

## JBA Comments on “A Sector-Neutral Framework for private sector transition plans” by the Transition Plan Taskforce (TPT)

Questions	Comments
Questions on Section 1: Introduction to the TPT	
1. Do you agree with the proposed definition of a transition plan? If not, why, and what alternative definition would you suggest?	<ul style="list-style-type: none"> <li>We agree with the proposed definition of a transition plan and we also agree that this definition may evolve as the work of the TPT develops.</li> </ul>
2. From your perspective, who are the key users of transition plans?	<ul style="list-style-type: none"> <li>Transition plans are of interest to a wide range of stakeholders, including customers, business counterparties, regulators, employees, investors, asset owners and suppliers. Among them, we believe that fund providers who make investments and provide financing, such as banks, investors and asset owners, will be key users as the information is expected to be useful when making decisions based on financial and non-financial information.</li> </ul>
3. From your perspective, what are the key use cases for transition plans?	<ul style="list-style-type: none"> <li>Fund providers are expected to confirm the sufficiency and feasibility of the transition plan disclosed by companies in terms of its impact on corporate value and business continuity, and use this information in their own investment and financing decisions.</li> </ul>
4. How should the TPT select which sectors to develop tailored transition plan templates for? Following that logic, what financial sub-sectors and real economy sectors should the TPT prioritise? In what order should these be addressed?	<ul style="list-style-type: none"> <li>Priority should be given first to sectors with high carbon intensity (e.g., those for which supplemental guidance is provided in the TCFD recommendations), followed by financial institutions which are exposed to those sectors and are indirectly affected by transition risk.</li> </ul>
5. Given the mandate set out in the TPT’s Terms of Reference, to what extent, and how, should the TPT consider issues beyond a firm’s contribution to an economy-wide decarbonisation?	<ul style="list-style-type: none"> <li>We believe that in order to promote a just transition in the real economy, the TPT should consider the form of corporate disclosures in order to contribute to a just transition.</li> </ul>
6. Which of these issues are a ‘must-have’ that need to be addressed in all transition	-

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plans, and which are ‘desirable’, which add depth or breadth but are not central to a transition plan?	
7. Do you envisage any tensions between entity-level decarbonisation and economy-wide decarbonisation goals? If so, can you provide examples and any suggestions as to how the UK TPT may address these in its guidance?	<ul style="list-style-type: none"> <li>• Entity-level decarbonisation is an ongoing concern that needs to be tailored to ensure the pace and plan result in the entity continuing. If entity-level decarbonisation is not set appropriately, it may have a negative impact on the economy as a whole. While this Framework is sector-neutral, the pace of transition will vary by sector, and this should be fully considered with respect to the usability and applicability of this Framework.</li> <li>• For example, it should be noted that if the decarbonisation of upstream sectors of the supply chain (e.g. electricity, gas, steel, etc.) does not make progress, the transition plan for the downstream sectors may not be achieved. In this regard, we believe that clarifying the assumptions and exogenous variables of the metrics and targets set out in the transition plan would lead to an appropriate assessment of the contribution of the companies concerned (even if they fail to meet their targets). It would also be useful to develop a carbon-based input-output table based on the disclosed data to identify the interrelationships of emissions across sectors.</li> </ul>
8. What other financial or non-financial, mandatory or voluntary frameworks and processes are you aware of that the TPT should consider as it proceeds?	<ul style="list-style-type: none"> <li>• We believe that the framework and process presented in this Call for Evidence is sufficient.</li> </ul>
<b>Questions on Section 2: The Sector-Neutral Framework</b>	
9. Where would you prefer for companies to disclose information on their transition plans? Please explain your reasoning, including on how the suggested location relates to the intended audience.	-
10. How prescriptive should the Sector-Neutral Framework be, recognising the	<ul style="list-style-type: none"> <li>• It is desirable for the framework to be principle-based, as pathways for</li> </ul>

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<p>need to balance flexibility in how firms disclose transition plans with more prescriptive templates that seek to facilitate comparability of firms' transition plans?</p>	<p>transition will vary from company to company. A principle-based approach is also appropriate from the perspective of the proportionality, as transition plans can vary depending on the size and business model of a company. The framework should be designed to be flexible, for example, introducing it in stages, based on the process of standardising reduction targets and feasible reduction measures included in the transition plan.</p> <ul style="list-style-type: none"> <li>• On the other hand, since clear, decisive and transparent disclosure is also necessary, we believe that clear definitions are needed for valid comparisons.</li> </ul>
<p>11. Should the TPT seek to standardise the data and metrics used to communicate ambition and measure progress in transition plans? If so, what are the standards for data and metrics that you would recommend including in the Sector-Neutral Framework and in supplementary sectoral guidance?</p>	<ul style="list-style-type: none"> <li>• From the perspective of comparability and internal controls, it is desirable that data and metrics related to the progress of transition plans should be standardised. This is beneficial for both the authors and users of transition plans.</li> <li>• We believe that the metric is GHG emissions including Scope 3, but it should be consistent with existing international measurement guidelines.</li> </ul>
<p>12. Question for small and medium-sized enterprises: what specific challenges do you foresee for SMEs seeking to prepare or use transition plans? How can the guidance and framework prepared by the TPT address these concerns?</p>	<p>-</p>
<p>13. Question for preparers only: if your firm does not already disclose information of the type outlined in this Call for Evidence, what are the reasons for that? For example, are there concerns about legal or possible market risks arising from disclosure? How could the work planned by the TPT address these concerns?</p>	<ul style="list-style-type: none"> <li>• Industry practices, standards, and regulations in this area are new and evolving rapidly, and data availability is a challenge. Therefore, there is a risk that the disclosure of metrics and targets might be based on incomplete data. As noted in our response to Question 11, we believe that these risks can be minimised if simple and comparable data and metrics are developed through the TPT's work.</li> </ul>
<p>14. Transition plans provide an opportunity to ensure the benefits of the climate</p>	<ul style="list-style-type: none"> <li>• While there will be additional initial costs associated with learning and</li> </ul>

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transition are widely felt by UK households and consumers. How can the guidance developed by the TPT balance the need to minimise costs whilst encouraging companies to develop strategies to maximise benefits for all?	development in order to build up a better understanding of climate considerations, over time, we believe these will become part of the broader industry knowledge base. For example, companies are expected to use data from ESG data providers to develop their own strategies, but additional cost burdens and ensuring data reliability could be a challenge.
15. Do you agree with the principles proposed in the Call for Evidence? Why or why not?	<ul style="list-style-type: none"> <li>• We agree with the proposed principles.</li> </ul>
16. Are there any principles that you would add to the list outlined in the Call for Evidence? Why?	<ul style="list-style-type: none"> <li>• We believe that the proposed principles are sufficient.</li> </ul>
17. Which of the principles outlined in the Call for Evidence would you regard as ‘must-haves’ or as ‘desirable’?	<ul style="list-style-type: none"> <li>• We believe that Principle 1 is a ‘must-have’ and that Principle 2 and 3 are ‘desirable’. In particular, in light of the recent trend towards statutory disclosure of climate-related information, it is desirable that the governance and verification process of the transition plan should be integrated within the internal control framework for climate change risk management.</li> </ul>
18. Principle 1 notes that a transition plan should cover the whole organisation. There may be challenges for internationally active firms in meeting Principle 1, given that different jurisdictions will have different economy-wide transition pathways. How can the TPT design its standard and guidance in a way that accommodates credible transition plans consistent with the broader strategy of a firm, but reflect differences between approaches taken in different jurisdictions?	-
19. Do you agree with the elements proposed in the Call for Evidence? Why or why not?	-
20. Are there any elements that you would add to the list proposed in the Call for Evidence? Why?	<ul style="list-style-type: none"> <li>• We believe that the list proposed in this Call for Evidence covers a comprehensive range of elements and that nothing more ought to be added.</li> </ul>
21. Which of the elements outlined in the Call for Evidence would you regard as	<ul style="list-style-type: none"> <li>• Of the elements listed, "a. Ambition" and "b. Target Setting" are ‘must-haves’</li> </ul>

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<p>'must-haves' or as 'desirable' for credible transition plans? In which instances should an entity assess materiality to determine whether an element is considered must-have and/or what level of disclosure detail is required?</p>	<p>while the rest are 'desirable' or not particularly desirable. For example, it is difficult to consider it desirable to require disclosure of "g. Engagement: Public sector" and "h. Engagement: Industry peers," which exceed the recommended level of the TCFD recommendations, because it is assumed that there may be cases where the company has little to no influence, depending on its sector and size.</p>
<p>22. Are there elements where you see substantial barriers to implementation? If so, which ones and why? Are you able to suggest alternatives which are both credible and practical?</p>	<ul style="list-style-type: none"> <li>• For elements that exceed the recommended level of the TCFD recommendations, cost and timescale may be barriers to implementation.</li> </ul>
<p><b>Further Feedback</b></p>	
<p>23. Please share any other feedback or comments you may have on the work of the TPT and the Sector-Neutral Framework.</p>	<ul style="list-style-type: none"> <li>• We welcome the TPT's efforts to develop frameworks, guidance, and templates to obtain appropriate data and to make clear and flexible pathways towards net zero transparent and achievable.</li> </ul>

(End)