

**CORPORATE &
INSTITUTIONAL**

CTP Insights Report

**Developing robust client
transition plans:
a practitioner's guide to
trends, dependencies
and best practice**



LLOYDS

Foreword

Lloyds Corporate & Institutional plays an active role in supporting our clients to achieve their transition ambitions: we listen, we advise, and we finance.

We Listen

to understand where a company is on their transition journey.

We Advise

on what good looks like, considering their industry and jurisdiction.

We Finance

to help bridge the significant capital expenditure needed to accelerate a low carbon future.

For the last three years, our Climate and Transition Strategy team have been reviewing our corporate and institutional Clients' Transition Plans (CTP) to better understand the challenges and opportunities faced by carbon intensive businesses as they seek to decarbonise.

We've become trusted experts in transition planning¹, helping our clients to align their commercial and sustainability strategies, evolve disclosures with the ever-changing landscape of regulations and industry standards, and identify opportunities to finance impactful projects. Our team of subject matter experts proactively engages with standard setters and market stakeholders to inform and shape guidance.

Now, we're sharing our insights to help more companies develop a forward-looking and value generating transition plan that aligns with their business objectives.

¹Lloyds Corporate & Institutional has participated in Transition Plan Taskforce (TPT) working groups, GFANZ highlighted our CTP approach in their publication on [Transition Finance Case Studies](#), and WBCSD also included a case study on Lloyds' CTP approach in their [transition planning Primer](#)

Contents

In this report, we cover the trends and insights from over 100 in-depth transition plan assessments completed in 2025. We also share recommendations on developing and communicating transition plans that integrate carbon, social, nature and resilience strategies with your business objectives, using market standards and best practices.

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Executive Summary

As one of the UK's largest financial institutions, we know the transition to a low carbon economy requires careful considerations, but also offers growth opportunities. That's why, since 2023, our Climate and Transition Strategy team has annually assessed over 100 transition plans of our highest priority Corporate & Institutional clients².

Our objective is to understand our clients' business priorities, opportunities and barriers to transition, support their decarbonisation strategies, and share insights gleaned from close engagement with standard-setting bodies and practitioners. These assessments go hand-in-hand with our continued work to support the UK's transition to an inclusive, resilient, and low carbon economy through sustainable finance.

Uptake of transition planning varies by jurisdiction, often driven by regulation. Less than half (41%) of large companies worldwide have published a transition plan³, with the highest adoption found to be in the UK (66%) and the EU (59%), whereas only 32% of US businesses disclosed a transition plan. Obligatory jurisdictional regulations result in varied levels of detail across transition plans. Our assessments revealed that trends driving transition plan maturity are not only jurisdictional, but are also driven by company ownership structure. On average, publicly-listed companies provide more granular disclosure of their transition planning.

It has become clear that decarbonisation targets alone are not sufficient indicators of a robust business transition.

Disclosure format can vary; mature transition planning does not need to consist of a standalone report. Based on the transition plans we reviewed in 2025, we observed that 75% of clients embedded elements of a transition plan across their existing corporate disclosures (i.e. risk analysis, net zero targets, investment strategy), and only 25% published a standalone transition plan document. In practice, both approaches are viable, yet integrated reporting, which reinforces connectivity between sustainability and business strategy, can be the smarter, lighter touch route.

However, clients from all sectors referenced a shifting policy narrative around sustainability in recent years. This has had an impact on companies' decarbonisation strategies, and in some cases delaying long-term investments towards low carbon solutions.

Transition planning is just good business strategy. It goes beyond regulatory requirements for disclosure, although this can be a driver. In a global context, stakeholders are looking to understand the financial impacts of your transition. A transition plan enables line of sight from ambition to generating value – by managing risks, optimising margins, safeguarding market access, diversifying revenue-generating opportunities; all to sharpen your competitive edge.

² Covering £14.7bn of our drawn lending in 2025.

³ EY. [EY Global Climate Action Barometer 2024](#) (2024)

⁴ Until FY end 2025, covering our Commercial Banking, Motor, and Mortgages businesses.

>100

CTP assessments
annually since
2023

>£70bn⁴

of sustainable
finance since
2022

“

In our first CTP Insights Report, we are sharing specific recommendations and realities that commonly arise in our client engagements, demonstrating what it takes to facilitate a real-world transition across critical sectors to the global transition. Because investors, regulators, and stakeholders reward credibility over claims, we believe transition planning is key to protect cash flows and demonstrate durable value creation.

Hannah Simons

Head of Sustainable Finance & Transition, Lloyds Corporate & Institutional



What makes a good transition plan?

A transition plan sets out how an entity intends to deliver against their sustainability ambitions and transition their business model consistent with a low carbon economy. Instead of being a standalone “ESG” activity, transition planning should be considered and embedded across business strategy and financial planning.

Most transition plan guidance⁵ recommends conducting robust risk and opportunity assessments, setting clear interim and long-term targets, developing an investment strategy, sharing your action plan, and putting governance structures in place. The International Financial Reporting Standards (IFRS) guidance on transition planning (developed by the [Transition Plan Taskforce](#)) organises these principles around “the 3 As”:

Ambition

Articulation of the entity’s strategic ambition, setting out baselines, objectives and priorities in the transition towards a low carbon, climate-resilient economy.

What we look for:

- Well-specified decarbonisation targets (across short, medium and long-term)
- Explanation of your decarbonisation pathway modelling & assumptions
- A clear understanding of your residual emissions, and how climate ambition interlocks with nature
- Considerations of adaptation & resilience, nature, and people

Action

Translating strategic ambition into concrete, near-term interventions supported by a capital allocation plan.

What we look for:

- Clear articulation of your dependencies: elements that are outside of your control and may impact your planning
- Evidence of historic, audited carbon emissions in line with chosen decarbonisation pathways
- A priced project pipeline with projected timelines for implementation that supports targets
- Where appropriate, links to a finance programme can demonstrate credibility to pay for actions to achieve your stated ambitions

Accountability

Enable delivery through robust governance & reporting.

What we look for:

- Evidence of stakeholder engagement including integration of wider factors such as nature & social impacts
- Links between KPIs and executive pay
- Transparent, consistent and regular disclosure of your progress to your stakeholders

Why does transition planning matter?

Ultimately, transition planning should sit at the heart of business planning enabling long-term value creation. Understanding the risks and opportunities presented by the transition to a low carbon economy, as well as exposure to extreme weather or nature dependencies, can help business leaders identify cost savings and revenue opportunities, and manage and mitigate risks.

By laying out a costed, strategic pathway for delivering climate and its associated ambitions (nature, just transition and adaptation and resilience), companies can strengthen stakeholder confidence and mitigate greenwashing risk. A transition plan communicates your strategy beyond shareholders, including suppliers, peers, regulators, and banks, safeguarding your social licence to operate.

⁵ See Appendix for a list of recommended transition planning guidance

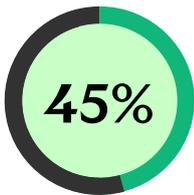


Portfolio-Level CTP Insights

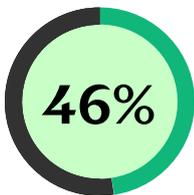
Insights based on our 2025 CTP assessments



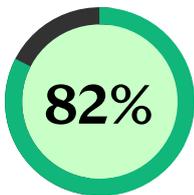
of our assessed clients set a long-term decarbonisation target



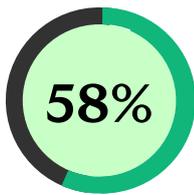
were aligned to science-based decarbonisation pathways across all scopes of emissions



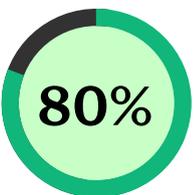
noted that purchasing carbon credits through the voluntary carbon market will be required to address their residual emissions



of client disclosures evidenced plans to transition their business models towards low carbon technologies



published specific, costed capital allocation plans



of assessed clients linked climate KPIs to executive remuneration



Transition planning is not a standalone ESG task - it must be jointly owned by finance, strategy, risk, procurement, HR, and the Board to be a truly holistic business strategy.

Our approach to understanding our clients' transition plans

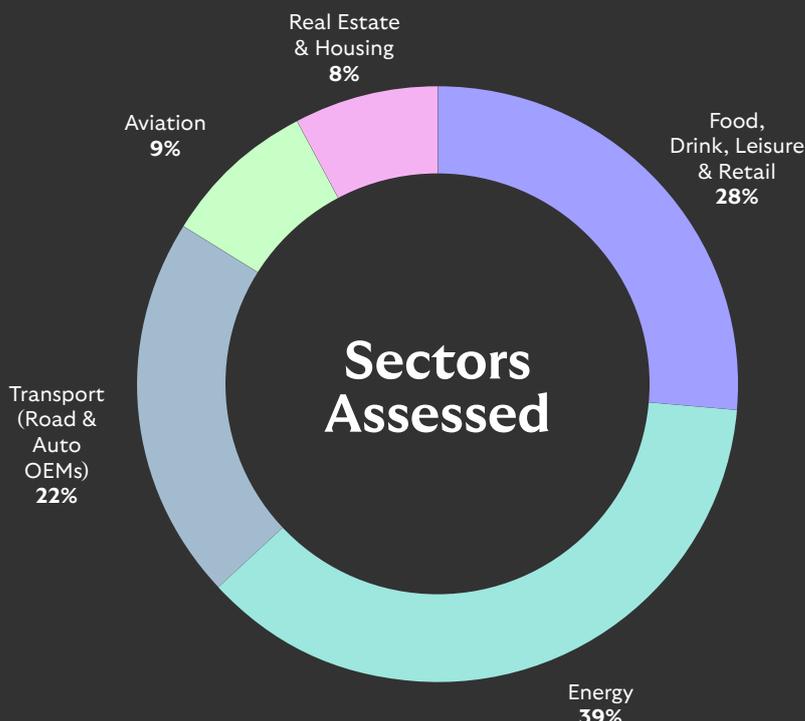
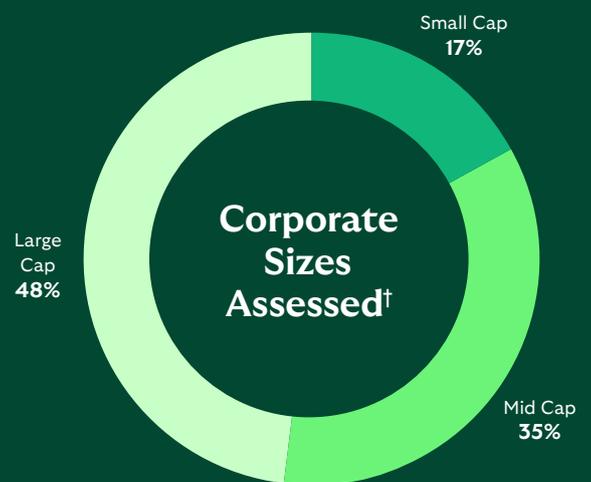
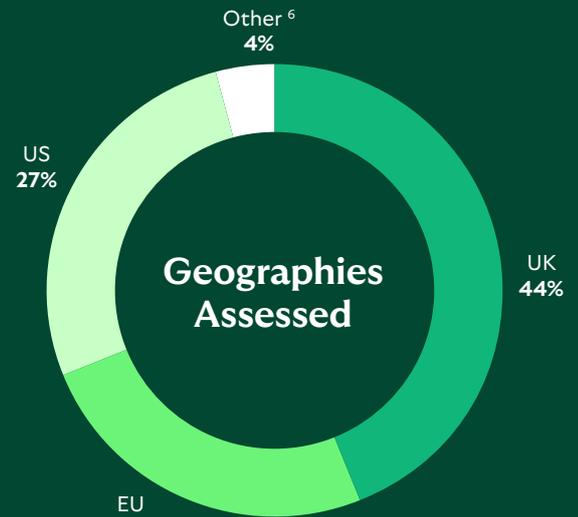
We identify our highest priority corporate clients from both a carbon and commercial perspective for an in-depth CTP assessment. Each assessment is undertaken by dedicated subject matter experts completing a comprehensive review of public disclosures and third-party datasets, against a bespoke, internal methodology that is closely aligned to IFRS and the proposed Transition Finance Council guidelines. The assessments are supplemented by client engagement meetings to deepen understanding of client transition challenges and opportunities.

[Read more about our CTP Assessments in our 2025 Sustainability Report](#)

We carried out 108 CTP assessments in 2025 across corporates representing a variety of sectors, geographies and business sizes.

⁶ Where 'Other' includes APAC countries such as Japan, Korea and China

† Corporate Sizes Assessed
Small Cap: Private/smaller scale companies
Mid Cap: £5–20bn or equivalent revenue
Large Cap: >£50bn market cap



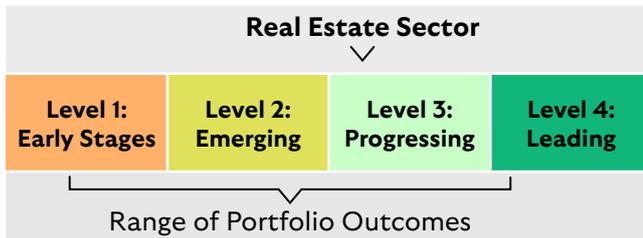
Sector deep dives:

In the next section, we share sector-level overviews of the status and maturity of client transition plans. We include case studies that demonstrate client best practice in their industry. Based on our real-world conversations with clients, we've also noted sector-specific challenges and dependencies when transitioning to a low carbon economy.



CTP Assessment Outcomes:

Our assessments covered companies spanning **Commercial Real Estate, Housebuilders** and **Social Housing**:



Breakdown by transition planning Pillars:		
TPT Pillar	Sector Average	Portfolio Average
Ambition	Level 3	Level 2
Action	Level 3	Level 2
Accountability	Level 2	Level 2

As a leading lender to Real Estate & Social Housing in the UK⁷, we understand the critical role that the sector will play in the transition to a low carbon economy.

Transition planning is an essential tool for Real Estate companies faced with the cost of retrofitting (comprehensive upgrades) existing assets and investments required to manage and mitigate the increasing frequency and severity of floods and heat stress.

Key sector dependencies:

- **Consistent policy support:** regulation on embodied carbon would help to provide certainty for companies seeking to build a business case for mitigating lifecycle emissions.
- **Emissions intensity of the grid:** asset-level performance improvements do not always translate into headline emissions reductions, particularly where grid emissions intensity remains high. When portfolios span multiple geographies, the proportion of clean power within the electricity grid sits outside of the direct control of the business.

Costing retrofit in transition plans

In the real estate sector, financing retrofits for commercial and residential buildings is both a key focus and a complicated negotiation.

Investments in deep retrofits are capital intense, have long payback periods, and introduce split incentives between owners and tenants. Building owners will be responsible for setting long-term climate ambitions and financing deep retrofits, but tenants will reap the benefits of energy efficient equipment and lower energy bills. This split incentive can make it harder to justify deep retrofit investments in typical investment cycles. This is where transition planning can play a critical role in linking transition ambitions to the investments required to deliver them.

> 60%

of assessed Real Estate clients cite fragmented and inconsistent regulation across markets have made it difficult to set portfolio-wide standards

75%

mention that the projected pace of grid decarbonisation is a key dependency in their transition plans

88%

published capital allocation plans with specific CAPEX, OPEX, revenue and/or R&D details

⁷ See Read more about our market-leading support for access to quality and affordable housing in our [2025 Sustainability Report](#)

We recommend companies articulate their dependencies within their transition plan to add credibility through transparency.

63%

companies link climate KPIs to their executive remuneration, contributing to higher level of assessed accountability

The Power of Candour:

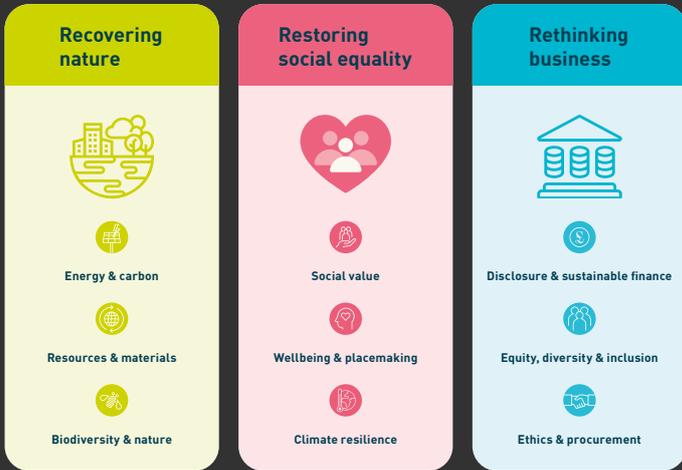
Disclosing gaps lends credibility

Clarion Housing Group's **Climate Transition Plan** (2025) sets out a sector-leading pathway to net zero, reflecting its scale as the UK's largest housing provider across 125,000 homes nationwide.

The plan adopts a holistic approach, recognising the critical interdependencies between carbon reduction, nature recovery, social equity, and fuel poverty.

Transparency underpins Clarion's Transition Plan: they acknowledge a 15-20% 'gap' to reaching net zero emissions. In their 'Bridging the Gap' section, Clarion sets out how they will solve for this gap, like piloting innovative financial models for large-scale retrofits, exploring rent flexibility and policy advocacy, plus supporting national- and regional-wide education campaigns. They also flag that some solutions just don't exist yet.

Ultimately, Clarion's approach emphasises how advocacy, innovation and partnership will be required to close the gap to net zero by 2050, rather than obscuring it.



Clarion's systems-led approach includes mapping interdependencies



Clarion Housing Group. Climate Transition Plan, 2025



Having a project pipeline with clear articulation of both cost and expected impact can help identify financing gaps and inform blended finance structures that can deliver investments where they're needed most.

Blending Public and Private Finance

We have been exploring how to mobilise investments for retrofits, increasing access to low-cost funding. In 2024, Lloyds Banking Group (LBG) partnered with the National Wealth Fund (NWF), committing up to £500 million to a great retrofit loan fund, to help social housing providers upgrade existing homes. The partnership aims to bring the public and private sector together to deliver warmer, greener homes for social tenants, whilst supporting the UK's broader net zero ambitions.

In 2025, we have delivered £340 million to unlock economic opportunity in local communities across the UK, **supporting an estimated 2,900 highly skilled jobs**⁸.

It is estimated that close to **£36bn of investment** will be needed to fully decarbonise housing association properties by 2030 (**National Housing Federation**)

“ As the UK's largest lender to Commercial Real Estate and Social Housing⁹, we are dedicated to transitioning the built environment in a fair manner. We've designed products, like the National Wealth Fund, Green Retrofit Loan, and Transition-Linked lending to deliver on this commitment.

Chinyelu Oranefo, MD

Real Estate, Lloyds Corporate & Institutional

”

Integration of Just Transition: ensuring no one is left behind

In 2025, we piloted integration of just transition¹⁰ considerations in the Real Estate & Housing sector assessments. We found that 50% of the Real Estate companies assessed are actively developing robust Just Transition Plans, including setting measurable social value targets, investing in retraining their employees, embedding a **'place-based approach'** that considers needs and opportunities for local communities, and collaborating with broader stakeholders, suppliers and peers.

50%

developing a Just Transition Plan, with initiatives to safeguard their workforce & local communities

⁸ [Read more in our 2025 Sustainability Report \(pg. 15\)](#)

⁹ [See our 2025 Sustainability Report for more information on our support for the UK housing sector \(pg. 12\)](#)

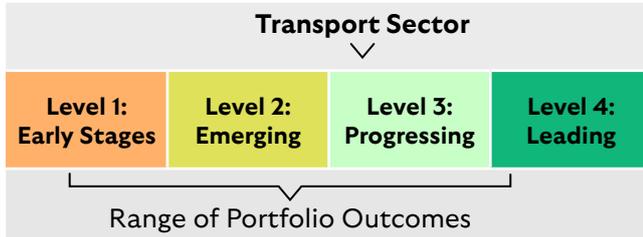
¹⁰ Just Transition is an overarching concept of ensuring fairness and equity in the process of transitioning to a net zero economy, ensuring that no one is left behind and that the most vulnerable communities and workers are supported during the transition ([Lloyds Bank](#)). See Appendix for guidance on incorporating Just Transition considerations into transition planning.





CTP Assessment Outcomes:

Our corporates assessed range from **Road Transport** and **Auto OEMs**:



Breakdown by transition planning Pillars:		
TPT Pillar	Sector Average	Portfolio Average
Ambition	Level 3	Level 2
Action	Level 3	Level 2
Accountability	Level 2	Level 2

Surface transport is the highest-emitting sector in the UK economy¹¹, and the second-largest source of greenhouse gas emissions worldwide. Our assessments of corporates across Automotive Original Equipment Manufacturers (OEMs) and Road Transportation found that the sector is progressing well with setting ambitious and material decarbonisation targets.

However, when it comes to implementing their plans, the sector is facing a range of constraining challenges and dependencies, including emissions intensive grids, range anxiety, battery technology, and uncertainty over policy direction.

73%

of assessed Transport sector clients have set long-term net zero targets covering their most material emissions sources, the highest proportion of any sector assessed

“ Transport remains a priority sector for the UK to decarbonise. Transition planning will be key to drive adoption of low carbon fleets and investment in infrastructure.

Victoria Whitehead, MD

Head of Infrastructure & Transport, Lloyds Corporate & Institutional

”

Key sector dependencies:

- Charging & grid infrastructure development:**
 A 2025 Lloyds study¹² on adoption of EVs, developed in partnership with Frontier Economics, found that consumers significantly underestimate the coverage of UK EV charging infrastructure: **people on average estimate that only 70% of UK motor service stations have EV chargers. The true figure is 97%.**
- Projected EV uptake:**
 Demand-side uncertainty has affected our assessed Auto OEM's ability to set ambitious targets for low carbon vehicle sales by 2030.

91%

noted that charging and grid infrastructure is currently not developing at the projected scale or regional distribution required to support their current transition plans

¹¹ Climate Change Committee. The Seventh Carbon Budget. 2025

¹² [Lloyds Banking Group. Plugging into the future: EV myths and the transition to electric transport. 2025.](#)

Despite their overarching decarbonisation targets remaining ambitious, Auto OEMs are yet to align with the scale of EV roll-out embedded in 1.5°C-aligned climate scenarios.

Europe's EV adoption rates slowed in 2024 but picked up again in 2025, increasing by 30% to a record high¹³; European EV sales overtook petrol for the first time in December 2025. Despite this record high, EV uptake rates are still behind the growth trajectory previously anticipated by government policy in the region. Delays to the phase-out dates for the sale of petrol and diesel car sales have already occurred in the UK, and a review by the European Commission of their Internal Combustion Engine (ICE) phase-out target was commenced in 2025. Corporates in the sector are concerned that consumer and commercial demand growth will slow in the absence of policy incentives and subsidies.

Transition plans can create value-generating opportunities

Some leading clients are already identifying alternative revenue streams to finance a low-carbon economy. First Bus' new initiative, First Charge, presents a standout example of how transition planning can help to diversify revenue streams, and deliver a more financially resilient business model.



Transport clients with science-aligned targets for low carbon vehicle sales or vehicle production

42%

of assessed automotive OEMs have an established 2030 target for low carbon vehicles

13%

have a sales target of at least 65% for low carbon vehicles by 2030¹⁴

Decarbonisation driving commercial value:

FirstGroup is diversifying revenue streams



Beyond setting science-based targets and a c.£400 million investment into bus fleet electrification, FirstGroup have transformed their existing infrastructure into a growth opportunity, whilst supporting wider transport electrification.

In July 2025, First Bus launched First Charge, a shared charging initiative that opens up surplus depot charging capacity to third-party fleets and, at selected sites, the general public. First Charge has more than 700 ultra-rapid charger heads across England and Scotland, with capacity to serve dozens of vehicles simultaneously.

First Bus is leveraging its significant scale of depots and charging infrastructure to deliver benefits

to other companies, owning the cost and risk of infrastructure, and removing challenges like planning permissions for equipment, and securing timely grid connections.

FirstGroup's transition plan embodies how decarbonisation targets can turn into actionable, business model change.

Other sectors can also consider how to make the most of upfront investments to accelerate long-term competitiveness.



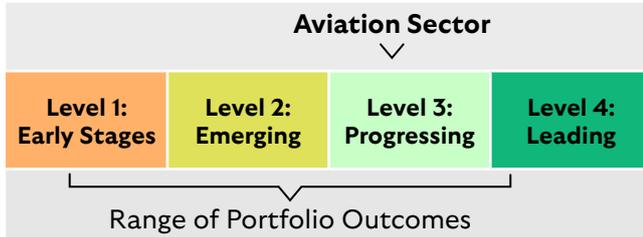
¹³ Bloomberg NEF. [Electric Vehicle Outlook 2025](#).

¹⁴ IEA's Net Zero Emissions Scenario, the share of electric cars in total car sales by 2030



CTP Assessment Outcomes:

Our corporates assessed within **Aviation**:



Breakdown by transition planning Pillars:		
TPT Pillar	Sector Average	Portfolio Average
Ambition	Level 2	Level 2
Action	Level 3	Level 2
Accountability	Level 3	Level 2

The aviation sector is progressing well with allocating capital to the transition, evidenced by significant investments into fleet modernisation and improved energy efficiency of operations.

Leading client transition plans embedded carbon pricing into their internal operations, driving increased accountability from decision makers. However, technology challenges remain, limiting the sector's ability to align to ambitious decarbonisation pathways.

Key sector dependencies:

Sustainable Aviation Fuel (SAF) is one of the biggest decarbonisation levers available to the aviation sector, alongside fleet modernisation.

However, despite SAF production doubling year-on-year, IATA estimates SAF currently supplies **less than 1%** of aviation fuel demand, highlighting a significant supply constraint to timely implementation of transition strategies. to support increased production and commercialisation of SAF.

Internal carbon pricing drives improved accountability

Aviation sector clients assessed stood out for their high levels of accountability: they demonstrated widespread adoption of carbon pricing and strong links between climate targets and executive remuneration.

The aviation sector is subject to mandatory carbon pricing under both the UK Emissions Trading System (UK ETS, 2021) and EU ETS (2005). This requires airlines to monitor, report and verify CO₂ emissions annually, and has driven the widespread use of internal carbon pricing. UK ETS is also linked to CORSIA, a global CO₂ offsetting scheme aiming to achieve carbon neutral growth.

Carbon pricing sets a price per tonne of greenhouse gas emitted, creating measurable financial incentives to invest in emissions reductions and low carbon investments to drive real accountability.

22%

of assessed Aviation clients had set decarbonisation targets aligned with a 1.5°C pathway, with the remainder (78%) being aligned to Well Below 2 Degrees (WB2D) pathways

75%

are piloting SAF solutions and investing in R&D

100%

of clients had linked climate KPIs to their executive remuneration

Other sectors navigating how to reach net zero can learn from aviation's approach: establishing internal carbon prices can help guide decision making towards lower carbon alternatives.

80%

had a carbon pricing model, versus **45%** across Transport as a whole

“

In aviation, capital allocation supported by transition planning can help drive investment in fleet modernisation and lower-carbon technologies, aligned with the sector's decarbonisation goals.

Huw Howells, MD

Head of Manufacturing & Industrials, Lloyds Corporate & Institutional

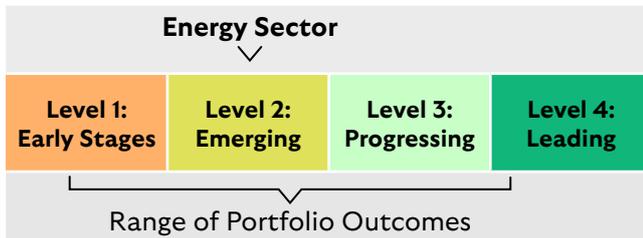
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CTP Assessment Outcomes:

Our corporates assessed includes a range of **Oil & Gas** plus **Power & Utilities** clients:



Breakdown by transition planning Pillars:		
TPT Pillar	Sector Average	Portfolio Average
Ambition	Level 2	Level 2
Action	Level 3	Level 2
Accountability	Level 2	Level 2

The energy sector has a wide range of maturity levels on transition planning, with the highest level of maturity in the ‘Action’ pillar.

Assessed energy sector clients demonstrated consistent and detailed disclosure of planned low carbon investments, providing stakeholders with clarity on project pipelines, and the ratio of “brown to green” investment types.

The volatility of commodity prices and an uncertain geopolitical environment have led to this sector’s shareholders shifting focus, resulting in relatively lower levels of ‘Ambition’ and ‘Accountability’.

Investment decision-making is increasingly driven by commerciality, signalling a clear message: **low carbon returns must be competitive within overall energy company portfolios.**

Key sector dependencies: Energy sector hinges upon geopolitics, policy, and energy demand

Geopolitical tensions and government focus on energy security are displacing energy transition initiatives. Several clients assessed had to consider shifting US policies on renewable energy in their short- and medium-term business planning. Sanctions, trade restrictions and regional conflicts have disrupted supply chains, increased market uncertainty, and significantly delaying the ‘Ambition’ and ‘Action’ elements of transition plans.

Aging grid infrastructure cannot handle surging power demand from electrification and AI investments. According to NESO, the UK energy grid needs to **double its capacity in the next six years** to deliver Clean Power 2030¹⁵, not factoring in AI investment needs. Current project permit lead times delay the development of new assets and grid connections, stalling the implementation of the sector’s transition plans.

From integrated energy companies to electric power utilities, transition plans at entity level evidence a range of **£4bn - £50bn** committed towards low carbon technologies

Our assessed energy sector transition plans varied by jurisdiction, driven by differing regulatory landscapes. The most granular disclosures (**60%**) came from publicly listed, UK and EU-based entities, versus US-based, private businesses

IEA predicts that global data centre consumption demand could **more than double to 945 TWh by 2030**, from its current 415 TWh consumption¹⁶

¹⁵ NESO states achieving Clean Power by 2030 requires the high-voltage electricity transmission network to be built at around twice the rate of the previous decade. Regional distribution networks will also need to grow more than four times faster than historic rates. [National Energy System Operator \(NESO\), 2024](#)

¹⁶ IEA. [Energy and AI](#). 2025.

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Although companies in the energy sector were among the first to develop transition plans, they are facing shifting market and regulatory landscapes. Our ambition is to be the leading financier of the energy transition, with a focus on building the green skills and infrastructure to deliver clean, dependable and affordable energy for all.

Sophie Dejonckheere

Interim Head of Climate and Transition Strategy, Lloyds Corporate & Institutional

”

Leading corporates work alongside major government initiatives to maximise commercial opportunity

For UK energy sector players, DESNZ’s Clean Power 2030 Action Plan¹⁷ is more than a policy signal – it’s a major commercial opportunity. With low carbon sources already generating around 70% of Great Britain’s power in 2024, the sprint to reach 95% clean electricity by 2030¹⁸ demands a rapid scale-up of renewables, storage, grid infrastructure, and power networks.

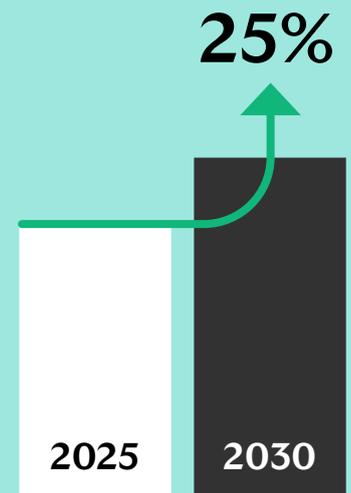
Demonstrating clear alignment to global and national decarbonisation targets can competitively differentiate your business. Your transition plan can show investors and financiers that your organisation is ready to build and operate the critical infrastructure projects that underpins local energy security goals.

Correlating emissions targets to national trajectories, defining time-sensitive risks and opportunities, upskilling and involving your workforce, and clearly allocating capital can all position your business to win project licences, and attract financing over peers.

SSE’s transition plan showcases how corporates can align capital allocation with local decarbonisation targets, whilst delivering social value for a just transition.

¹⁷ DESNZ. Clean Power 2030 Action Plan. Published Dec 2024.

¹⁸ DESNZ. Energy Trends: September 2025.



Increase in low carbon generation needed to meet UK Clean Power goals



The Power of Investment Planning:

SSE is translating climate strategy into capital investment



SSE's £33 billion, five-year 'Transformation for Growth' investment plan is well-positioned to power their business, and the UK, towards a low carbon transition. 80% of this is earmarked for improvements in the UK's electricity networks, with the remainder dedicated to renewables R&D, and system flexibility.

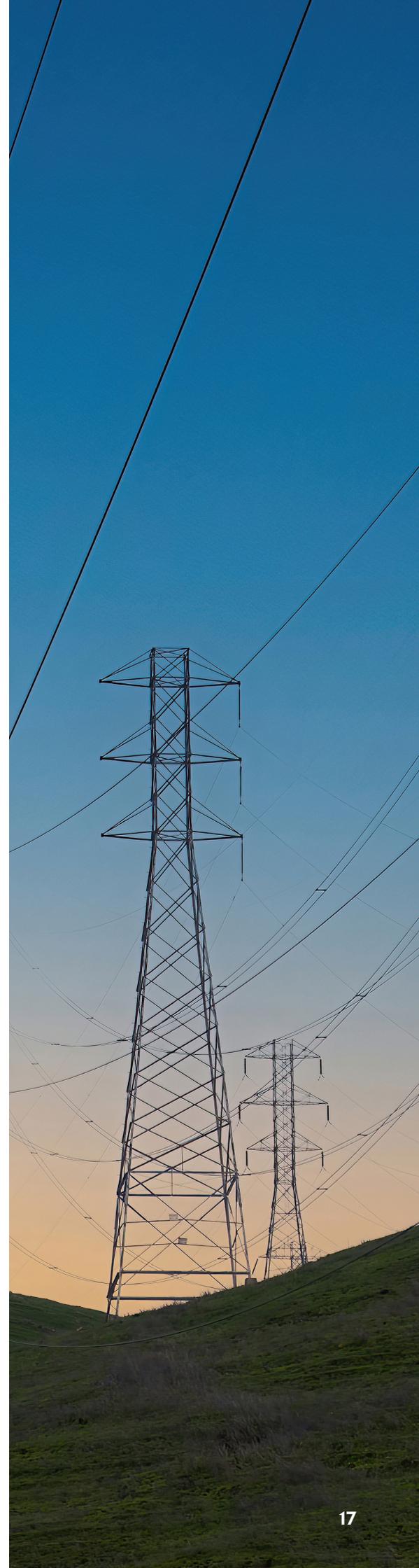
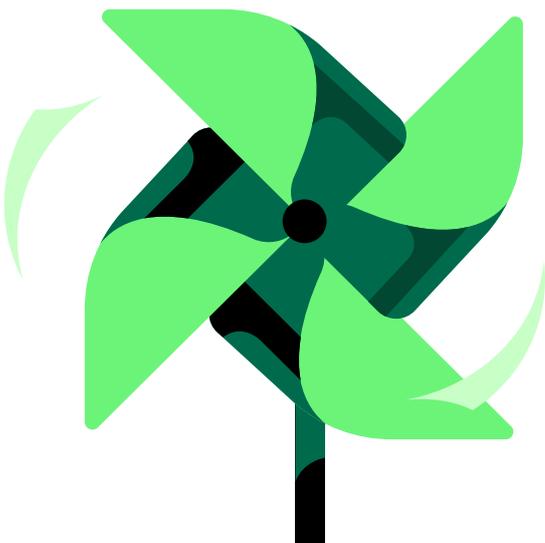
In 2026, Lloyds Corporate & Institutional is supporting SSE's strategy to deliver critical energy infrastructure upgrades in the UK with a £1bn, 12-year green loan facility. This finance is backed by a £800m **UK National Wealth Fund guarantee** to accelerate four major grid projects in Scotland. This finance will help to deliver the UK's clean power and energy security goals, creating jobs and driving economic growth to 2030, and beyond.

SSE's investment plan will also help to unlock wider economic growth, creating opportunities for workers, communities and consumers.

SSE is widely regarded as the first company globally to publish a **Just Transition strategy** in 2020, and this investment into people is driving value for wider society and shareholders.

Their disclosures acknowledge the pivotal role that the energy sector plays in ensuring that the transition to net zero does not impact public support for decarbonisation, risking lasting social and economic harms.

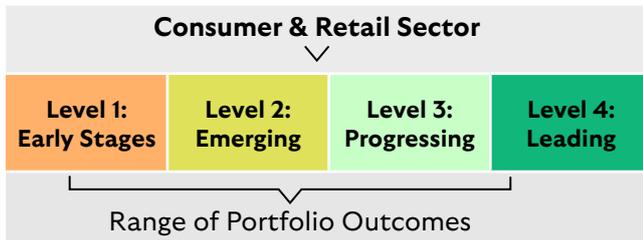
SSE's "**20 Principles for a Just Transition**" provide a clear example of leadership on social integration: the principles cover five key social considerations: green jobs, consumer fairness, building and operating assets, people in high-carbon jobs, and supporting communities.





CTP Assessment Outcomes:

From a range of companies assessed, ranging from **Food and Beverage** to **Retailers**:



Breakdown by transition planning Pillars:		
TPT Pillar	Sector Average	Portfolio Average
Ambition	Level 2	Level 2
Action	Level 2	Level 2
Accountability	Level 2	Level 2

The Consumer & Retail sector is in the emerging stages of transition planning.

Leading clients are going beyond climate disclosures to embed overarching nature strategies and no-deforestation or conversion free (DCF) targets, given their dependences on natural ecosystems such as pollination and soil health.

The Seventh Carbon Budget forecasts that the agriculture sector could make up 41% of the UK's emissions by 2050¹⁹ - a sizeable feat to decarbonise.

The key challenges in this sector lie within Action and Accountability, especially as decarbonising operations and supply chains are often inextricably linked to vulnerable communities and ecosystems.

Key sector dependency: resilience & visibility in commodity-based supply chains

Consumer & Retail supply chains are often heavily nature dependent. Neglecting nature based risks can lead to operational disruptions and unnecessary costs, with knock-on impacts to national food security and consumer prices²⁰.

Droughts, wildfires, flash floods and heatwaves increasingly threaten agricultural supply chains, making the transition essential to ensure business resilience and longevity.

¹⁹ The Seventh Carbon Budget. UK Climate Change Committee, 2025.

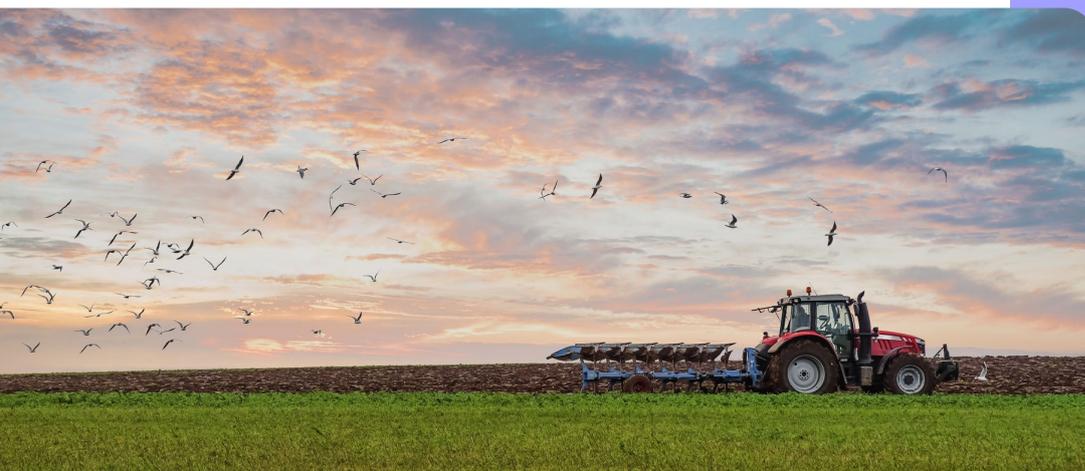
²⁰ TNFD. [Additional Sector Guidance – Food and Agriculture](#). 2025.

²¹ CDP. Blind Spots on the Balance Sheet: Uncovering Financial Implications of Deforestation. Published November 2025.

CDP estimates that the loss of healthy ecosystems could reduce global GDP by **\$2 trillion annually by 2030** for all sectors, but only half companies have quantified the financial impact of water- and forest-related risks²¹

Only 39%

of assessed clients are actively considering the adaptation and resilience of their operations and broader supply chains in their disclosures



Leading transition plans evidence quantitative climate scenario analysis to understand the vulnerabilities of their business-critical operations.

Direct visibility and ownership of supply chains is a material roadblock to progressing Action and Accountability within Consumer & Retail transition plans.

75% of the Consumer & Retail clients we assessed referenced a lack of explicit supply chain transparency and control in their disclosures, due to disparate global suppliers.

Acknowledging these value chain blind spots is essential, especially as Scope 3 emissions are the single biggest limiting factor to achieving net zero targets. Transition plans that map and baseline key dependencies – such as biodiversity and ecosystem services, and impacts on vulnerable communities – give companies a structured way to engage suppliers and co-design solutions.

Leading retailers like Asda and Sainsbury's are already demonstrating what this looks like in practice, setting up supplier incentive schemes that accelerate co-benefits across climate, nature, and social.

68%

of assessed Consumer & Retail clients had an initial assessment of nature-related issues embedded into their climate risk assessments

Supply Chain Finance Scheme

ASDA

In 2025, Asda launched a **new sustainability-linked supply chain finance programme** with Lloyds Corporate & Institutional and EcoVadis. The programme aims to drive progress on the transition, aligned to Asda's own sustainability and supplier ambitions, by offering financial incentives to suppliers that achieve predetermined, sustainability focused KPIs.

Integrating Nature in transition planning:

Sainsbury's

Sustainable sourcing is central to Sainsbury's business resilience, helping them to secure reliable and affordable supplies of key commodities, while reducing exposure to environmental and human rights risks along its value chain.

As a leading private-sector investor in the Responsible Commodities Facility (RCF), Sainsbury's contributed to a blended finance model²² aligned to their decarbonisation strategy, with positive nature and social outcomes in Brazil's soy sector. They unlocked up to £10 million in additional finance

from the UK Government's Mobilising Finance for Forests (MFF) programme, scaling capital beyond commercial finance alone.

This RCF goes beyond local regulatory requirements by offering farmers preferential financing on the condition that no deforestation or conversion of natural vegetation occurs on participating farms. Through this approach, Sainsbury's has gained multiple value chain co-benefits: protecting farmer livelihoods, strengthening a DCF soy supply chain, and supporting lower-carbon, more resilient agricultural production.

These outcomes demonstrate how targeted blended finance models can reduce supply chain risks, protect nature, and create shared value for producers and buyers.



²² | [Sainsbury PLC. Requirements for soy feed.](#)

Conclusion: Putting it into practice

Insights from our 2025 CTP assessments and client engagements have revealed a range of best practice examples from transition plans, which can help to inform and inspire others.

We've summarised our key recommendations on how your business can develop a transition plan that aligns with both business and sustainability objectives, helps you seize the opportunities that arise from the transition, and communicates how you are successfully translating Ambition into Action, alongside Accountability.



Transition plans don't have to be a standalone document.

Leading corporates also embed transition considerations into their forward-looking capital allocation, product development, enterprise risk management processes, and stakeholder engagement strategies.

A transition plan can be used as a tool to signal growth opportunities to stakeholders, including investors and financial institutions.

According to CDP²³, only 11% of global companies' disclosures across all sectors align capital expenditure to decarbonisation targets. A capital allocation strategy is key to demonstrate how you plan to deliver on your stated Ambitions, and forward-thinking low carbon projects or initiatives may differentiate you from your peers. Using clear data tables. Ensure that carbon offsetting is not used in lieu of decarbonisation initiatives.

Bring your stakeholders along the transition planning journey.

Your transition plan becomes an implementable roadmap when you consult and work alongside your internal and external stakeholders. Getting buy-in from your suppliers, employees, leveraging industry partnerships, and engaging with policymakers are essential.

Address how you'll bridge the gap to reach future ambitions.

Setting a net zero target, and reaching it by 2050 or sooner, will require a strategy that solves for residual emissions. When considering buying or selling carbon credits to manage residual emissions, ensure they're from a recognised industry or code, with clear verification in place, but also consider that offsetting should not be a strategy used instead of investing in the transition.

Pinpoint & understand your dependencies.

You may not have all the answers to address barriers to the transition from day one. Acknowledging uncertainties and dependencies such as policy, capacity, finance, skills gaps, technology maturity, and data challenges fosters transparency and often adds credibility to disclosures.

Iterate & update your transition plan with time.

Transition planning is not a 'one and done' exercise. Ensure you have a mechanism in place to iterate your plan as regulations, geopolitics, market conditions, and your business priorities evolve.

²³ CDP. From Plans to Capital: Unlocking Credible Transition Finance at Scale. 2025

Our specialist teams can help to enhance your transition plan

Evolving and strengthening transition plan disclosures

Our Climate and Transition team can help you:

- Leverage the value of a 'second pair of eyes' on your transition plan with desktop assessments and engagement meetings
- Benchmark your disclosures against peers to understand strengths & gaps
- Identify risks and opportunities linked to your transition strategy, supporting strategic decision-making
- Ensuring disclosures comply with local regulations, as well as differentiating your business
- Offer bespoke support to help you build a holistic transition plan, or evolve existing disclosures to meet stakeholder expectations

Considering the financial implications of transition planning

The Climate and Transition team can also support you to:

- Act as a 'critical friend' in assessing your capital allocation strategy
- Shape a credible investment strategy that aligns with long-term decarbonisation goals
- Explore pathways to finance your transition as geopolitics, market conditions, and your business priorities evolve



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Appendix – Policy Landscape and Recommended Guidance

The transition planning policy and standards landscape continues to evolve rapidly. We highlight below the current state of play.

In the UK:

- The IFRS Foundation published guidance on how to apply transition planning in the IFRS S2 Climate-related Disclosures, following the adoption of the TPT (now ITPN) guidance in 2024.
- The UK Government launched a consultation on mandating transition plans following the example of the growing group of jurisdictions, including Australia, Indonesia, Mexico, and New Zealand, who already require transition plan disclosures.
- The Transition Finance Council opened their consultation on entity-level Transition Finance Guidelines, where transition planning will be key to how financial institutions define transition finance eligibility.

In the EU:

- The EU Omnibus amendments removed the provision requiring undertakings to adopt and put into effect a transition plan.
- Recent SFDR amendments in the EU, introduce a dedicated ‘transition’ label for lending aimed at improving clarity for investors.

In North America:

- In the USA, whilst there is no federal mandatory or voluntary guidance in place, some states like California are in the process of devising climate related disclosures aligned to ISSB standards IFRS S1 & S2.

In Asia Pacific:

- New transition-focused taxonomies emerging in markets such as China and Japan, reinforcing the importance of entity-level transition plans to access labelled financing.

Global frameworks continue to evolve, with the ICMA Climate Transition Bond Guidelines (CTBG) and the LMA Transition Loan Principles strengthening expectations for transition planning strategies.

The following frameworks, guidance, and tools can help all sectors to navigate this complex disclosure landscape, in a way that suits their industry and business requirements:

Industry Bodies and Relevant Guidance

IFRS Foundation

Companies with transition plans are required to disclose information about them when applying IFRS S2. The IFRS provides an additional guidance document on climate-related transition plans.

Task Force on Climate-related Financial Disclosures (now incorporated into IFRS)

TCFD provides recommendation to help organisation disclose climate-related risks and opportunities effectively. The TCFD regulation in the UK mandates climate-related financial disclosures for large companies.

Transition Plan Taskforce (guidance now owned by IFRS Foundation)

The Transition Plan Taskforce (TPT) developed a global framework for climate-related transition plan disclosures, now integrated into IFRS S2 standards.

This guidance included sector specific guidance, and additional advisory papers on nature, just transition, and adaptation in transition planning.

International Transition Plan Network (ITPN)

International Transition Plan Network, formerly the TPT, is a collaborative initiative aimed at developing global norms for transition plans.

Third party benchmarking tools:

Transition Pathway Initiative

Climate Action 100+

World Benchmarking Alliance

TransitionArc

Transition Finance Council: Transition Finance Guidelines

Established following the UK Transition Finance Market Review, provides guidelines aiming to establish a framework for assessing credible transition finance opportunities, particularly for high-emitting sectors, to support their decarbonisation efforts. This includes guidance on contextual guidance such as participation in voluntary carbon markets, nature, just transition, and adaptation.

Climate Bonds Initiative

Leading certification scheme for green and transition finance. Publishes guidance on assessing transition plans, with practical guides.

ICMA Climate Transition Finance Handbook

Guidance for issuers of sustainable bonds when raising funds for their climate transition strategy

Rocky Mountain Institute (RMI)

Provides guidance on corporate transition, including Transition Pathway Repository making climate transition pathways more accessible.

Taskforce on Nature-based Financial Disclosures

TNFD provides guidance building on market best practices for climate transition plans, building nature into transition planning.

WWF

Provides guidance on Nature in transition plans

LMA

Developed a Guide to Transition Loans, providing borrowers and lenders with tools to integrate transition objectives into loan structures.

All lending is subject to status. Eligibility criteria apply.

Business help and support

We aim to provide you with a high level of service. If you have an enquiry, please email:
sustainableandtransitionfinance@lloydsbanking.com

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