability Standards Board (ISSB)'s definition of a climate-related transition plan, and apply the approach to materiality and the wider set of concepts, definitions, and corporate reporting norms that are set out in the ISSB's General Requirements standard (IFRS S1).

Q11) Which core transition principles, such as transition plan disclosures, science-based targets, and capital allocation plans, and other key metrics and tools for assessing the credibility and integrity of transition finance do you consider essential for its success? Please describe these in detail.

Broader credibility standards, frameworks, guidance and other tools

Alongside and in addition to transition plans, there are a range of other credibility and integrity standards, frameworks, guidance and tools that are relevant to transition finance. These include instrument-specific standards, tools for assessing alignment of current activities with national and international climate targets, sector-specific transition finance guidelines and green or transition taxonomies, among others (Table 3.2). In addition, several banks, corporates and other market actors have started developing their own frameworks and standards for approaching transition finance.[12]

Table 3.2 Non-exhaustive list of standards, frameworks, tools and guidance available

Type	Organisation	Resource
General or definitional transition finance frameworks	European Commission	Recommendations on Transition Finance (2023)
		Transition Finance Report (2022)
	GFANZ	Scaling Transition Finance and Real-economy Decarbonisation (2023)
	G20	High-level principles on transition finance (2022)
	ICMA	Climate Transition Finance Handbook (2023)
	Japanese Government	Basic Guidelines on Climate Transition Finance (2021)
	OECD	Transition Finance: Investigating the state of play. A stocktake of emerging approaches and financial instruments (2021)
	SMI	Sustainable Markets Initiative Asset Manager and Asset Owner Transition Categorisation Framework (2023)

[12] Examples include AXA, Barclays, DBS, HSBC, SMBC, SNAM or Standard Chartered.

	UNEP FI	Net-Zero Banking Alliance Transition Finance Guide (2022)
Instrument-specific frameworks	CBI	Climate Bonds Standard V4.0 (2023)
		Financing the Corporate Climate Transition with Bonds (2023)
	EBRD	Green Transition Bond Framework (2019)
	European Union	European Green Bond Standard (2023)
	ICMA	Green Bond Principles (2021)
		Sustainability-Linked Bond Principles (2023)
	LMA	Green Loan Principles (2023)
		Sustainability-Linked Loan Principles (2023)
Disclosure frameworks and standards	CDP	CDP Technical Note: Reporting on Climate Transition Plans (2022)
	European Commission	European Sustainability Reporting Standards (2023)
		Corporate Sustainability Reporting Directive (2022)
	TPT	TPT Disclosure Framework (2023)
Taxonomies	European Commission	EU Taxonomy for Sustainable Activities (2023)
	Malaysia	Climate Change and Principle-based Taxonomy (2021)
	Mexico	Sustainable Taxonomy of Mexico (2023)
	Indonesia	Green Taxonomy 2.0 (2024)
	Singapore	Singapore-Asia Taxonomy (2023)
	ASEAN	ASEAN Taxonomy for Sustainable Finance – Version 2 (2024)
	South Africa	South African Green Finance Taxonomy (2022)
	China	Green Bond Endorsed Project Catalogue 2021 edition (2021)
	CA100+	Net Zero Company Benchmark (2024)

Corporate assessment guidelines, benchmarks and tools	GFANZ	Financial Institution Net-zero Transition Plans (2022)
	SBTi	Corporate Net-Zero Standard (2023)
	TPI	Transition Pathway Initiative Online Tool (2024)
		TPI's methodology report (2021)
Sector-specific guidance	ACT	Assessing Low Carbon Transition (ACT) Assessment methodologies (2021)
	CBI	Climate Bonds Taxonomy Sector Criteria (2021)
	GFANZ	Guidance on Use of Sectoral Pathways for Financial Institutions (2022)
	TPT	Sector Deep Dives (2023)

Q12) Which standards, frameworks, guidance or tools are you using to guide your approach to transition finance and why? If your approach varies between jurisdictions, please explain why.

Transition finance carries additional risk given it is likely to be concentrated in hard to abate or multifactor emission reduction strategies. There is an opportunity for the Review to consider which existing frameworks, standards and methodologies are most useful to different stakeholders, whether alone or in combination, for demonstrating the credibility and integrity necessary to ensure that these sectors align with a credible net zero transition.

Q13) Do you consider current guidance for transition finance to have credibility and demonstrate integrity from an economic, environmental and a broader sustainability perspective? Why / Why not?

Case Study: Glasgow Financial Alliance for Net Zero (GFANZ)

As an example of a transition finance framework, the Glasgow Financial Alliance for Net Zero (GFANZ) published real economy and financial sector guidance (2022)[13] and a technical note (2023) on their Transition Finance Framework, which identifies four key transition financing strategies for financial institutions,

[13] GFANZ (2022) 'Expectations for Real-economy Transition Plans': https://assets.bbhub.io/company/sites/63/2022/09/Expectations-for-Real-economy-Transition-Plans-September-2022.pdf and GFANZ (2022) 'Recommendations and Guidance on Financial Institution Net-zero Transition Plans': https://assets.bbhub.io/company/sites/63/2022/09/Recommendations-and-Guidance-on-Financial-Institution-Net-zero-Transi

real-economy companies, and governments to enable an orderly and inclusive whole-economy transition:[14]

- Climate Solutions — Entities and activities that develop and scale Climate Solutions
- Aligned — Entities that are already aligned to a 1.5 degrees C pathway
- Aligning — Entities committed to transitioning in line with 1.5 degrees C-aligned pathways
- Managed Phaseout — The accelerated Managed Phaseout of high emitting physical assets

National and regional contexts

Some transition finance frameworks are linked to real economy transition pathways in a national or regional context. These are developed by a government, with industry input, and incorporate broader geopolitical and strategic industrial policy issues. For example, the Government of Japan has set out a Climate Transition Bond Framework by reference to 10 net-zero industrial roadmaps.[15] Jurisdictions such as Indonesia, Hong Kong or India are also considering how to frame, define and integrate transition finance within their industrial policy roadmaps, strategies and regulatory frameworks.

This approach may be particularly relevant for emerging market and developing economies (EMDEs), which have acute considerations for what constitutes a credible and just net zero transition. However, linking transition frameworks to national and regional contexts needs to be done in a way that ensures interoperability between different jurisdictional frameworks and approaches to transition finance.

To date, the UK Government has set out a number of national plans and strategies addressing its decarbonisation pathway, including its Net Zero

[14] GFANZ (2023) 'Scaling Transition Finance and Real-economy Decarbonization, Supplement to the 2022 Net-zero Transition Plans report': https://assets.bbhub.io/company/sites/63/2023/11/Transition-Finance-and-Real-Economy-Decarbonization-December-2023.pdf
[15] Japanese Ministry of Economy, Trade and Industry (METI) (2021) 'Japan Climate Transition Bond Framework':
https://www.meti.go.jp/english/policy/energy_environment/transition_finance/index.html

Strategy in 2021[16] and Powering Up Britain: Net Zero Delivery Plan in 2023[17]. These include how it will achieve the carbon emission reductions needed to meet its net zero and carbon budget targets.

Q14) Do you consider there to be a role for regional or national pathways to be incorporated in transition finance standards, frameworks or guidance? Why or why not? Please describe any international examples.

Taxonomies

An increasing number of market participants and jurisdictions have developed taxonomies which set definitions for 'green', 'sustainable' (and sometimes 'transition') economic activities.[18] As these develop, we expect they will play an important role in assessing whether an economic activity is aligned with a credible net zero transition. The potential advantage of taxonomies is in their clear 'in' or 'out' approach, which may support areas of transition finance where categorisation is helpful, such as 'labelled' instruments and fund structures or support financial institutions with their internal transition finance classification. Taxonomies could thereby help to increase the robustness of transition finance.

However, taxonomies also have potential shortcomings and limitations to consider. For example, the lack of clarity around the application of certain criteria (e.g. the 'do no significant harm' requirement under the EU Taxonomy Regulation) can make it difficult in practice for taxonomy users to determine whether a given activity is taxonomy aligned. In addition, whilst taxonomies can be attuned to regional contexts, this is a complicated exercise for the public body developing them, and the influence of leading taxonomies (such as the EU taxonomy) risks these not being fully aligned to regional contexts. Taxonomies are also generally non-exhaustive in scope[19] and therefore do not necessarily

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[16] Department for Energy Security and Net Zero (DESNZ) and Department for Business, Energy and Industrial Strategy (BEIS) (2021) 'The UK's Net Zero Strategy': https://www.gov.uk/government/publications/net-zero-strategy
[17] Department for Energy Security and Net Zero (DESNZ) (2023) 'Powering Up Britain: Net Zero Growth Plan': https://www.gov.uk/government/publications/powering-up-britain/powering-up-britain-net-zero-growth-plan
[18] The UK Government has committed to consulting on a UK Green Taxonomy in Q1 of 2024.
[19] For example, the European Commission stated that through the Taxonomy Climate Delegated Act, the EU Taxonomy criteria cover certain economic activities in sectors which are responsible for almost 80% of direct GHG emissions in Europe; not all sectors where activities could conceivably make a substantial contribution to relevant climate objectives are covered (European Commission FAQs dated April 2021: https://finance.ec.europa.eu/system/files/2021-04/sustainable-finance-taxonomy-faq_en.pdf

serve the needs of actors seeking transition finance for out-of-scope 'green' or 'transition' activities.

Q15) Do you consider there to be a role for taxonomies in the provision of transition finance? Why / Why not? If yes, please describe this role and consider any interaction with the role of transition plans?

Flexibility and interoperability of standards and frameworks

The Review also seeks to understand the key benefits and challenges of international alignment and interoperability for transition finance standards and frameworks.

The variety of available sustainable finance and disclosure standards, frameworks and guidance may result in different approaches to transition finance, especially where jurisdictions are beginning to classify transition activities as part of mandatory taxonomies in regional or national contexts. In other cases, general guidelines or principles are being defined as part of voluntary or industry-led sustainable or transition finance initiatives.

Navigating these different approaches is likely to involve engaging with inherent tensions between interoperability and contextualisation. To scale the market with integrity, the right balance will need be struck between these two considerations. That balance may evolve over time. The Review's starting point is that an approach that respects these principles is more likely to encourage demand for transition finance, whilst also supporting the credibility and integrity of that finance.

This includes consideration of:

- The current state of international alignment and the importance of the interoperability of the UK's transition finance standards and frameworks. This could include consideration of disclosure requirements and climate targets in different jurisdictions, including EMDEs.
- Recommendations on how to improve international alignment and interoperability. This could include suggestions on alignment with international standards and frameworks for transition finance, the need for international collaborations and initiatives to tackle regulatory barriers for cross-border transactions.

- Specific case studies and examples that illustrate the impact of international alignment and interoperability.

The Review is conscious of the case for flexibility mechanisms such as proportionality or phasing provisions in the case of applying standards and frameworks in certain EMDE located investment. This may equally be relevant for smaller entities, such as SMEs, with less capacity. If best practice in transition finance is grounded in a solid understanding of what a credible net zero transition looks like, we also need to contemplate situations where the information or ability to make that assessment is not always available due to policy uncertainty, poor-quality or missing data, or lack of capacity, in these contexts.

Q16) What are the specific challenges in ensuring both the credibility and integrity of transition finance, whilst addressing the contextual needs of local decarbonisation pathways? What can the UK market for financial and professional services do to address these challenges?

Q17) Do you think there is a need for different approaches to transition finance across different jurisdictions, considering they may have different transition pathways?

Q18) What principles, considerations and common approaches are needed to ensure both flexibility and environmental credibility and integrity across diverse jurisdictions and sectors with varying transition pathways, ensuring global coherence and effectiveness?

Unintended consequences

If the transition finance market is scaled, it should be done in a way that avoids or mitigates risks of unintended consequences, such as capital flight, the loss of economic development opportunities, the promotion of transition pathways which are inappropriate in a local context, or negative environmental impacts.

Q19) Are there any unintended consequences of scaling up transition finance in the UK or internationally that you are concerned about? If so, what can be done to avoid or mitigate them?

Chapter 4 Barriers to the Applications of Transition Finance

The needs and drivers of real economy organisations in hard to abate and high emitting sectors will ultimately determine where and how finance can be accessed and deployed to support a credible net zero transition. The Review is therefore seeking views on how capital is being applied in the UK and globally in the context of real economy transitions, and specifically the financing challenges which present barriers to this.

Sector-specific barriers

The Review is particularly keen to receive responses from both corporates in high emitting and hard to abate sectors or industries, and investors in these sectors, building on understandings of the transition pathways in these contexts, such as the sector guidance workstream of the Transition Plan Taskforce (TPT).[20] Table 4.1 provides a non-exhaustive list of transition sectors and activities, as well as examples of potential barriers to applying transition finance in these sectors.

To the extent this can be shared, we would welcome evidence of current or planned applications of finance to support a credible net zero transition (whether labelled or unlabelled) and the challenges that different market actors face in providing, structuring or accessing these.

Q20) Do you consider there to be major barriers that currently limit your ability to access or deploy capital or financial services to support a credible net zero transition? Why / Why not? If so, what are these?

Q21) What barriers or disincentives do you face in providing or accessing investments, products and services for transition finance?

Q22) What examples are there of where finance is being deployed effectively to support a credible net zero transition, and what lessons or precedents can be learnt from this which could be expanded further?

[20] The TPT's sector guidance complements the TPT Disclosure Framework. This includes the TPT Sector Summary which outlines decarbonisation levers and metrics & targets for 40 sub-sectors, and TPT Sector Deep Dives for seven sectors: https://transitiontaskforce.net/sector-guidance/

Risk

Risk is an important limiting factor for the provision and structuring of transition finance. This can come in many forms – policy, political, technology, commercial, market, currency or a combination. For example, financing new technologies that would enable the faster decarbonisation of hard to abate sectors may require high upfront capital costs that an investor may be uncertain to recuperate in an environment of fast technological development, or where there is a lower return compared to established technologies. An added complexity may be unavailability or high cost of insurance products or guarantees.

Perceived financial risks may also be higher in EMDEs due to currency or political risks, resulting in a higher cost of capital for transition finance that is not economically viable.[21]

Q23) Do you consider risk to be a major barrier to accessing or deploying capital or financial services to support a credible transition? If so, please provide examples and highlight any supportive de-risking tools.

Q24) Do you consider the availability or cost of insurance products to be an issue for access or deployment of transition finance? If so, please provide examples and highlight any good examples of efforts to address this.

Structuring and project development

Initial scoping suggested that there are also barriers related to the lack of technical assistance, analytical support and sufficiently granular data needed to structure and execute investments and transactions in transitional activities.

Q25) Do you consider there to be gaps in the provision of advisory or transactional services (e.g. legal, consulting, data provision, or analytical support services) that you need to support your approach to transition finance? If so, what are these and what recommendations would you have to develop these?

There may also be challenges in the sourcing and development of viable capital projects for financing at the scale and pace needed for sectors to transition.

[21] A report published by the United Nations Conference on Trade and Development (UNCTAD) in 2023 stated that "on average across developing countries, the cost of capital for energy projects in 2022 was almost three times higher than that in developed countries. UNCTAD (2023) 'World Investment Report 2023: Investing in sustainable energy for all': https://unctad.org/system/files/official-document/wir2023_en.pdf

Q26) Do you consider the availability or cost of developing viable capital projects to be an issue for the access or deployment of transition finance? If so, please provide examples and highlight any good examples of efforts to address this.

Small and medium-sized enterprises (SMEs)

We expect that additional areas of the economy, particularly SMEs who make up a significant proportion of value chains, will increasingly be impacted by the net zero transition, and be considering the availability of, or need for, transition finance. We expect this will increase as transition plans are increasingly required in commercial and regulatory contexts.

However, even where there is awareness and willingness to transition away from high emitting technologies or activities amongst SMEs, a range of financing and information challenges have been noted. For example, undertaking a transition activity may not be commercially viable in the short-term, accessing finance at lower ticket size may be challenging, and lenders or investors may require disclosure of data in line with credibility and integrity standards which is unfamiliar or difficult to collect.

Q27) Do SMEs face particular barriers to the access and deployment of transition finance? If so, please provide examples and highlight any good examples of efforts to address these.

Table 4.1: Non-exhaustive list of examples of sectors, industries, actors and hypothetical barriers or deterrents to accessing or providing transition finance

Sector/Industry	Example of actor	Example of potential barriers or deterrents
Finance	Asset manager realigning its portfolio with net zero goals	An asset manager faces pressure to divests from an asset that is consistent with a national, Paris-aligned emission trajectory but that is not considered 'green' reputationally
Oil & gas	State-owned oil producer seeking fossil fuel exit	A publicly owned fossil fuel producer in a developing economy heavily dependent on oil rents cannot raise debt to fund a sustainable fossil fuel exit strategy as it is considered highly exposed to climate transition risks

Aviation	An aviation company using a carbon offsetting scheme until clean fuels are viable	The quality of carbon offsets associated with the airline's transition plan is open to criticism, creating reputational risks for the company
Shipping	A port company wanting to reduce its direct and indirect emissions	The port company struggles to attract transition finance because it cannot measure and disclose Scope 3 emissions from ships entering or leaving the port
Real estate and construction	A property developer wishing to retrofit existing buildings to improve energy efficiency	Rapidly changing energy efficiency standards and requirements disincentivise high upfront capital investments required to retrofit existing buildings
Metals and mining	Steel company seeking to replace blast furnaces with electric arc technology	Just transition considerations due to tensions with local communities over job losses associated with capital-intensive new technology prevents the company from accessing the required finance
Cement	Traditional cement producer wanting to develop technology for producing bio-concrete	Lack of patient capital to cover the period required for new methods encapsulating the bacteria and calcium lactate in bio-concrete to become competitive with traditional concrete
Chemicals	Petrochemical company wishes to reduce waste by switching from the manufacture of single-use to multiple-use petrochemical products	Low investor appetite due to lack of enabling environment for competitiveness of multiple-use petrochemical products due to existing pollution-focussed fees and regulations along the lifecycle of petrochemicals

Chapter 5 The opportunity for investments, products and services to advance transition finance globally

As set out in Chapter 2, the Review will take a broad view of what constitutes transition finance, considering how financing or financial services of any type, across all relevant asset classes, can support a credible net zero transition in any jurisdiction, and any impediments such financing faces. This includes both “labelled” and “unlabelled” transition finance.

Investments, products and services for transition finance

The Review would like to understand the types of investments, products and services, and combinations of these, which are currently used, and the opportunities for new innovative uses cases for transition finance. For example, we expect that some corporates may not refer to planned capital raising as part of their own transition as 'transition finance', yet we are considering this in scope.

Q28) What good examples are there of effective investments, products, mechanisms (e.g. results-based payments) and services for deploying transition finance to date? Are there opportunities to scale up or replicate these further?

Q29) Are there any needs or use cases that are not being met by the current instruments? Are new or additional financing strategies, market tools, practices or products needed?

‘Labelled’ financial instruments

Green and sustainability-linked loans and bonds are increasingly well-known labelled debt instruments used for transition finance, although labelled ‘transition’ instruments (such as transition bonds) are still very limited in number and appear to generate concerns about potential greenwashing risk. For example, whilst the London Stock Exchange’s Sustainable Bond Market achieved the milestone of supporting over 500 bonds earlier in 2024, the issuance of transition bonds globally and on the LSE’s transition bond segment has been limited.[22]

[22] The eligibility for the London Stock Exchange Transition Bond Segment can be found here: [Transition Bond Segment | London Stock Exchange]

Despite the overall market for sustainable debt issuance more than doubling over the past 5 years, the 2023 issuance represents a 27% decrease compared to the 2021 peak year, which saw over $1.8tn of sustainable debt issued. We expect that integrity and credibility standards will play a role in determining how this market scales.[23] However, the additional covenants , external assurance and perceived increase in greenwashing risk may limit appetite for these instruments in the absence of other pricing incentives.

The Review would like to explore whether there is a rationale for these 'labelled' transition finance to apply additional requirements to build market confidence in the credibility and integrity of these instruments. For example, this may include:

- a narrower definition, such as a focus only on transition in hard to abate sectors of the economy; and
- more stringent transition criteria, including use of proceed restrictions, KPIs or a combination of these.

Q30) Do certain 'labelled' transition finance instruments need to adopt additional requirements? Why and how could this be done in a way that is commercially viable?

[23] DESNZ analysis based on BloombergNEF data. Sustainable finance debt issuance in 2023 was, by one estimate, $1.3tn. This comprised of green bonds ($643bn), sustainability-linked loans ($204bn), sustainability bonds ($160bn), social bonds ($136bn), green loans ($116bn), sustainability-linked bonds ($67bn), Transition bonds ($3bn), and Transition loans ($1bn)

Chapter 6 Building the UK as a global hub for transition finance

The international outlook of the UK's finance sector[24] gives it an opportunity to position itself as a centre for transition finance globally, provided it can create the right ecosystem to support this.

Financial institutions, industry and investors, government, regulators, universities, think tanks and civil society will all be important stakeholders in developing a well-functioning global-facing transition finance market in the UK. This recognises that the financial and professional services sector cannot create a market absent the active engagement of the other actors. We want to explore how all levers available in this ecosystem can be more strategically mapped and deployed to create the enabling environment needed. This includes exploring what the balance of responsibilities between the public and private sector could be (see Table 6.1 for examples of various public and private levers).[25]

Q31) How should government, and other public bodies such as public finance institutions and local authorities, collaborate with industry, the finance sector and investors to create a supportive ecosystem for transition finance? Please consider factors such as i) the balance of public and private capital risk responsibility and ii) where expertise is located.

Q32) Are there any international examples of best practice in providing the right ecosystem for transition finance that can be drawn on?

Role of the UK's finance and professional services sector

The UK, drawing on a leading financial and professional services sector, already sells its services and expertise globally in structuring and supporting financial transactions. This includes (a) insurance, and reinsurance services; (b) project-

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[24] The UK is the leading net exporter of financial services across the world, generating a trade surplus of $87.2 billion per year. It is also the world's largest centre for cross-border banking and borrowing, representing 15% and 17% of international bank lending and borrowing. It is the largest market for global foreign exchange trading, turning over $3.8 trillion every day. This accounts for 38% of global foreign exchange trading [source: https://www.thecityuk.com/media/wympuijs/key-facts-about-the-uk-as-an-international-financial-centre-2022.pdf]

[25] Institute for Public Policy Research (IPPR) (2024) 'Making markets: The City's role in Industrial strategy': https://ippr-org.files.svdcdn.com/production/Downloads/making-markets-the-city%E2%80%99s-role-feb24.pdf

level technical, accounting, assurance and legal advice, and (c) litigation and arbitration, financial advisory, foreign exchange, and other services.

Q33) How can the UK better leverage its existing financial and professional services expertise to support the growth of transition finance capacity and related activity and revenue?

Role of UK Government and other public bodies

Public levers available to central UK government include long term public policy, grant and revenue support funding, technical assistance, and other de-risking mechanisms, such as blended finance. Other public bodies, such as public finance institutions – the British Business Bank, UK Infrastructure Bank, UK Export Finance, Innovate UK and British International Investment – also play an important role in tackling finance barriers and driving growth for business and technologies to scale.

Q34) Do you think the UK government could make better use of blended finance approaches to de-risk and scale up transition finance? Why / Why not? If yes, please explain.

Q35) Do you think the UK's public finance institutions could play a greater role to de-risk and scale up transition finance. If yes, please provide examples?

Role of standard setters and civil society

The UK is a leader in developing sustainability standards, such as commercial ESG metrics and advisory services, and key global initiatives, such as the TPT, CDP, Climate Bond Initiative, PRI, IIGCC, TPI, and TNFD. It also has a vibrant civil society ecosystem, such as ShareAction, ClientEarth, CarbonTracker, E3G and Green Alliance, to name just a few, focused on driving change in public and private spheres and at both national and international level.

Q36) Do you think there is a role for the UK to facilitate the development of global thought leadership on transition finance, and if so, what strategies could it employ to influence and facilitate this development?

Table 6.1 – Examples of public and private levers which support a global-facing transition finance ecosystem in the UK

Type of lever	Description	Comment/example
Strategic public policy direction-setting	Policies which set industrial direction in key areas can contribute to investor confidence in those markets	UK government's recent CCUS Vision sets out its plan to create a CCUS sector through the 2030s[26]
Real economy regulation	Regulation can set demand and supply signals	UK government's Low Carbon Hydrogen Standard sets a maximum emissions threshold and methodology for hydrogen processes to be considered low carbon
Financial regulation	Financial regulation can also have the effect of supporting demand, impacting cost of capital etc	FCA Sustainability Disclosure Requirements for asset manager includes a transition-focused label for investment funds
Carbon pricing	Market-making mechanisms which influence the pricing of emissions in industrial practices to align economics with decarbonisation pathways	The UK's Emissions Trading Scheme and proposed carbon border adjustment mechanisms
Public Revenue Support	Revenue support can be used strategically with a view to public capital reducing risk and enabling deployment of private capital at scale	UK government's Contracts for Difference renewables support scheme
Public finance institutions (international)	PFIs have specific remits and expertise to deploy capital and mitigate political risk in transition related exports and investments	UK Export Finance (UKEF) and British International Investments (BII) strategies and international transactional experience

[26] DESNZ (2023), CCUS – A Vision to Establish a Competitive Market:

Public finance institutions (domestic)	PFIs have a key role in and expertise to deploy capital mitigating regulatory and technology risk in relation to domestic transition activities	UK Infrastructure Bank (UKIB), the British Business Bank (BBB), UK Research and Innovation (UKRI), Development Bank of Wales and Scottish National Investment Bank
Public: private collaboration	Taskforces and other public: private bodies can be used to develop, deliver and track objectives of common interest and to applaud and publicise replicable examples of best practice	The TPT created a high quality, scalable framework that has been widely endorsed internationally
Blended finance	Innovations in deployment of public capital alongside private finance, to mitigate specific risks and catalyse new investment opportunities for the private sector	May include insurance products that address technology risk or project overruns
Private capital	Venture capital and other forms of private capital provide active investment in and development of companies whose solutions will be critical to the transition	Presence of VC/PE investment is likely to increase the probability of successful engagement of institutional investment
Carbon and nature markets	Finance deployed in carbon and nature markets can help bridge financing gaps.	These markets can be important revenue streams for projects that may not otherwise generate sufficient return
Professional standards bodies	Professional associations, sector groups and regulators can drive capacity by updating expectations, including qualification and continuing professional education requirements	The Law Society has issued recent guidance relating to Climate Change. The FCA also reminds firms of expectations in its Dear CEO letters.

Annex 1 Summary of Questions

Chapter 2 – Scope of Transition Finance

Q1) Do you consider there to be a lack of clarity around the scope of transition finance? Why / Why not?

Q2) Have you faced challenges in accessing or deploying transition finance because of a lack of clarity around its scope?

Q3) Do you agree with the approach that transition finance includes all sectors of the economy to the extent that it is part of a credible net zero transition? Why / Why not? If not, please specify which should be excluded and why.

Q4) Do you agree that the primary focus of transition finance should be on a credible net zero transition in hard to abate and high emitting areas of the economy? Why / Why not?

Q5) Do you agree with the approach that transition finance includes all types of economic activity that are compatible with a credible net zero transition? Why?/Why not? If not, please specify which should be excluded and why.

Q6) Do you agree with the approach to not demarcate between 'transition finance' economic activities and 'green finance' economic activities? Why?/Why not?

Q7) Do you agree that transition finance includes all types of financial products and services that support a credible net zero transition? Why?/ Why not? If not, please specify which should be excluded and why.

Q8) Please describe any concerns you have with the application of transition finance through certain types of financial products or services?

Q9) Do you agree with the approach that non-emissions-based and non-climate-based considerations are included in the scope of transition finance? Why?/ Why not?

Chapter 3 – Ensuring the Credibility and Integrity of Transition Finance

Q10) Do you agree there is a significant role for good quality transition plans aligned with the TPT Disclosure Framework in the provision of transition finance? Why/ Why not? If yes, please describe this role?

Q11) Which core transition principles, such as transition plan disclosures, science-based targets, and capital allocation plans, and other key metrics and tools for assessing the credibility and integrity of transition finance do you consider essential for its success? Please describe these in detail.

Q12) Which standards, frameworks, guidance or tools are you using to guide your approach to transition finance and why? If your approach varies between jurisdictions, please explain why.

Q13) Do you consider current guidance for transition finance to have credibility and demonstrate integrity from an economic, environmental and a broader sustainability perspective? Why / Why not?

Q14) Do you consider there to be a role for regional or national pathways to be incorporated in transition finance standards, frameworks or guidance? Why / Why not? Please describe any international examples.

Q15) Do you consider there to be a role for taxonomies in the provision of transition finance? Why / Why not? If yes, please describe this role and consider any interaction with the role of transition plans?

Q16) What are the specific challenges in ensuring both the credibility and integrity of transition finance, whilst addressing the contextual needs of local decarbonisation pathways? What can the UK market for financial and professional services do to address these challenges?

Q17) Do you think there is a need for different approaches to transition finance across different jurisdictions, considering they may have different transition pathways?

Q18) What principles, considerations and common approaches are needed to ensure both flexibility and environmental credibility and integrity across diverse jurisdictions and sectors with varying transition pathways, ensuring global coherence and effectiveness?

Q19) Are there any unintended consequences of scaling up transition finance in the UK or internationally that you are concerned about? If so, what can be done to avoid or mitigate them?

Chapter 4 – Barriers to the Applications of Transition Finance

Q20) Do you consider there to be major barriers that currently limit your ability to access or deploy capital or financial services to support a credible net zero transition? Why / Why not? If so, what are these?

Q21) What barriers or disincentives do you face in providing or accessing investments, products and services for transition finance?

Q22) What examples are there of where finance is being deployed effectively to support a credible net zero transition, and what lessons or precedents can be learnt from this which could be expanded further?

Q23) Do you consider risk to be a major barrier to accessing or deploying capital or financial services to support a credible transition? If so, please provide examples and highlight any supportive de-risking tools.

Q24) Do you consider the availability or cost of insurance products to be an issue for access or deployment of transition finance? If so, please provide examples and highlight any good examples of efforts to address this.

Q25) Do you consider there to be gaps in the provision of advisory or transactional services (e.g. legal, consulting, data provision, or analytical support services) that you need to support your approach to transition finance? If so, what are these and what recommendations would you have to develop these?

Q26) Do you consider the availability or cost of developing viable capital projects to be an issue for the access or deployment of transition finance? If so, please provide examples and highlight any good examples of efforts to address this.

Q27) Do SMEs face particular barriers to the access and deployment of transition finance? If so, please provide examples and highlight any good examples of efforts to address these.

Chapter 5 - The opportunity for investments, products and services to advance transition finance globally

Q28) What good examples are there of effective investments, products, mechanisms (e.g. results-based payments) and services for deploying transition finance to date? Are there opportunities to scale up or replicate these further?

Q29) Are there any needs or use cases that are not being met by the current instruments? Are new or additional financing strategies, market tools, practices or products needed?

Q30) Do certain 'labelled' transition finance instruments need to adopt additional requirements? Why and how could this be done in a way that is commercially viable?

Chapter 6 -Building the UK as a global hub for transition finance

Q31) How should government, and other public bodies such as public finance institutions and local authorities, collaborate with industry, the finance sector and investors to create a supportive ecosystem for transition finance? Please considering factors such as i) the balance of public and private capital risk responsibility and ii) where expertise is located.

Q32) Are there any international examples of best practice in providing the right ecosystem for transition finance that can be drawn on?

Q33) How can the UK better leverage its existing financial and professional services expertise to support the growth of transition finance capacity and related activity and revenue?

Q34) Do you think the UK government could make better use of blended finance approaches to de-risk and scale up transition finance? Why / Why not? If yes, please explain.

Q35) Do you think the UK's public finance institutions could play a greater role to de-risk and scale up transition finance. If yes, please provide examples?

Q36) Do you think there is a role for the UK to facilitate the development of global thought leadership on transition finance, and if so, what strategies could it employ to influence and facilitate this development?

Annex 2 Glossary of Acronyms

Acronym	Name
ACT	Assessing Low-carbon Transition
CBI	Climate Bonds Initiative
CDP	Carbon Disclosure Project
EU	European Union
GFANZ	Glasgow Financial Alliance for Net Zero
GFANZ NZTP	Glasgow Financial Alliance for Net Zero Financial Institution Net-zero Transition Plans
ICMA	International Capital Market Association
IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
IPSF	International Platform on Sustainable Finance
LMA	Loan Market Association
MPP	Mission Possible Partnership
NZBA	UNEP FI Net Zero Banking Alliance
OECD	Organisation for Economic Co-operation and Development
OECM	One Earth Climate Model
RMI	Rocky Mountain Institute
SBTi	Science Based Targets initiative
TPI	Transition Pathway Initiative
TPT	Transition Plan Taskforce
UNEP FI	United Nations Environment Programme Finance Initiative