

Transition plan requirements consultation

Consultation by the Department for Energy Security & Net Zero

A response from Global Canopy | 12 September 2025

Global Canopy is a data-driven not-for-profit that targets the market forces destroying nature by promoting transparency and accountability. Global Canopy provides innovative open-access data, metrics and insights to leading companies, financial institutions, governments and campaigning organisations worldwide, to help them make better decisions about nature, forests and people.

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Summary of recommendations

The impacts of global heating and nature loss are already visible in near-daily headlines of extreme weather, and disruption to communities and economies (including food production). Without urgent action, this is set to significantly worsen - with a risk that irreversible tipping points greatly amplify the damage. To avoid this, entities across the economy must urgently develop and implement credible transition plans that are in line with science and best practice.

Key points:

- **Climate and nature transition planning should be fully integrated**, because climate change and nature loss are deeply linked. Deforestation contributes to [11% of global greenhouse gas emissions](#), and evidence strongly shows that nature loss - alongside climate change - is triggering and worsening natural disasters.

Moreover, climate solutions can affect nature. For instance, mining for critical minerals can destroy ecosystems, and poorly designed afforestation can worsen wildfire and flooding. Effective responses to these intertwined risks must consider them together.

- **A significant body of guidance and best practice, as well as well-developed data tools, already exist** to support the development and implementation of nature transition plans - especially when it comes to action on deforestation.
- **The UK's national transition and firm-level transition are tightly linked.** Detailed and targeted sector guidance, and a supportive fiscal, policy and regulatory environment, will be critical to make transition plans both credible and workable.
- **Transition plans must be mandatory and transparently published** as standalone documents, so as to enable scrutiny and accountability.

- **Governments and regulators must now set clear and specific standards as to what is - and isn't - credible in transition plan activities.** A strong scientific consensus makes clear that certain harmful activities are not compatible with global climate and nature goals, and must be phased out.

Response to question 7

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.

Targeted sector guidance on best practices and ensuring credibility of transition plans is needed. For example, the significance of land use change as a driver across entities' Scope 1, 2 and 3 greenhouse gas emissions should be explicitly identified as mandatory disclosure requirements, including where they contribute to financed emissions. Deforestation contributes [11% to global greenhouse gas emissions](#), but disclosures and transition plans to mitigate land use change drivers are lagging.

Response to question 10

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 Option 1, which would require entities to explain why they have not disclosed a transition plan or transition plan-related information. Climate and nature impacts are widespread and economy-wide action is required to meaningfully move the needle. A 'comply or explain' approach does not offer sufficiently strong incentives for entities to make disclosures.

Response to question 11

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 should be disclosed, in addition to transition plan-related disclosure as part of annual reporting?

We support option 2 requiring mandatory development and disclosure of (standalone) transition plans. Progress against standalone transition plans should be reported at a regular frequency. This would facilitate regulatory and public scrutiny, increasing the accountability of entities for their transition plans, as well as encouraging knowledge

sharing and a 'ratcheting up' of best practice.

Response to question 15

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 support the government mandating transition plan implementation. This is important to avoid a situation in which transition plans are created or published to assuage public concern, but are not acted upon - i.e. greenwashing. The lack of adequate action to date demonstrates that market forces alone are not sufficient to ensure implementation.

While implementation is at least partly dependent on the wider environment companies operate within, the government should develop and apply enforcement and compliance measures if businesses are not taking enough action to drive implementation.

Response to question 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.

To ensure the credibility of targets and transition plans, the Government and regulators need to be clear, specific and rooted in the science which establishes what is needed for the ambition to meet real world climate and nature targets.

This includes spelling out and addressing [the hard reality](#) that we must - at pace - end activities that are incompatible with global climate and nature goals, such as fossil fuel expansion and deforestation.

For the finance sector, specific attention must be given to the most harmful financed activities. Beyond portfolio-level metrics for a 1.5-degree trajectory, a credible transition plan must include more granular policies on critical areas such as fossil fuel expansion and deforestation.

Response to question 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?

Any consideration of higher temperatures must take into account the risk of tipping points. The work of the [Institute and Faculty of Actuaries](#) for example shows the severity of these risks. [Comment from within the finance industry](#) has said that the damage at 3 degrees will be so great that governments will be unable to provide financial bailouts and it will be impossible to adapt to many climate impacts.

Against this backdrop, and the damage we are already seeing below 1.5 degrees, we urge a precautionary approach which accelerates efforts to minimise heating and nature loss. This should be accompanied by a concerted effort to increase understanding at all levels of the real risks of climate and nature degradation.

Response to question 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?

Because climate change and nature loss are inherently interlinked, climate and nature transition planning [should be fully integrated](#). The TNFD [notes](#) that integrated climate and nature transition planning “[enables] organisations to consider the synergies and trade-offs across and within these topics.”

In terms of synergies, deforestation contributes to 11% of annual greenhouse gas emissions globally. It is also a key driver of biodiversity loss and ecosystem degradation, triggering and exacerbating [natural disasters](#). A policy around integrated climate and nature transition plans would provide a supporting environment for systemic action across key industries and sectors, which is urgently needed to scale up individual organisations’ efforts to tackle deforestation.

In terms of trade-offs, some forms of climate change mitigation can negatively affect critical ecosystems that are themselves central to climate stability. For example, mining for key minerals in the renewable energy sector is [an increasingly important driver](#) of forest loss. Similarly, climate transition solutions such as carbon credits obtained from poorly designed afforestation schemes (such as monocrop pine plantations) could lead to further transition risks and [exacerbate the frequency and intensity](#) of natural disasters such as wildfires and flooding.

Clear policy guidance on expectations for integrated nature and climate transition planning for corporates and financial institutions would support the development and disclosure of credible, high quality transition plans. For example, corporates may be expected to disclose more detailed operational nature and climate transition plans for their material direct operations, while their supply chain exposures to nature and climate

risks will require due diligence and supplier engagement.

Integrated nature and climate transition planning policy offers the [opportunity for better coherence and more effective delivery](#) of the UK government's national commitments in its NDCs and NBSAPs.

Response to question 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?

[ENCORE](#) is an online tool that maps the impacts and dependencies of different economic sectors on nature.

The [Taskforce for Nature-related Financial Disclosures](#) has created a risk management and disclosure framework for organisations to report and act on evolving nature-related risks, including [draft guidance](#) on nature transition planning.

[Forest IQ](#) brings together the most comprehensive corporate performance deforestation-related data and metrics in a central database for financial institutions.

The [Deforestation-Free Finance initiative](#) has published step-by-step practical guidance for financial institutions to achieve financial portfolios free of deforestation, ecosystem conversion and associated human rights abuses.

[Deforestation-free Transition Pathway](#) (DEFT Pathway) sets practical, timebound steps, helping financial institutions to more effectively target their company engagement. It aims to scale up action, synthesising existing frameworks, guidance and metrics into actionable next steps and aligns with climate and nature transition plans.

In addition, [credible national actions are essential](#) for credible firm-level transition plans. National actions include NDCs, NBSAPs, emissions reduction targets, fiscal policy and supportive regulatory environment.

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