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DESNZ - Transition plan requirements consultation

**Consultation seeking views on
implementation routes for transition plan
requirements**

Response from ICAS

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Consultation

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Comments on Consultation questions

Section A: The role of transition planning

1 To what extent do you agree with the assessment of the benefits and use cases of transition planning set out in Section A? Are there any additional benefits or use cases for transition plans? Do you have any further insights and evidence on the purpose, benefits and use cases of increased and improved transition planning—including economy-wide impacts?

We agree with the assessment of the benefits and use cases of transition planning set out in Section A. We consider there are additional benefits for various stakeholders as follows:

- Management – help with risk / opportunity management eg for an entity in a carbon intensive industry gives management a roadmap as to the investment required for new technologies, risk of stranded assets which poses risks to a just transition
- Investors / access to finance – allows investors to direct flows of capital to companies aligned with their own transition plans, supports UK's ambition to be a hub for transition finance, may open up new sources of finance for companies
- Customers – provides more information to enable customers to make informed choices about the emissions related to the products / services they buy and the company's net zero trajectory
- Supply chain – increasingly information is being sought from supply chain partners and companies are looking for suppliers with transition plans aligned to their own net zero objectives
- Employees – provides employees with information about the plans of their employer which is something employees are increasingly scrutinising as they make decisions about who they want to work for
- Communities – allows communities transparency in seeing future plans for particular sites (eg planned closure of mines etc) which may impact the health and wellbeing of such communities
- Country level - will support the UK to effect and measure progress towards the country's net zero targets, including the Paris Agreement and Nationally Determined Contributions (NDCs)

2 For preparers of transition plans: Does your organisation already produce, or intend to produce, a transition plan and disclose it publicly?

Whilst not a full transition plan, ICAS produced and disclosed a high-level net zero pathway in 2022. As an SME with relatively low emissions, ICAS has not produced a full transition plan, however has set a target to be net zero by 2045 in line with the Scottish government's target. We have also set near-term targets approved by SBTi to reduce absolute scope 1 emissions by 42% by 2030 from a 2021 base year, maintain zero scope 2 emissions through 2030, and to measure and reduce scope 3 emissions from a 2021 base year. Whilst ICAS' own emissions are minimal, the contributions to this consultation were sought from within ICAS but also from our Boards, Panels, Committees and broader membership therefore represent a range of views from our stakeholders.

2a [If you answered yes to question 2] What specific drivers have motivated your entity to engage in transition planning?

As a membership organisation we aim to lead by example and inspire our members and the organisations they work for to follow suit. We are also increasingly being asked by supply chain partners to disclose information about our emissions and net zero plans and commit to net zero targets. Net zero and related requirements are increasingly included in the terms and conditions of client contracts with ICAS.

2b [If you answered yes to question 2] Based on your experience, do you have any reflections on the purpose, benefits and costs (e.g. additional FTE, setup costs, etc) of developing your own transition plan?

This is a task that requires appropriate resourcing and expertise therefore smaller organisations may struggle and need to bring onboard third-party consultants which is a cost that requires justification.

2c [If you answered yes to question 2] What specific challenges or obstacles (e.g., regulatory, organisational, market-related, guidance), if any, did or do you face in preparing your transition plan?

Uncertainty of meeting certain elements of the plan, particularly related to Scope 3 emissions where we are heavily reliant on our supply chain providing accurate data as well as reducing their emissions.

2d [If you answered yes to question 2] Did you make use of the Transition Plan Taskforce materials (now managed by the ISSB), and if so, how? Were there any challenges in doing so? Are there any further pieces of guidance or support that you feel would be helpful?

As the net zero pathway was at a high level we did not use TPT's materials, however these are a helpful resource. For smaller organisations like ours that may seek to voluntarily produce a more simplified plan, a resource/template applicable to SMEs including guidance and templates may be useful.

We will continue to turn to quality sources for guidance, like the International Transition Plan Network (ITPN), where they align with conventional sustainability/transition concepts i.e. with consideration to overall strategy and what is material to an organisation.

2e [If you answered no to question 2] What are the main barriers preventing your organisation from developing a transition plan? Please provide any evidence where available to support your answer.

For an organisation of our size there is not an expectation we would produce a transition plan. The net zero roadmap produced has been sufficient for internal purposes and to meet the needs of external stakeholders. We are keen to engage in transition planning appropriate for an organisation of our size in order to lead by example and inspire our members to do so.

3 For users of transition plans: How do you use transition plans? E.g. if you are an investor, do you use transition plans to inform your investment strategy (both in terms of how you identify opportunities where to invest, and how you identify, manage and assess risks to investment portfolios)

We use transition plans for entities in our supply chain to help determine whether they have a credible net zero target that will support us in reaching our own net zero target. We also use transition plans internally to engage with staff to educate them on the importance of decarbonising and seek their support to effect change.

4 Do you have any reflections on the additional costs and challenges of using transition plans? Please provide evidence where available to support your answer.

We typically engage bilaterally with our suppliers to request information on transition plans therefore if this was publicly available it would likely save time.

5 Do you have any reflections on how best to align transition plan requirements with other relevant jurisdictions?

Interoperability with other jurisdictions (such as the EU) and with global standards (such as the recently released GRI 102: Climate Change) is key to ensure comparability and consistency.

Section B: Implementation options

6 What role would you like to see for the Transition Plan Taskforce's disclosure framework in any future obligations that the government might take forward? If you are a reporting entity, please explain whether you are applying the framework in full or in part, and why.

The TPT's disclosure framework is a great resource which sets out good practice for transition plan disclosures and we were pleased to see the International Sustainability Standards Board (ISSB) take responsibility for the TPT disclosure materials (and ITPN – in which the UK government is a member – cover the other legacy TPT materials). The government could use this as a benchmark for the obligations it might take forward, however in the context of the government's goal to simplify reporting we advocate that the TPT framework be a reference rather than a requirement.

7 [Climate mitigation] To what extent do the requirements in the draft UK SRS S2 provide useful information regarding the contents of a transition plan and how an entity is preparing for the transition to net zero? If you believe the draft UK SRS S2 does not provide sufficient information, please explain what further information you would like to see.

The required disclosures in the draft UK SRS S2 on existing and anticipated mitigation and adaptation efforts would likely provide useful information, however since transition plans are not explicitly required by UK SRS S2 there is a risk that such information is limited.

Requiring disclosure of a transition plan for certain classes of entities (eg economically significant entities) would provide a more robust and reliable framework resulting in higher quality disclosures. This could be phased in for other classes of entities over time. Ideally requirements should encourage more enterprises to report than do at present.

GRI 102 is useful in requiring consideration of the impacts of transition plans on people, communities and the environment more broadly therefore consideration may be given to incorporating these impacts in UK SRS S2.

An assessment of duplication of UK SRS S2 with other reporting requirements should be undertaken and where possible, entities should only be required to disclose information once and then be able to cross-refer where applicable.

8 [Climate adaptation and resilience] To what extent do the requirements in the draft UK SRS S2 provide useful information regarding the contents of a transition plan and how an entity is adapting and preparing for the transition to climate resilience? If you believe the draft UK SRS S2 does not provide sufficient information, please explain what further information you would like to see.

The required disclosures in the draft UK SRS S2 on existing and anticipated mitigation and adaptation efforts and well as the resilience of the entity's strategy and its business models to climate-related risks would likely provide useful information, however since transition plans are not explicitly required by UK SRS S2 there is a risk that such information is limited. Climate change and transition plans to address climate change have a range of social and environmental impacts that are considered in GRI 102.

Requiring disclosure of a transition plan for certain classes of entities (eg economically significant entities) would provide a more robust and reliable framework resulting in higher quality disclosures. This could be phased in for other classes of entity over time. Ideally requirements should encourage more enterprises to report than do at present.

An assessment of duplication of UK SRS S2 with other reporting requirements should be undertaken and where possible, entities should only be required to disclose information once and then be able to cross-refer where applicable.

Section B1: Developing and disclosing a transition plan

9 What are the most important, decision-useful elements of a transition plan that the government could require development and/or disclosure of? Please explain why and provide supporting evidence.

The most important, decision-useful elements of a transition plan are:

- Foundations – a clear articulation of the strategic ambition, objectives and priorities, is vital so that users understand the transition trajectory and form their own views on its appropriateness, achievability etc.
- Implementation Strategy – understanding the implementation strategy is key to delivering on the transition plan rather than it simply being a plan. Disclosure of the actions an entity is taking provides reassurance that the plan is being translated into real world change.
- Engagement Strategy – an engagement strategy is key for entities operating in the services sector where a large share of Scope 3 emissions are likely to be linked to supply chain activities such as purchased goods and services. Without active engagement an entity is unlikely to be able to reliably disclose how it will meet its own targets.
- Metrics and Targets – metrics and targets are key to holding companies accountable for their plans. Breaking down net zero goals into a series of time-bound, specific metrics and targets makes it easier to track progress and course correct where such targets are not met.
- Connectivity with Financial Statements – connectivity with financial statements is important to demonstrate that transition thinking is integrated in reporting and overall strategy. We recognise the challenges of connectivity in practice given the long-term and future looking aspect of environmental goals versus the relatively near-term and backward looking nature of financial reporting, however, highlight areas such as going concern, long-term viability, impairment of non-current assets, assumed asset lives and onerous contract provisions as examples of areas where connectivity could be described at a high level.

10 With reference to section B1 of the consultation document, please state whether or not you support Option 1, which would require entities to explain why they have not disclosed a transition plan or transition plan-related information. Please explain the advantages and disadvantages of this option.

We do not support this option and consider it to be a starting point which doesn't go far enough.

This approach does not require companies to be accountable for their promises, could lead to greenwashing, and does not subject high emitters to disclosure policies that require transparency about their actions. This would likely lead to inconsistent and fragmented reporting which could restrict the flow of transition finance to those very companies most in need of capital to transition.

11 With reference to section B1 of the consultation document, please state whether or not you support Option 2, which would require entities to develop a transition plan and disclose this. Please further specify whether and how frequently you think a standalone transition plan could be disclosed, in addition to transition plan-related disclosure as part of annual reporting. When responding, please explain the advantages and disadvantages of this option.

We support this option as an end goal as we believe this will ensure comparability and consistency in the market and position the UK as a leader in decarbonising the economy and transition finance. However, given the relative lack of expertise in transition planning in many UK companies, careful consideration should be given to a timeframe for mandating development and disclosure of a transition plan. We consider a timeframe of 3-5 years for this goal to be reasonable.

We agree in principle that a standalone transition plan should be disclosed in addition to transition-plan related disclosure of annual reporting. We also agree with the TPT recommendations that a standalone transition plan document should be published at least every 3 years. Transition plans should be static, standalone documents, linked to a company's 3-5 year strategy, which articulate long-term fixed commitments. The annual reporting process should report progress against that document. This also lends itself to reporting on more frequent metrics/targets such as interim targets that serve as key milestones towards a longer-term net zero target, as well as linking the short-term

actions and investment plan for the next milestone to enable course correction. For effective implementation, transition planning should be embedded in an organisation's strategy and form part of its annual reporting.

As noted above, whilst we agree with the end goal of standalone transition plans being disclosed at least every 3 years, we are concerned that this could be asking too much too soon, given the relative lack of experience in transition planning for many UK companies, therefore it may be prudent to introduce this requirement over a phased timeframe. Any such requirements will also need to be considered within the context of the broader goal of reducing the reporting burden on business and the related Non-Financial Reporting Review. For example, elements from the transition plan could be incorporated within the (Updated) Strategic Report should this structure become effective.

The advantages of a requirement to develop and disclose a transition plan include consistency and comparability of disclosures, the ability to hold companies accountable. Having a comprehensive annual report including reporting on progress against the transition plan will provide a holistic sense of the reporting entity's performance.

The disadvantages of this approach include a clear need for additional resources, a requirement for upskilling of knowledge within the organisation if necessary or the use of external consultants to support – both of which have cost implications - the risk of a much lengthier annual report, and a combination of reports of very different contents (namely the annual report, which is backwards looking, and the transition plan which is forward looking).

12 If entities are required to disclose transition plan-related information, what (if any) are the opportunities to simplify or rationalise existing climate-related reporting requirements, including emissions reporting, particularly where this may introduce duplication of reporting? These responses will support the government's review of the non-financial reporting framework.

If UK SRS and transition planning are mandated, then we presume this would replace existing Task Force on Climate-related Financial Disclosures (TCFD) reporting. A clear, efficient and seamless shift from the current to new reporting regimes is vital.

We are concerned at the potential level of duplication/lack of dovetailing between UK SRS S2 and transition plan requirements. An assessment of duplication should be undertaken and where possible, entities should only be required to disclose information once and then be able to cross-refer where applicable. We believe a focus on fewer standards / requirements will lead to better outcomes therefore encourage requirements for transition planning to be incorporated within the S2 standard to simplify reporting.

If the UK government wants to reduce the reporting burden on companies and make this process more efficient, they could encourage further work on industry-specific emissions trajectories and roadmaps, including guidance on the roles of SMEs. This would then allow organisations to benchmark their efforts against the industry emissions pathway and roadmap, explaining any deviation.

Further disclosure on advocacy efforts built into the transition plan would be a way to incentivise and understand companies' engagement and collaboration with industry net zero networks and initiatives. These are currently an effective force that drive more mature practices.

13 For pension funds: How do you think any new transition plan requirements should integrate with the existing requirements in UK law for some larger schemes to produce TCFD reports and to calculate the portfolio alignment metric?

Pension funds can only report on climate exposures if they have information from companies within their portfolios, and what portfolio companies plan to do. Mandating development and disclosure of transition plans could support pension funds in making capital allocation decisions and in turn support their own reporting.

14 For pension funds: To what extent does your pension scheme already produce transition plans? What are their intended purposes, what information do they draw on, and what challenges have you encountered in developing them?

Answer:
N/A

Section B2: Mandating transition plan implementation

15 In reference to section B2 of the consultation document, to what extent do you support the government mandating transition plan implementation and why? When responding, please provide any views on the advantages and disadvantages of this approach.

We do not support the government mandating transition plan implementation.

In terms of advantages, given the slow progress on the UK reaching its net zero ambitions there is justification in this step for certain classes of entity. There is currently no mechanism for the UK government to delegate its legal requirement for the UK to be net zero by 2050 (2045 for Scotland) to companies operating in the UK jurisdiction therefore this approach could go some way to legally enforcing businesses to play their part in the net zero journey.

However, the disadvantages, as noted in the consultation, are the difficulties in enforcing such implementation and the realities that may impact a company's ability to implement its transition plan in practice, despite best efforts. It would likely be difficult to define whether a company had taken sufficient steps to implement their plan or not, and this could be resource-intensive for the government / regulator as well as legal counsel for the companies involved.

As a compromise, we would advocate for mandatory reporting against transition plans rather than mandating transition plan implementation. There is limited value in imposing a legal requirement that cannot be enforced. Furthermore, such a legal requirement may incentivise companies to develop and disclose less ambitious transition plans due to the risk of implementation not being achieved.

16 In reference to section B2 of the consultation document, in the absence of a legal requirement for companies to implement a plan, to what extent would market mechanisms be effective mechanisms to ensure that companies are delivering upon their plan?

Some market mechanisms are effective at stimulating change, for example many organisations specify requirements related to environmental, social and governance (ESG) matters during tender processes within their supply chain. Such mechanisms, however, appear to have had a limited impact on the UK's ability to reduce overall emissions to date therefore likely won't go far enough.

Section B3: Aligning transition plans to net zero by 2050

17 What do you see as the potential benefits, costs and challenges of government mandating requirements for transition plans that align with net zero by 2050, including the setting of interim targets aligned with 1.5°C pathways? Where challenges are identified, what steps could government take to help mitigate these?

The benefits of mandating requirements for transition plans that align with Net Zero by 2050 include ensuring scientific rigour in transition planning so that plans contribute to the goals of the Paris Agreement.

The costs include the need for additional expertise for companies, either through recruitment in-house or the use of external consultants.

The challenges include the hard to abate sectors struggling to meet such targets (though support from government in investment in new technologies etc may help) and the narrowing window to achieve a 1.5°C pathway, which may already be breached for some sectors.

18 Which standards and methodologies are effective and reliable for developing and monitoring climate-aligned targets and transition plans, in particular those that are aligned with net zero or 1.5°C pathways? Where possible, the government would welcome evidence from entities that have used such methodologies, explaining how they have arrived at that conclusion.

The Science Based Targets initiative (SBTi) is an industry leader in science-based target setting. Other useful standards and methodologies include TCFD, ISSB S2 and legacy TPT materials.

19 What are the unique challenges faced by hard-to-abate sectors in setting and achieving targets in transition plans aligned to net zero by 2050 – including interim targets? What methodologies or approaches would enable transition planning to support hard-to-abate sectors to achieve net zero by 2050?

The nature of operations and the lack of commercially viable, investable alternatives.

As noted in our response to Q17, support from government in the form of investment in new technologies etc may help, as well as stable policies and incentives that support the government's short, medium and long-term transition goals.

20 For entities operating in multiple jurisdictions, what are your views on target setting and transition planning in global operations and supply chains?

There should be interoperability between transition planning across multiple jurisdictions. Where possible transition plans should be set at a global level and cascaded to individual country operations.

Any requirement for a UK reporter to publish a transition plan should only apply if the company doesn't already have a published credible transition plan by a parent company or ultimate parent company. Scope 1 and 2 targets could likely be set based on local operations as they are more directly in a company's control and dependent on local market conditions, however Scope 3 emissions are more global in nature as they cover the broader supply chain. In practice, splitting transition planning based on the scope of emissions could prove complex, hence a global transition plan should suffice.

Section B4: Climate adaptation and resilience alignment

21 What is your view on the role of climate adaptation in transition plans? Is there a role for government to ensure that companies make sufficient progress to adapt, through the use of transition plan requirements?

Adaptation is increasingly important as current trajectories predict a high probability of exceeding the 1.5°C threshold. As UK SRS S2 requires disclosure of existing adaptation efforts within a company's operations or value chain it would be logical to extend this requirement to ensure future adaptation efforts are also progressed.

22 How can companies be supported to undertake enhanced risk planning in line with a 2°C and 4°C global warming scenario? Are these the right scenarios? To what extent are these scenarios already being applied within company risk analysis and how helpful are they in supporting companies in their transition to climate resilience?

It is important to plan for a range of outcomes and flex assumptions due to the highly unpredictable nature of several of the inputs in climate change scenarios.

Guidance should be sought from relevant expert bodies such as the International Panel on Climate Change (IPCC) regarding appropriateness of the scenarios.

Additionally, learnings can be drawn upon from TCFD scenario analysis disclosures and these can be overlaid with the current views of climate scientists.

Companies with robust analysis would likely have models to support risk analysis that could be flexed to help them respond to changing circumstances / assumptions.

Section B5: Nature alignment

23 To what extent do you think that nature should be considered in the government's transition plan policy? What do you see as the potential advantages and disadvantages? Do you have any views on the potential steps outlined in this section to facilitate organisations transitioning to become nature positive?

It is important to consider nature alongside climate in transition planning otherwise initiatives with positive climate-related outcomes may have negative unintended consequences for nature (for example, an environmental initiative to reduce carbon emissions by replacing streetlights with LED lights which are less carbon-intensive than traditional streetlights could have a negative repercussion on biodiversity due to light pollution reducing insect populations - if plans are limited to the positive carbon reduction benefit, then the negative impact on biodiversity may be overlooked).

The advantages of considering nature are that a more holistic approach would be preferable given interdependencies and to avoid unintended consequences.

The disadvantages of this approach is that it is more resource intensive and again may require upskilling or procurement of external support.

Existing resources can be utilised such as TNFD guidance, and other nature guides specifically for accountants like

GAA-Why-nature-matters-to-accountants-March-2025.pdf

(<https://globalaccountingalliance.com/wp-content/uploads/2025/03/GAA-Why-nature-matters-to-accountants-March-2025.pdf>). Sectoral pathways are helpful for companies to benchmark, support for solving data gaps and are a useful resource as companies grapple with where to find reliable information.

Section B6: Scope

24 Do you have any views on the factors the government should consider when determining the scope of any future transition plan requirements?

The rationale for the scope of transition plan requirements is confusing. We would challenge whether “economically significant entities” is the right scope for a transition plan requirement as this focus does not necessarily mean that heavy emitters would be impacted. Economically significant entities, if operating in the service industry for example, may have minimal emissions, however an entity which may not be economically significant operating in a high-emitting sector such as aerospace, cement or shipping may have significant emissions. As a further example, if a focus was placed on market capitalisation this would not necessarily drive environmental impact, other than possibly through procurement decisions with the supply chain. It would be ideal to focus on heavy emitters, although further consideration would need to be given to how this is defined in practice (self-reporting may not be reliable). We acknowledge the difficulty in defining a threshold to capture the heaviest emitters; however, we consider the scope should include the largest non-listed companies as well as listed companies, otherwise there is a risk that heavy emitters have an incentive to go private.

In the future if a reliable database of emissions was available, this could be used to define heavy emitters. In the interim, sector pathways could be developed so that heavy emitting sectors such as oil and gas are included. We also acknowledge the difficulty this could pose in practice and agree with the proposed scope of “economically significant entities” in the meantime.

Any terms used to define the scope of application must be clearly defined, unambiguous and readily applied.

The government may also wish to consider how transition planning is impacting the environment and societies more broadly, and how this may be measured and reported.

25 We are interested in views about the impact on supply chains of large entities that may be in scope of transition plan requirements. Do you have views on how the government could ensure any future requirements have a proportionate impact on these smaller companies within the supply chain?

SMEs are likely to be impacted through supply chain requests, and this could be seen as an effective market mechanism to ensure that SMEs are indirectly affected.

In order to ensure a proportionate impact, a similar proposal to the one adopted in the EU regarding limiting the information requested to a pre-defined list (eg VSME as done in the EU) or certain size of company could be considered so that SMEs aren't overly burdened with requests for information from

supply chain partners. The UK government may also wish to consider development of such equivalent guidance/standards, akin to IFRS for SMEs but for sustainability disclosures.

26 Do you have any views on how the government could redefine the scope to protect the competitiveness of the UK's public markets?

As a world-leading capital market the UK has an obligation to ensure that the companies listing on its stock exchange are of high quality and will be commercially successful in the long term. There is an expectation that companies that seek to list in the UK would align themselves with areas of strategic importance to the UK as a transition finance hub, including having credible and robust net zero commitments and plans. As such, requiring listed companies to develop and disclose such plans should not be a deterrent to those seeking to list in the UK.

Section B7: Legal risk

27 Do you have views on the legal implications for entities in relation to any of the implementation options and considerations as set out in sections B1-B4 in this consultation?

As noted in our response to Q15, mandatory requirements could be a concern for companies' legal counsel. Mandating implementation may have the unintended consequence of diminishing the ambition of a company's commitments for fear of legal repercussions should they be unable to execute on stated plans. Careful consideration should be given to the legal implications of any mandated requirements.

28 In the UK's wider legal framework what – if any - changes would be necessary to support entities disclosing transition plans and forward-looking information?

Consideration would need to be given to changes to the Companies Act including removal of current requirements such as SECR. This should be considered in the context of the introduction of SRS S2 so that there are ideally one set of requirements to be followed.

We note that the Financial Conduct Authority (FCA) plans to give transition plans 'protected forward-looking statements' (PFLS) status to reduce liability risks and are supportive of this measure.

Section C: Related policy and frameworks

29 What role could high integrity carbon credits play in transition plans? Would further guidance from government on the appropriate use of credits and how to identify or purchase high quality credits be helpful, if so, what could that look like?

Question 31:

Legislative mandates to decarbonise could drive uptake of carbon credit purchases. We acknowledge that ultimately the purchase of carbon credits is most likely to be required by any organisation that is seeking to achieve a net zero target, and particularly those in hard to abate sectors, but we consider such purchases to be a secondary priority: maximum resources (both time and funding) should first be channelled to decarbonisation activities addressing Scopes 1, 2 and 3. We advocate that credits are used as a last resort for emissions that cannot be reduced by other means. This is ICAS' Sustainability Policy Position #4 (https://icas.com.uk/south01.umbraco.io/media/qbwnbby5/sustainability-policy-positions_post-jeb.pdf) .

Due to fragmentation of the current carbon market and its voluntary nature further guidance from government would be beneficial. In particular, resources to allow identification of where to purchase high quality credits could be helpful (eg a register of vetted projects / suppliers).

30 Are there specific elements of transition plan requirements or broader policy and regulatory approaches from other jurisdictions that the government should consider?

As per our responses to Q5 and Q20, interoperability is a key concern, particularly for international companies operating in multiple jurisdictions.

The government may also wish to consider the approach adopted by the UK pensions industry whereby The Pensions Regulator (TPR) is working with the pensions industry on a transition plan template.

31 How can transition planning contribute to achieving the UK's domestic net zero targets while ensuring it supports sustainable investment in emerging markets and developing economies (EMDE), where transition pathways may be more gradual or less clearly defined?

This will largely depend on the individual market in question and the particular activity involved. There is a general perception of challenges regarding emissions reductions pathways and data availability in EMDEs however this may not be accurate and should be addressed on a case-by-case basis.

32 How could transition planning account for data limitations, particularly in emerging markets and developing economies (EMDE), where high-quality, comparable sustainability reporting may be less available?

Is it important to recognise that this continues to be a nascent field and that the availability and quality of data continues to improve over time. Reporters must ensure they make reasonable efforts to ensure data is collected where possible and robust estimates are used where data is not available. Furthermore, as the quality of data improves, this may result in restatements of previously disclosed information which should be viewed in a positive light where more accurate data has been sourced and not with the negative connotations associated with restatements of financial statements. Restatements due to straightforward errors should still be viewed negatively so as to encourage reporters to have appropriate policies, procedures and controls around their disclosures. Furthermore, reporters should disclose information about the estimation uncertainties, assumptions and limitations of disclosed data.

33 What guidance, support or capacity building would be most useful to support effective transition planning and why? For respondents that have developed and/or published a transition plan, what guidance, support or capacity building did you make use of through the process? Please explain what additional guidance would be helpful and why?

Guidance, support and capacity building can be sought from leveraging the TPT materials, using industry bodies to verify targets such as SBTi, and developing a framework on appropriate plans for small and medium organisations. This could include a transition plan template codeveloped by the regulator and industry, designed to support reporting under UK SRS 2.

Consultants can also be used to provide guidance, support and capacity building, however where consultants are used to advise on transition plans there is a risk of conflict of interest if the same firm is then used to audit the transition plan. Conversely there is also a conflict of interest if plans are audited and then consulting advice is offered to address issues identified



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