

Protecting the UK's *transition planning leadership*

TO UNLOCK THE BENEFITS FOR UK GROWTH AND DECARBONISATION

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The UK's ambition to be a global hub for green and transition finance depends on credible, comparable transition plans that unlock investment, manage risk and maximise economic growth. Getting the UK's transition plan requirement right is a *strategic economic opportunity*, not just a disclosure exercise.

Green and transition investment is a transformative opportunity for the UK. The UK's net-zero economy grew by 10% in 2024, three times faster than the overall economy and generating £83 billion in gross value added (GVA).¹ With over \$2 trillion invested in global clean tech last year,² the transition to a cleaner economy could boost GDP by up to £149 billion per year,³ and drive a £104 billion increase in inward investment by 2040.⁴ Introducing an ambitious transition plan requirement would bring the UK back into the global competition to attract this investment.

Global momentum on transition planning is accelerating at pace. Thirty-seven jurisdictions are already adopting ISSB standards, including transition plan disclosure under IFRS S2.⁵ For over half of the G20, rules for companies to disclose transition plans under IFRS come into force in the next three years.⁶ Asia-Pacific, Latin America and China are all moving at pace.

¹ CBI, 2025, [The Future is Green: The economic opportunities brought by the UK's net zero economy](#)

² IEA, 2024, [Investment in clean energy this year is set to be twice the amount going to fossil fuels](#)

³ Demos, 2023, [The Purpose Dividend](#)

⁴ CBI, 2023, [Going For Green: The UK's net zero growth opportunity](#)

⁵ IFRS, 2025, [IFRS Foundation publishes jurisdictional profiles providing transparency and evidencing progress towards adoption of ISSB Standards](#)

⁶ ITPN, 2026, [Global Transition Plan Requirements](#)

The UK risks being left behind as other jurisdictions move further, faster. A high ambition approach would increase the UK's global competitiveness and secure its share of the high-growth transition finance market. If the UK does not maintain momentum and implement ambitious regulation on transition planning, it risks losing its leadership position and market confidence in its transition finance potential.

Key actions recommended for ministers include:

- ▶ Set a clear timetable for implementing the manifesto pledge on transition plans. The UK risks being left behind as the rest of the world moves further, faster.
- ▶ Confirm application of UK SRS and transition plan requirements beyond listed companies, including large private firms.
- ▶ Embed four core design elements – develop, disclose, align and implement – within an ambitious, interoperable transition plan requirement.
- ▶ Ensure continuity of market signalling during the regulatory transition to allow corporates and investors to plan with confidence.

The UK is in a global race to lead on net zero and to secure the economic benefits from leadership. London is already an international hub for financial product innovation, with financial and related professional services exports totalling £158 billion in 2022 or 22% of UK's export income.⁷ The cumulative amount that could be supported by transition finance in the next decade is estimated by the IEA as between \$4 trillion and \$5 trillion. The UK is well placed to capture financial and professional services associated with this.⁸ The UK's Clean Power 2030 mission also aims to mobilise hundreds of billions into the development of the decarbonised energy system. Transition plans are crucial to aligning private sector investment and financial markets with the government's target.

A lack of comparability and consistency in transition plans is already holding back financial decision-making. Investors report that the absence of clear transition plan information constrains capital allocation.⁹ **Policy drift risks reinforcing this “icing effect” and further weakens the UK's attractiveness for inward investment.**

Failure to implement Labour's 2024 election manifesto pledge on transition plans could also damage the UK on the global stage as follows:

- ▶ **Damage UK government credibility**, particularly given the cross-party origins of the green finance ambition and ministerial statements identifying transition planning as central to the “sustainable finance capital of the world” objective.¹⁰

⁷ TheCityUK, 2025, [Financial and related professional services exports achieve strong growth](#)

⁸ IEA, 2025, [Scaling Up Transition Finance](#)

⁹ OECD, 2022, [OECD Guidance on Transition Finance](#)

¹⁰ HMT, 2025, [UK Green Taxonomy Consultation Response](#)

- ▶ **Cede international leadership**, reducing the UK's ability to shape global standards and drive collective ambition.
- ▶ **Undermine competitiveness**. Maintaining London's position and reputation as a global sustainable finance hub requires regulatory upgrades aligned with global best practice and that encourage business with global markets.

There is still a clear opportunity for the UK to be a global leader. But this depends on swift implementation and the government to send a clear signal to corporates and investors globally that the UK is committed to this agenda – influencing their capital allocation decisions now as key investments in the global transition are made. **This opportunity is enhanced by recent reductions in green and transition capital allocations to the US.**¹¹

Private sector support for transition planning remains high

The benefits of developing and disclosing a transition plan outweigh costs. 70% of FTSE 100 companies are already disclosing a plan.¹² Many UK multinational companies are exposed to, or are expecting to be required to, disclose a plan to satisfy requirements from other jurisdictions in which they operate.¹³

Investors back transition planning. 86% of UK investors think disclosure of a climate transition plan is a valuable tool for their investment decision making.¹⁴ Investors value the information they provide for decision making and to inform delivery of their own climate targets. 79% of financial institutions said that a lack of transition plan information was preventing them from allocating capital in line with their own climate goals.¹⁵

Companies see specific advantages in transition planning. In a survey by Grant Thornton UK,¹⁶ respondents who had developed a transition plan, or were considering developing one, felt they brought benefits to:

- ▶ Management of climate-related risks for business and supply chain – 80%
- ▶ Identifying and realising growth opportunities related to the transition – 81%

¹¹ IEA, 2025, [Renewables 2025: Analysis and forecasts to 2030](#)

¹² DESNZ, 2025, [Transition plan requirements implementation routes](#)

¹³ Major trade partners including the EU, China, Japan, Hong Kong, Singapore, UAE and Australia are implementing ISSB and/or transition plan guidance. See also Wall Street Journal, 2023, [At least 10,000 Foreign Companies to be Hit by EU Sustainability Rules](#)

¹⁴ E3G, 2025, [Investors to UK – help us invest for growth by managing climate risk](#)

¹⁵ OECD, 2022, [OECD Guidance on Transition Finance: Ensuring Credibility of Corporate Climate Transition Plans](#)

¹⁶ Grant Thornton, 2025, [Demystifying transition planning](#)

- ▶ Increasing understanding and buy-in within business and board – 82%
- ▶ Building trust with customers and clients – 78%
- ▶ Enabling access to finance – 80%

What good looks like

Unlocking London's potential as a global sustainable finance hub will require the government to bring the UK's regulatory landscape into the 21st century, including its manifesto pledge. This will enable the government to build market confidence in the credibility of the UK transition finance market and embed interoperability to reduce barriers to international finance flows. **Swift and credible delivery of regulated transition plans will strengthen UK competitiveness.** To deliver on their pledge, ministers should ensure that the requirement includes the following core elements:

- ▶ **Develop:** All large listed and private companies should be required to develop climate transition plans.
- ▶ **Disclose:** To ensure global interoperability and the availability of relevant information for decision-making, all developed plans should be disclosed in line with the TPT Disclosure Framework. Requirements should come as part of the ISSB roll out in the UK.
- ▶ **Align (with the 1.5C goal of the Paris Agreement):** Companies must be required to set entity-level targets that align with a credible, science-based pathway.
- ▶ **Implement:** Companies should be required to make best efforts to implement their plan. The government must work with regulators and the market to develop mechanisms to penalise failure to do so.

Decisive delivery of a credible, interoperable transition plan regime is essential to align private capital with national priorities, crowd in investment, deliver economic growth and establish the UK as a world-leading hub for raising and accessing green and transition finance.

ABOUT E3G

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