

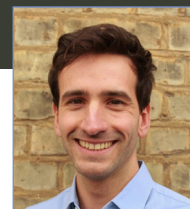
Transition planning

Jennifer Wu, Head of Sustainable Finance Innovation at the City of London Corporation, and Jacques Morris, Head of the International Transition Plan Network (ITPN) at E3G.

Westminster



Jennifer Wu



Jacques Morris

Introduction

Transition planning is emerging as a central mechanism through which the UK can deliver its climate ambitions while strengthening economic competitiveness, productivity and long-term resilience. As low-carbon technologies become increasingly commercially viable, the key challenge is no longer technological feasibility but mobilising investment at scale into the sectors, assets, and technological innovations – particularly in energy-intensive industries – that will drive the transition.

Investor demand for credible transition plans is growing rapidly. Research cited during the discussion showed that 86% of investors view transition plans as a valuable tool for supporting investment decisions, particularly in areas such as risk management, stewardship and capital deployment. At the same time, the global policy landscape is evolving quickly, with 39 jurisdictions moving towards transition plan disclosure requirements aligned with international standards, underlining the growing importance of transition planning within financial markets.

This demand is being met by a maturing sustainable finance architecture. Case in point, the Transition Finance Council (TFC), which is launching new Transition Finance Guidelines, intended to provide a shared framework for linking corporate transition plans with financing decisions. Participants noted that these guidelines represent a crucial step in providing a common language for investors to assess whole-entity credibility and connect transition planning more directly with capital allocation.



For the UK, this agenda is closely tied to a longstanding challenge of comparatively low levels of domestic investment. The roundtable explored how the UK's evolving transition planning framework can support stronger capital formation, productivity and economic growth, while maintaining credibility with investors and supporting the UK's climate commitments. Participants emphasised that the success of the agenda will depend not only on technical frameworks but also on political framing, policy coherence and the ability to communicate the economic benefits of the transition clearly.

Key takeaways

Political framing and communication will determine success

- Transition planning should be framed as part of a broader shift toward a new economic model, rather than a narrow regulatory or climate exercise, positioning it as a driver of economic growth, competitiveness, and energy security to build durable political support.
- Ensuring the collective narrative resonates with ministers and policymakers, who are “making really difficult policy decisions at the moment”, is vital.
- The current political environment is “chalk and cheese” compared to the Glasgow era, requiring a narrative that avoids being seen as a “new set of burdens on business for no reason”.
- Geopolitical instability has reframed transition planning as a matter of national and energy security. “We need to get back to first principles of getting the topic back onto the agenda as a growth topic, and as de-risking energy supply, it's actually an energy security question.” Positioning the transition as a tool for energy independence and domestic resilience enhances the transition message considerably.

Alignment across government, finance, and the real economy remains limited

- Participants highlighted the need for stronger coordination between policymakers, financial institutions and the real economy.
- Compared with some international peers, the UK was seen as lacking alignment between government strategy, financial institutions and corporate investment strategies.
- In Japan and Singapore, among other Asian economies, governments, banks, and industrial actors are more closely coordinated around transition-linked growth strategies.
- Poor alignment between policy initiatives and stakeholder forums is a “persistent barrier to progress”. Greater coherence is needed between industrial strategy, financial regulation and sector-specific policy frameworks to provide clearer signals to investors and businesses.
- A robust industrial strategy must be underpinned by sector transition plans to create a “feedback loop” between corporate strategy and national policy.
- This feedback loop would allow corporate transition plans to identify common barriers and infrastructure needs, which can then be used by the government to fine-tune the national Net Zero strategy.

- Crucially, the government should “firmly adopt” or endorse these sector pathways so that they are “baked into national policy” rather than being mere “footnote references,” giving investors the confidence to treat them as credible and investable.

Transition planning should function as a growth and investment tool

- Transition plans are increasingly shaping how investors allocate capital and evaluate long-term risks and opportunities. They provide investors with clearer signals about corporate strategy, capital allocation and investment pathways.
- Plans can also help reduce information gaps and improve market confidence by providing greater transparency around corporate strategy and risk management.
- Participants noted that credible transition plans may influence access to capital and cost of capital, with emerging evidence suggesting that companies with well-developed transition strategies may be able to access cheaper financing (see [links](#)).
- Transition planning is a potential mechanism for addressing the UK’s persistent domestic investment gap.

Policy architecture must prioritise incentives over complexity

- Effective transition policy should focus on incentives and investment signals rather than overly complex disclosure requirements.
- While disclosure frameworks are important, participants cautioned that excessive complexity risks creating administrative burdens without materially improving investment outcomes.
- Procurement reform and demand-side policies are essential for de-risking higher-risk, capital-intensive projects. Such reforms would provide the real economy with the policy support needed to help first-of-a-kind low-carbon industrial plants, heat networks, and mass retrofitting projects get off the ground when private capital alone is insufficient.
- The need for strong, stable policy signals is particularly acute for hard-to-abate sectors, which are losing international competitiveness. “The reality is capital will go where the returns are strongest”. Firms are increasingly shifting investment towards markets such as the US.
- While the UK and EU were on course to support domestic production of energy-intensive materials like cement, policymakers are now “backing off,” undermining investor confidence. “You can’t expect long-term investment if the policy framework isn’t stable.”

Issues raised

The need for business-led advocacy

Participants noted a decline in public climate advocacy from business leaders since the “Glasgow era”, creating an advocacy gap, weakening political momentum. The private sector must reclaim the narrative by empowering CEOs and investors as the primary messengers. Effective engagement requires stripping away technical jargon and equipping leaders with “just two

really crisp points” focused on economic opportunity and resilience in an increasingly unstable geopolitical context. By centring the conversation on tangible “real-world” benefits, such as jobs, regional investment, and energy security, businesses can help frame transition planning as a critical tool for long-term economic strength rather than a mere regulatory exercise. Moreover, in an increasingly fraught domestic and geopolitical climate, bold leadership is required, sectors and technologies driving decarbonisation must be prioritised, and any perceived losers must be supported as part of the transition.

Integrating just transition considerations

Transition planning frameworks often focus primarily on financial and technical aspects of decarbonisation, while the social dimensions of the transition receive less attention. Meanwhile, a “just transition” is not merely a social obligation but a strategic necessity. If the shift to a low-carbon economy is perceived as a threat to employment or a driver of regional inequality, it will encounter insurmountable resistance. To counter this, transition plans must incorporate “bottom-up” strategies and case studies that demonstrate tangible economic benefits for local communities, equipping local authorities with more opportunities to pursue transition-led growth. This includes proactive planning for workforce retraining and ensuring that new green infrastructure projects provide high-quality, local jobs.

Constraints on capital deployment

While there was broad agreement that transition planning can help mobilise investment, participants also discussed structural barriers that continue to slow capital deployment. These include the pace at which institutional investors, particularly pension funds, are able to allocate capital into transition assets and infrastructure. Participants emphasised that improving the speed and scale of capital deployment will be essential if transition plans are to translate into real-world investment.

Communication challenges and misinformation

The media and political landscape is increasingly polarised. Transition planning is often misrepresented as a “regulatory burden” or an expensive “green levy”. The discussion highlighted how certain political actors and media outlets have successfully framed net zero as a “culture war” issue, using misinformation to suggest it undermines economic security. This has created a “toxic” environment where even commercially rational energy security arguments are drowned out by narratives of high costs for households. To combat this, net zero-aligned stakeholders must move beyond defensive technical explanations and directly confront misinformation by providing robust evidence of how transition investment lowers long-term energy costs and protects domestic industries from global market volatility. Similarly, the language used to capture reality and be more relatable – e.g. so-called green jobs are simply industrial jobs that have evolved.

Recommendations

- Frame transition planning as a priority undertaking to deliver economic growth and competitiveness.
- Strengthen alignment between industrial strategy, financial regulation and transition planning frameworks.

- Provide clearer sector pathways to guide long-term investment decisions.
- Prioritise policy incentives, including procurement reform and demand-side signals, over additional disclosure complexity.
- Encourage stronger engagement between business leaders, investors, and policymakers.
- Accelerate mechanisms that enable institutional investors to deploy capital into domestic transition assets.
- Maintain strong technical standards for transition plans to support investor confidence.
- Ensure transition strategies support regional growth, jobs, and community resilience as part of a just transition.

Links

- UK Government [consultation](#) on climate-related transition plan requirements
- UK Government press release, '[Plans for UK to become sustainable finance capital of the world](#)'
- LSE Grantham Institute and CETEx consultation [submission](#)
- PLG on ESG Transition Finance Market Review [roundtable](#) with Chair, Vanessa Havard-Williams
- The [Mansion House Accord](#)
- Gireesh Shrimali, '[Corporate net zero transition and financing cost: evidence of impact from global energy and utilities sectors](#)'

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