

# TPT launches final Framework

## AT A GLANCE

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### What's new?

- The Transition Plan Taskforce (TPT) published its final sector-neutral [Disclosure Framework](#) on 9 October 2023. The Framework provides recommendations on developing and disclosing gold-standard transition plans.
- The TPT also published [technical mapping](#) of the TPT recommendations to major corporate reporting standards internationally, and a [consultation](#) on its draft Sector Summary.

### What does this mean?

- The TPT was launched by HM Treasury in April 2022 to develop a gold standard for private sector climate transition plans and make recommendations to inform the UK's regulatory requirements on transition plan disclosures.
- The TPT outputs are intended to provide further granularity and specificity on transition plan disclosure to meet the needs of the UK market.
- The TPT's sector-neutral Disclosure Framework and draft Sector Summary are designed to complement and build on the International Sustainability Standards Board (ISSB) Standards, which the UK has committed to adopting as part of its Sustainability Disclosure Requirements regime (UK SDR). They also draw on the Glasgow Financial Alliance for Net Zero (GFANZ) recommendations.
- Due to the positive feedback received on the [draft Framework](#), the final version has not changed substantially. There have, however, been some key additions, including recommendations on how transition plans should seek to safeguard the natural environment, and on disclosing how transition plans will contribute to a climate-resilient transition as well as a low-GHG emissions economy.
- The accompanying technical mapping includes information on alignment with major international reporting initiatives, including the Task Force for climate-related Financial Disclosures (TCFD), the ISSB and the European Sustainability Reporting Standards.
- Alongside the Framework, the TPT also published a consultation on its Sector Summary. The Summary supplements the Framework by outlining decarbonisation levers, metrics and targets for 40 sectors, leveraging existing third-party guidance. The Sector Summary will be open for comment until 24 November 2023.
- The TPT intends to consult on additional deep-dive guidance for seven priority sectors (Electric Utilities & Power Generators, Food & Beverage, Metals & Mining, Oil & Gas, Banking, Asset Owners, Asset Managers) on 13 November 2023. The FCA intends to consult on guidance aligned with the TPT Framework, strengthening its expectations for listed companies around transition plan disclosure, when it consults on rules implementing [UK-adapted ISSB Standards](#) as part of UK SDR in H1 2024. Meanwhile, for UK-registered companies, the Government has [committed](#) to consulting on transition plan disclosure requirements in Q4 2023.

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## What do businesses need to do?

- Businesses should begin work now to implement the TPT recommendations and integrate transition planning across their business and reporting processes. Businesses that do this will benefit from enhancing the strategic value of their transition planning, as well as gaining a head start on formal regulation based on the TPT recommendation as part of UK SDR.
- In line with the TPT Framework, businesses should take a strategic and rounded approach to the design, development and disclosure of their transition plans. Businesses should do this by determining the actions they can take now to capture opportunities, minimise future risks and protect and enhance long-term value. In doing so, businesses should consider the three interrelated channels for transition plans outlined in the Framework: (1) decarbonising, (2) responding to climate-related risks and opportunities and (3) contributing to an economy-wide transition.
- In designing their transition plan, businesses should be careful to avoid exclusively focusing on achieving GHG emissions reduction or adaptation targets within their own operations and value chain, which can lead to 'paper decarbonisation' (i.e. greening an entity's own balance sheet in a way that does not contribute to greening the economy). Businesses that do not avoid this pitfall risk increasing, rather than reducing, their vulnerability to climate change and broader sustainability factors.
- To ensure effective adaptation to the transition towards a more sustainable economy, businesses should identify, assess and take into account the impacts and dependencies of their transition plan on stakeholders, society, the economy, and the natural environment that may give rise to risks and opportunities, as recommended by the Framework.
- As the TPT recommendations directly build on existing, widely adopted guidance, including the TCFD [guidance on transition plans](#), businesses should review their existing foundations against the TPT Framework to identify areas that can be leveraged and areas that will need further enhancement.
- To identify areas that will require further enhancement, businesses should consider where the TPT Framework goes beyond existing TCFD guidance. For example, the TPT recommends that businesses should disclose information about the assurance or verification obtained and publish a standalone transition plan in addition to including material information on their transition plans in their financial reporting.
- Businesses should ensure that their implementation of the TPT recommendations is consistent with the ISSB standards, which are also expected to inform UK SDR.
- Both users and preparers should review the draft Sector Summary, published alongside the Framework, and consider providing feedback via the relevant [sector page](#). This will support sector-specific guidance that is decision useful and proportionate. Businesses should also look out for publication of the additional deep-dive guidance, expected in November 2023, and consider providing feedback on that as relevant.
- More broadly, businesses should carefully consider their approach to implementing the recommendations and preparing for strengthened regulation as part of UK SDR. To ensure robust and future-proof implementation, businesses should look to integrate transition planning thematically across their organisation in a way that is flexible enough to meet the requirements of new regulation as it develops.

## Next steps

- The Sector Summary will be open for consultation until 24 November 2023.
- The additional deep-dive guidance will be published on 13 November 2023.
- The Implementation Guidance will be finalised in Q1 2024.

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