

Network for Greening the Financial System
Technical document

Tailoring Transition Plans: Considerations for EMDEs

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Executive Summary¹

Building on a survey of 37 financial institutions, this note analyses the main challenges related to financial institutions' ability to develop transition plans in Emerging Markets and Developing Economies (EMDEs) and provides targeted considerations for all relevant stakeholders in tailoring transition plans to EMDEs. Following the May 2023 NGFS Stocktake Report on "Financial Institutions' Transition Plans and their Relevance to Micro-prudential Authorities", the NGFS has continued its work on transition plans. The initial findings of the Stocktake report identified areas beyond its scope, requiring further analysis. One key area for exploration was the unique needs and challenges in EMDEs affecting financial institutions' transition planning. To inform its work, the NGFS, in collaboration with the Institute of International Finance (IIF), conducted a survey and virtual roundtables with a diverse range of banks and insurers from various jurisdictions in both Advanced Economies (AEs) and EMDEs.

Informed by the survey² results, the main challenges for developing transition plans in EMDEs arise from varying objectives, constraints in the enabling environment and potential unintended consequences. Findings suggest that EMDE financial institutions are in early stages of transition planning, lacking self-assessed capabilities compared to AE peers, and facing three main challenges. First, the objectives of financial institution transition planning can vary significantly between EMDEs and AEs, reflecting the unique challenges and priorities financial institutions are facing in respective jurisdictions. Institutions based in EMDEs perceive higher climate risk, especially in physical and nature risks, leading to a strategic focus on broader sustainability objectives and adaptation. In contrast, institutions based in AEs predominantly centre on mitigation. Next, while overall national climate policy frameworks are available in both AEs and EMDEs, institutions in EMDEs face constraints in the enabling environment related to the lack of clear

targets and sectoral transition pathways. Additionally, while institutions in both AEs and EMDEs face challenges in transition planning, EMDEs encounter higher hurdles, including the limited availability of greenhouse gas (GHG) data, the lack of standardized metrics to capture adaptation and resilience, and limited awareness and capacity to take action on transition planning. Finally, while effective transition planning can contribute to risk management and climate finance, there is also a risk of unintended consequences, such as undermining access to finance and creating retrenchment effects in EMDEs' transition funding if not done effectively.

Building on this analysis, the report proposes five key considerations for policymakers, financial sector authorities and institutions on tailoring transition plans to the EMDE context:

1. Coordinated global guidance from policymakers and financial sector authorities³ is needed to support the implementation of transition plans in EMDEs and establish comparability and consistency across jurisdictions. However, this guidance should remain adaptable to address varying country needs and capacities and avoid unintended consequences.
2. This guidance should include how to integrate adaptation, nature risk and broader sustainability objectives into transition plans or within dedicated adaptation plans, with the appropriate targets and metrics to monitor the progress.
3. Policymakers and financial regulators in EMDEs need to create the enabling conditions for financial institutions' transition planning. Policymakers should develop credible national climate frameworks and financial regulators should provide foundational climate risk management elements, including effective disclosure mechanisms.

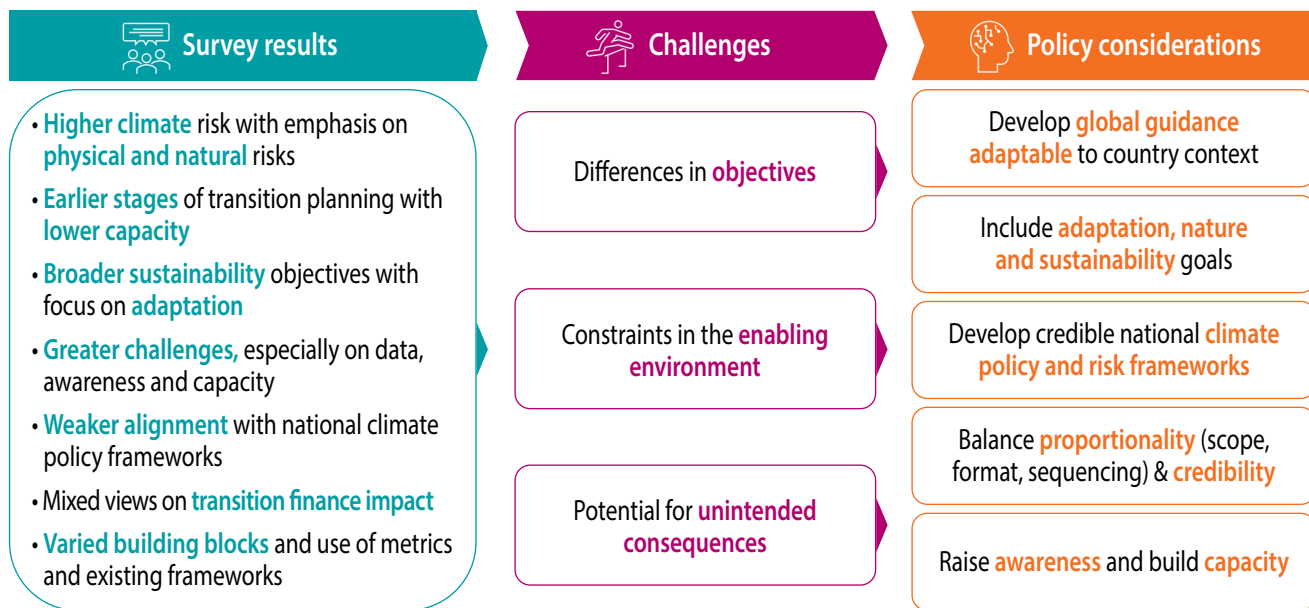
¹ This report is published alongside two other reports on [Connecting Transition Plans: Financial and non-financial firms](#) and [Credible Transition Plans: The micro-prudential perspective](#), which offer complementary perspectives on related topics and help to establish further foundational understanding on the relevance of transition planning and plans for micro-prudential authorities.

² Additional information regarding the methodology of the survey is described in Annex 1.

³ This note does not conclude on the role of financial authorities vis-à-vis other authorities regarding transition plan guidance. As noted in the [NGFS Stocktake on Financial Institutions' Transition Plans](#), the use cases for transition plans by financial regulators are primarily related to their objective of maintaining financial stability. Therefore, any guidance provided to financial institutions should reflect this objective.

4. Financial institutions' transition plans and their guiding frameworks need to be proportionate to the capacity of EMDEs while remaining credible, to support effective climate risk management and the achievement of climate targets, without limiting access to transition finance.
5. Given the nascency of transition planning, there is a need to raise awareness and build capacity among all relevant stakeholders in EMDEs to support local financial institutions and regulators.

Figure 1 Summary of key survey results, challenges and policy considerations for tailoring transition plans to the EMDE context



Source: Authors.

1. Introduction

Following the May 2023 NGFS Stocktake Report on “Financial Institutions’ Transition Plans and their Relevance to Micro-prudential Authorities,”⁴ the NGFS has continued to advance work on the role of transition plans in enabling the financial system to mobilize capital and manage climate-related financial risks (“climate risks”) and their relevance to microprudential supervision. This aligns with the NGFS’ broader goal to enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments in the broader context of environmentally sustainable development.

The NGFS defined “transition planning” and “transition plans” in the Stocktake report, which are adopted in this report: “**Transition planning**” is the internal process undertaken by a firm to (i) develop a transition strategy to deliver climate targets that firms may voluntarily adopt or that are mandated by legislation or the appropriate authority, and/or (ii) prepare a long-term response to manage the risks associated with its internal strategic planning and risk management processes undertaken by a financial institution to prepare for risks and potential changes in business models associated with the transition to a low emission and climate-resilient economy”. “**Transition plans**” are a key product of the transition planning process and are an external-facing output for external audiences, such as investors, shareholders and regulators.

For the purpose of the NGFS work, transition planning and transition plans capture climate mitigation and adaptation. From the NGFS perspective, for completeness transition plans should reflect an entity’s integrated approach to reducing its emissions (**climate mitigation**) and simultaneously adapting to the impacts of climate change that will arise even where the goals of the Paris agreement are met (**climate adaptation**).

Consistent with the mandate of the NGFS Workstream on supervision, the scope of institutions covered by this note are financial institutions, describing banks and insurers subject to micro-prudential supervision.

The Stocktake report highlighted the need for further analysis on the unique needs and challenges in emerging markets and developing economies (EMDEs) affecting financial institutions’ transition planning and plans⁵. The stocktake report noted: “Micro-prudential authorities in emerging markets and developing economies (EMDEs) may have different considerations from their counterparts in more developed countries. For those regulators, one consideration could be how central banks and supervisors in EMDEs can help less sophisticated financial institutions in those jurisdictions to develop their transition plans, ensuring consistency with transition pathways, and how that would translate into the strategy, risk management, governance, and market opportunities for these institutions.”

The EMDEs’ context presents different challenges for financial institutions in implementing their transition plans. For instance, the objectives of transition plans in EMDEs may diverge from those in advanced economies (AEs), reflecting varying sustainability priorities. This may include a stronger focus on adaptation than mitigation, especially in those low-income countries which have low emissions profiles, while being highly vulnerable to climate change. Furthermore, EMDEs may face substantial constraints in their enabling environment, including the lack of data, technical expertise, and national climate policy frameworks with precise targets and metrics. Finally, while transition planning and plans can help advance the transition and contribute to better risk management, there is potential for unintended consequences if not done effectively, such as undermining access to finance and creating a retrenchment effect in transition funding in EMDEs.

To support the NGFS in drawing more informed conclusions about the specific needs and challenges in EMDEs affecting financial institutions’ transition planning and plans, the NGFS – in collaboration with the Institute of International Finance (IIF) – surveyed⁶ a range of small, medium and large banks and insurers with a variety of business models, operating across diverse jurisdictions, both in AEs and EMDEs.

4 https://www.ngfs.net/sites/default/files/stocktake_on_financial_institutions_transition_plans.pdf

5 NGFS defines transition plans as strategy documents that defines a corporate’s strategic plan to transforming its business model to adapt to a low-emission climate-resilient economy, and transition planning as the underlying process to develop the transition plan.

6 Additional information regarding the methodology of the survey is described in Annex 1.

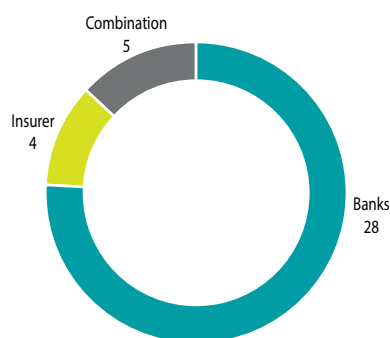
2. Summary of findings from survey

Financial institutions headquartered in EMDEs exhibit distinct needs and constraints from those in AEs, potentially influencing the development of transition plans. The survey aimed to uncover disparities between AEs and EMDEs and understand the challenges faced by EMDE financial institutions, and explore potential solutions adapted to those countries.

The survey coverage is relatively limited but includes a well-balanced sample of EMDE and AE financial institutions.

The survey enlisted the participation of 37 financial institutions, with 28 banks, 4 insurers, and 5 entities functioning as both banks and insurers (Figure 2).

Figure 2 Type of institutions



The distribution of institutions in terms of total balance sheet size is well-balanced, with approximately one-third having total assets less than USD 25 billion, another third exceeding USD 500 billion, and the remaining third falling within the intermediate range (Figure 3). The majority of participating institutions are headquartered in EMDEs, encompassing both low and middle-income countries (Figure 4). Despite the limited sample, noteworthy insights emerge, especially considering that 89% of institutions engage in activities within EMDEs (figure 5)⁹.

Figure 3 Balance sheet size

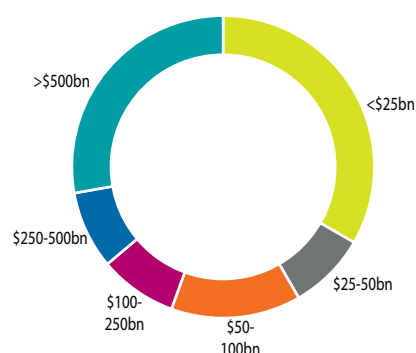


Figure 4 HQ location

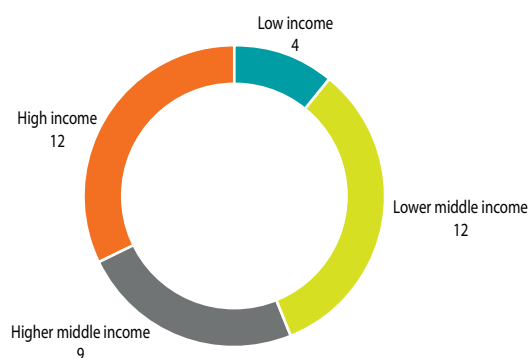
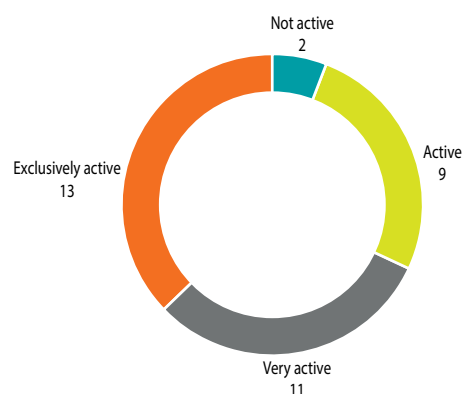


Figure 5 EMDE presence



Source: NGFS survey.

7 Country classification follows [World Bank Atlas method](#). High-income countries are sometimes referred as AEs for the purpose of this report.

8 Also noting that the sample represents the views of institutions willing to share information about their approach, potentially reflecting a higher awareness of climate-related financial risks compared to their peers.

9 In the context of the survey, the term active is defined in four categories ranging from not active (less than 5% of assets or revenue connected to EMDE) to exclusively active (nearly all assets located therein). Active and very active are defined as more than 5% and more than 50% of assets or revenue derived from business with EMDEs.

Climate risk is perceived to be higher in EMDEs with emphasis on physical and nature risks.

The NGFS asked financial institutions to assess the perceived level of exposure to climate and nature risks, encompassing both climate and nature physical and transition risks impacting their overall business operations. In cases where

entities are active in both AEs and EMDEs, the NGFS asked respondents to differentiate between the two regions. Across all four categories, the perceived level of risks is higher in EMDEs than in AEs (Table 1). Furthermore, according to respondents, EMDEs are specifically more vulnerable to climate-related physical risk and nature-related risks compared to AEs.

Table 1 Perception level of climate and nature risk (1 = not relevant, 5 = highly relevant)

Type of risk	EMDE	AE
Climate-related transition risk	3.5	3.3
Climate-related physical risk	3.8	3.0
Nature-related transition risk	3.3	2.7
Nature-related physical risk	3.6	2.9
Average	3.5	3.0

Note: Respondents were asked to rate the perceived level of physical and transition climate and nature-related financial risks faced by their institution's business activities in aggregate, differentiating between AEs and EMDEs, on a scale of 1 (not relevant) to 5 (highly relevant).

Source: NGFS survey.

EMDE financial institutions are in the early stages of transition planning, compared to financial institutions from AEs¹⁰, with lower self-assessed capabilities to develop transition plans.

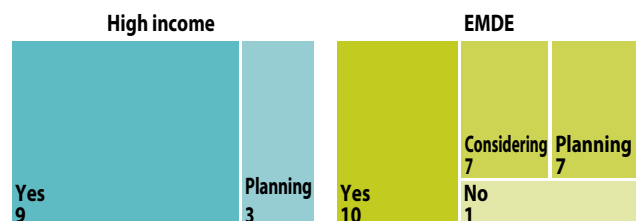
While every financial institution surveyed in high income countries has made public decarbonization commitments, only 52% of financial institutions in EMDEs have done so (Figure 6). Most AE financial institutions have undertaken a transition planning exercise, whereas only a minority of EMDE financial institutions have done so (Figure 7). The pattern

remains consistent in the development of transition plans; 58% of AE financial institutions have established a transition plan compared to 36% of EMDE financial institutions. Additionally, 33% of AE financial institutions have publicly disclosed their transition plans, whereas only 16% of EMDE financial institutions have taken this step (Table 2). Financial institutions in AEs exhibit a slightly higher self-assessed capability to develop and implement a transition plan. In EMDEs, the majority of financial institutions rate themselves as average, while in high-income countries, most financial institutions rate themselves as either average or highly capable (Figure 8).

Figure 6 Has your institution made public decarbonization commitments?



Figure 7 Has your institution conducted a transition planning exercise?



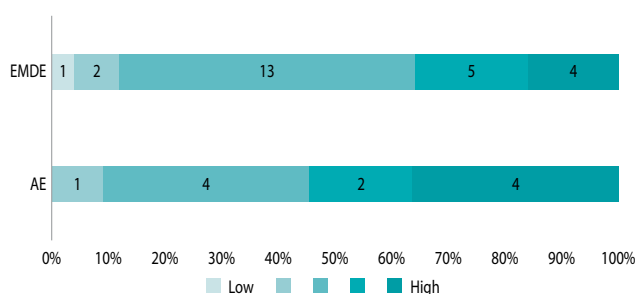
¹⁰ Breakdown between AEs and EMDEs based on location of headquarters (see figure 4). AEs: high-income countries, EMDEs: upper and lower middle income and low-income countries.

Table 2 **Has your institution developed a transition plan?**

	High income	EMDE
Yes, fully implemented and disclosed	17%	4%
Yes, under implementation and disclosed	17%	12%
Yes, under implementation but undisclosed	25%	20%
No, but under development	17%	36%
No, but under consideration	25%	20%
No	0%	8%

Percentages are commonly rounded when presented in tables. As a result, the sum of the individual numbers does not always add up to 100%.

Figure 8 **How would you rate your institution's capacity (including expertise and resources) to develop and implement a transition plan on a scale of 1 (no capability) to 5 (high capability)?**

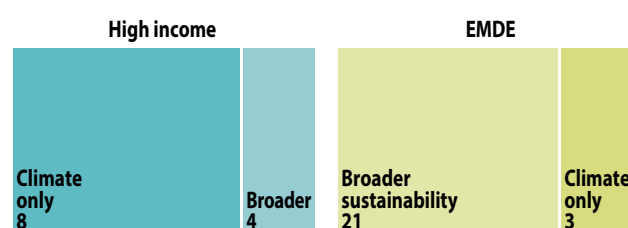


Source: NGFS survey.

EMDE financial institutions prioritize broader sustainability objectives and adaptation, while the focus in AEs is primarily on climate and mitigation.

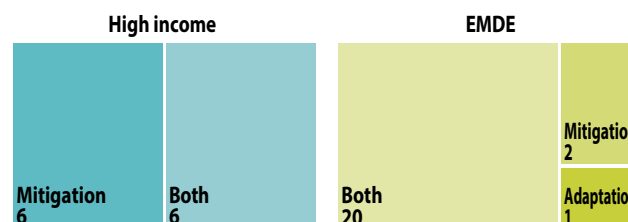
Survey findings reveal that in EMDEs, for most financial institutions that have implemented a transition plan or are considering one, transition planning extends beyond climate mitigation, encompassing a broader set of objectives intertwined with adaptation and sustainable development dimensions like just transition, social inclusion, nature and biodiversity, food security, and clean energy. Conversely, the majority of financial institutions in high income countries primarily focus on climate as the sole objective of their transition planning (Figure 9). Furthermore, in EMDEs, transition plans address both adaptation and mitigation aspects, whereas in AEs, approximately half of the sample incorporate both, and the other half focuses solely on mitigation (Figure 10).

Figure 9 **Does/will your institution's transition plan cover climate-related objectives only, or broader sustainability objectives as well?**



Source: NGFS survey.

Figure 10 **Does/will your institution's transition plan encompass both mitigation and adaptation actions?**



Source: NGFS survey.

Survey results reveal a varied approach among financial institutions in incorporating diverse metrics and voluntary frameworks into their transition planning.

The majority of financial institutions, both in EMDEs and AEs, primarily employ emission metrics, such as sectoral emission intensity, as part of their transition planning process. These metrics display a range from backward-looking indicators, such as assessing the carbon footprint of investments, to forward-looking metrics, including expected emission reductions for clients. Additionally, the metrics span from macro-level considerations, like national or sectoral pathways to net-zero, to micro-level assessments, such as evaluating

a client's resilience to climate transition. Some financial institutions utilize Key Performance Indicators (KPIs), with some integrating these indicators into a dashboard for tracking performance over time. In addition, some EMDE financial institutions mentioned using broader ESG metrics, such as social indicators around financial inclusion or gender equality. While not universally used, available voluntary frameworks are adopted by certain institutions, with the Glasgow Financial Alliance for Net Zero (GFANZ) and the Task Force on Climate-Related Financial Disclosures (TCFD) frameworks being popular choices within this subset.

Respondents listed building blocks for transition planning in EMDEs that are similar to the ones used in general transition planning frameworks, with specific emphasis on some aspects particularly relevant for EMDEs.

Like for AEs, the building blocks for transition planning in EMDEs encompass engaging key stakeholders, including governments and non-financial institutions, to ensure alignment with public policies, decarbonization and adaptation efforts¹¹. Scientifically based sector-specific and jurisdiction-specific pathways toward carbon neutrality are a pre-requisite. Respondents mention various critical elements with some recurring elements around targets, metrics, disclosure and capacity building. According to some respondents, financial institutions should focus on emissions baselining, setting decarbonization strategies, targets, operating models, and implementation roadmaps.

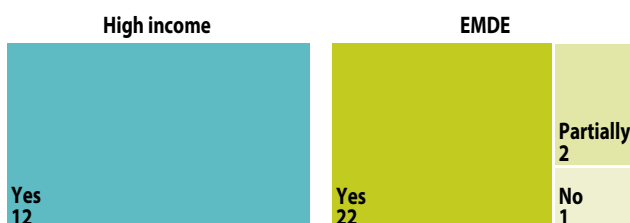
Certain elements around access to data, capacity building and non-linear pathways appear more specific to EMDEs. According to some respondents, net-zero pathways should reflect the non-linear nature of emission reduction pathways in EMDEs, which may involve an initial increase in GHG emissions in the medium term before experiencing a decrease, to account for factors such as energy security and affordability issues in EMDEs. Furthermore, access to accurate data and capacity/expertise, sustainability-related disclosures, standardized tools and metrics, along with partnering with clients, knowledge exchange and capacity building were also mentioned as components that appear particularly crucial in the context of EMDEs.

¹¹ The relationship between financial institutions and non-financial institutions' transition planning is explored further in the NGFS Technical document "Connecting Transition Plans: Financial and non-financial firms".

National climate policy frameworks are overall available in both AEs and EMDEs, but respondents indicate stronger alignment of their transition plans with their respective national framework in AEs.

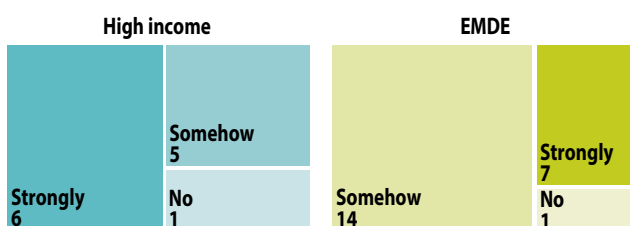
Both respondents from AEs and EMDEs operate within a national climate policy framework, yet alignment of respondents' transition plan with such framework is comparatively weaker in EMDEs (Figure 11). All AE financial institutions and around 90% of EMDE financial institutions are located in jurisdictions that have a national policy framework that addresses climate change and related risks (e.g., Nationally Determined Contribution, Climate Change Strategy, National Adaptation Plan), including clear targets and timelines (e.g., national time-bound net zero target). In EMDEs, financial institutions' transition plans are comparatively more loosely aligned with the national framework, with only 7 out of 22 financial institutions demonstrating strong alignment in EMDEs, compared to 6 out of 12 in AEs (Figure 12).

Figure 11 Does the jurisdiction in which your institution's group headquarters are located ("home jurisdiction") have a national policy framework (e.g., Nationally Determined Contribution, Climate Change Strategy, National Adaptation Plan) that addresses climate change and related risks, including clear targets and timelines (e.g., national time-bound net zero target)?



Source: NGFS survey.

Figure 12 To what extent does your institution's transition planning align with the goals and objectives of that national policy framework?



Source: NGFS survey.

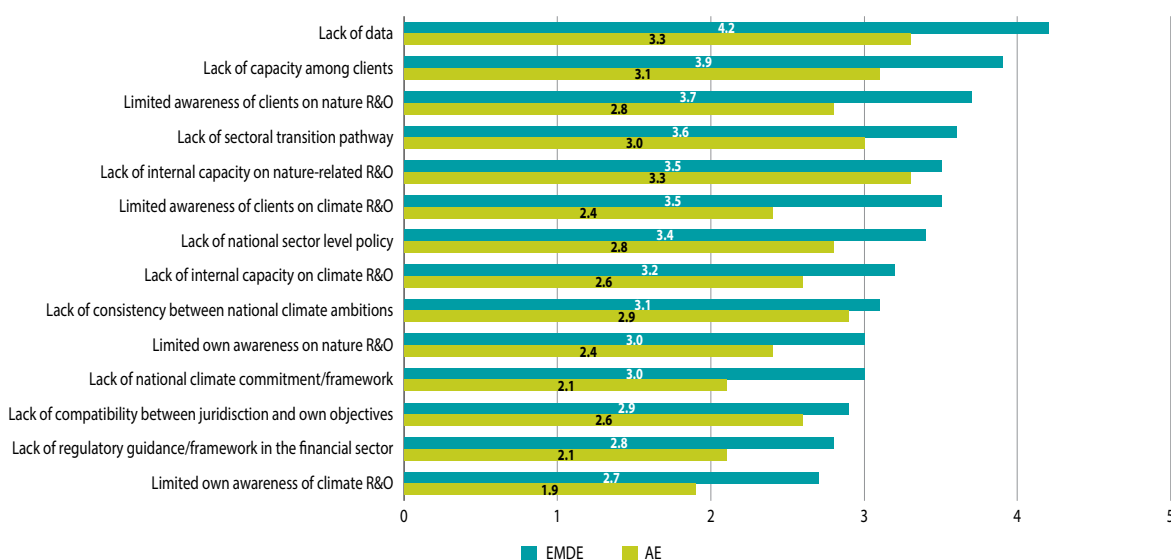
Financial institutions in both EMDEs and AEs encounter challenges in developing transition plans, with EMDE countries facing higher hurdles compared to high-income countries.

In each category, the challenges score higher for EMDE than for AE countries (Figure 13). For both groups, the most significant challenge is the lack of relevant data. In EMDEs, this is trailed by lack of capacity and expertise among clients (3.9) and the limited awareness or understanding of nature-related risks and opportunities (3.7). Conversely, for financial institutions in AEs, the data challenges are followed by a lack of internal capabilities for developing a

credible transition plan (3.3) and insufficient capacity and expertise among clients (3.1).

The most pronounced disparities between EMDEs and high-income countries in the challenges of developing a transition plan are the limited awareness or understanding of climate risks and opportunities among clients limited awareness or understanding of nature-related risks and opportunities among clients (0.9) and the lack of relevant data (0.9). Except for the lack of relevant data, the primary reason for these differences is that respondents in high-income countries rate these challenges relatively low, indicating that these issues are not significant hurdles for them.

Figure 13 Challenges in developing a transition plan¹



¹ What specific challenges does your financial institution face, or anticipate facing, in developing a transition plan in relation to your business activities in AEs or EMDEs? Note: Respondents were asked to rate from 1 (not relevant) to 5 (highly relevant) the specific challenges that they face, or anticipate facing, in developing a transition plan in relation to their business activities in AEs or EMDEs. R&O = risk and opportunities. Source: NGFS survey.

EMDE and AE financial institutions have different perspectives on the anticipated impacts of transition planning on financial flows in EMDEs.

EMDE financial institutions generally anticipate a positive impact on transition financial flows to EMDEs from transition planning. On the positive side, there is

potential for new business growth areas, technological advancements, job opportunities, and a strengthened commitment to sustainability by financial institutions according to some respondents. For example, financial institutions can provide financing for innovative projects aimed at improving sustainability in various sectors, including technology and environmental research.

However, some respondents headquartered in AEs express concern about potential retrenchment effects.

Some financial institutions stress that potential negative consequences may include a potential lack of interest from investors in local non-financial companies in EMDEs, particularly those reliant on hard-to-abate sectors. If financial sectors withdraw capital from these sectors, the transition in these countries may face challenges, potentially leading

to divestment and higher risk premiums. Furthermore, there is a concern that the beneficiaries of financing may be differentiated based on their “country risk profile,” potentially reducing international trade relations and investments. To ensure positive outcomes outweigh the negative, some respondents outline that it is crucial to integrate just transition considerations into the planning process and consider the real economy context.

3. Challenges for transition plans and planning in EMDEs

Informed by the survey results presented in section 2, this section presents and analyses the main challenges encountered in EMDEs by financial institutions for the adoption and implementation of transition plans and planning. It emphasizes that EMDE financial institutions may encounter the challenge of addressing a comprehensive set of objectives during the transition planning process. Meanwhile, transition planning is affected by the limitations often present in the broader enabling environment in EMDEs. Moreover, without the recognition of these challenges, and without efforts to address them, transition plans may have unintended effects in EMDEs, including constraining access to transition finance. These challenges can vary between low-income and middle-income EMDEs and may be perceived differently by domestic and foreign financial institutions.

The objectives of transition planning can differ significantly between EMDEs and AEs, reflecting the unique challenges and priorities of the respective jurisdictions.

Transition planning in AEs primarily focuses on net-zero and mitigation strategies, while EMDEs approach transition planning with a broader perspective.

In EMDEs, climate action is intricately linked with other dimensions of sustainable development, such as social equity, biodiversity conservation, and environmental preservation¹². In these economies, carbon-intensive industries can be major contributors to economic growth and employment, playing a significant role in generating tax revenue, which complicates efforts to gradually retire high-emitting assets. In addition, many EMDEs face a pressing need to prioritise adaptation efforts while pursuing mitigation. Therefore, EMDEs face the challenge of decoupling GHG emissions from economic growth to avoid locking in carbon-intensive development paths, while addressing the adverse socioeconomic impacts of the transition and adaptation needs. This requires maintaining economic growth, essential for poverty reduction and supporting the funding of

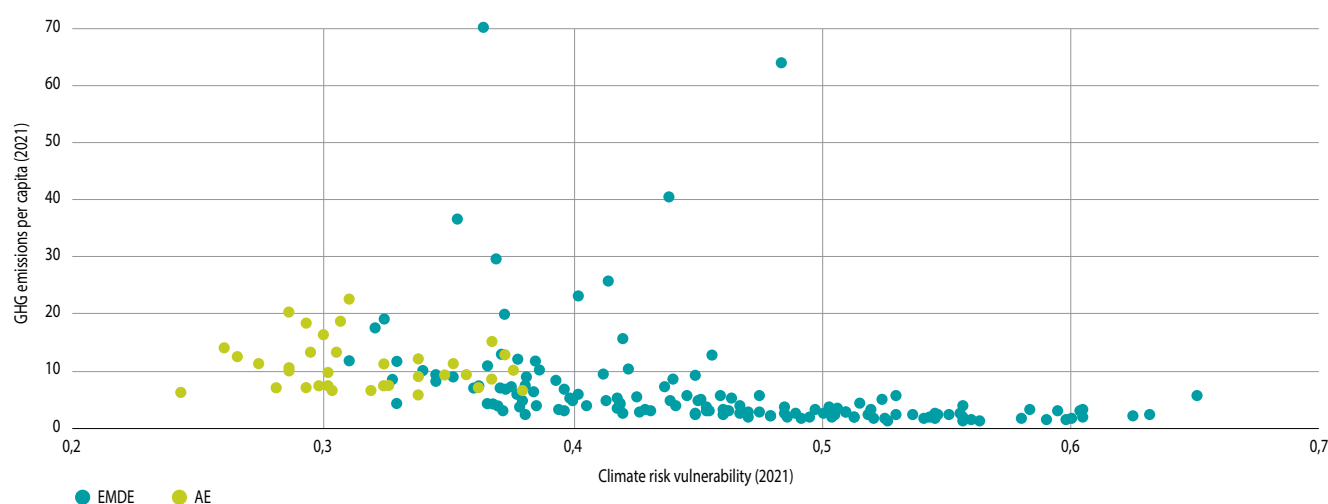
adaptation and mitigation efforts, while reducing reliance on high-emitting industries. At the same time, the involvement of these industries in emission reduction is crucial for meeting the goals of the Paris Agreement. This may include considerations of inclusive and equitable transition strategies, calling for a 'just transition' that protects vulnerable communities from the disruptions associated with moving away from carbon-intensive industries.

EMDEs may place greater emphasis on addressing adaptation in transition planning.

Based on the NGFS survey, most institutions whose headquarters are located in low- and lower middle-income countries have indicated that their transition plans – or views on transition plans – encompass both climate mitigation and adaptation. The escalating frequency and severity of climate hazards experienced by EMDEs underscores the pressing need for climate adaptation efforts and building climate resilience. The emphasis on climate adaptation is particularly relevant in low and lower middle income countries, which often have relatively low greenhouse gas emissions profiles but are highly vulnerable to climate change impacts (see Figure 14 below). Those countries often lack the resources and infrastructure to cope with extreme weather events, rising sea levels, and other climate-related challenges. Embedding climate adaptation in transition planning ensures that physical risks associated with climate change are adequately mitigated and reinforces the role of the financial sector in supporting efforts to build climate resilience of the economy. This can help reduce the vulnerabilities of communities and businesses to climate-related hazards, protect essential resources like water and agriculture and improve disaster preparedness for local communities, therefore reducing the risk of displacement and economic losses. At the same time, the heightened perception of physical and nature-related risks in should not diminish the relevance of transition risks for these countries, particularly certain middle-income countries with higher emissions (see Figure 14 below).

¹² See World Bank (2023). *Country Climate and Development Reports – The Development, Climate, and Nature Crisis*.

Figure 14 **Vulnerability to climate change and emission intensity for EMDEs and AEs**



Sources: Authors' calculations based on EDGAR (Emissions Database for Global Atmospheric Research) for CO₂ emissions per capita and ND-GAIN Vulnerability Index for climate risk vulnerability. The ND-GAIN Vulnerability Index measures a country's exposure, sensitivity and capacity to adapt to the negative effects of climate change. It ranges from 0 to 1 with higher values representing higher vulnerability. Country classification following World Bank Global Economic Prospects (GEP). Sample covering 173 countries (138 EMDEs and 35 AEs).

These diverse objectives also link to a definitional challenge around transition planning. The survey results (section 2) suggest that financial institutions in EMDEs and AEs differ in their understanding of transition plans. For example, when asked about key metrics important for transition plans, financial institutions in high income countries tended to emphasise greenhouse gas emissions targets for the portfolio. In contrast, financial institutions exclusively or largely present in EMDEs mentioned a much broader set of metrics, including sustainable finance, compliance with environmental and social standards, and greenhouse gas emissions from own operations (as opposed to from investment or lending activities).

In developing transition plans, financial institutions in EMDEs face constraints in the enabling environment related to the lack of broader policy framework, data, and capacity.

Most national and international guidance on transition planning is prepared by institutions and organizations from AEs. As such, the breadth and depth of the guidance, as well as emerging standards on the credibility of transition plans, appear to be largely reflective of the realities of high-income countries and may not always be tailored to the needs in EMDEs. Meanwhile, financial institutions and businesses in EMDEs face constraints in the enabling environment for transition plan preparation in line with these standards, including when it comes to: (i) the

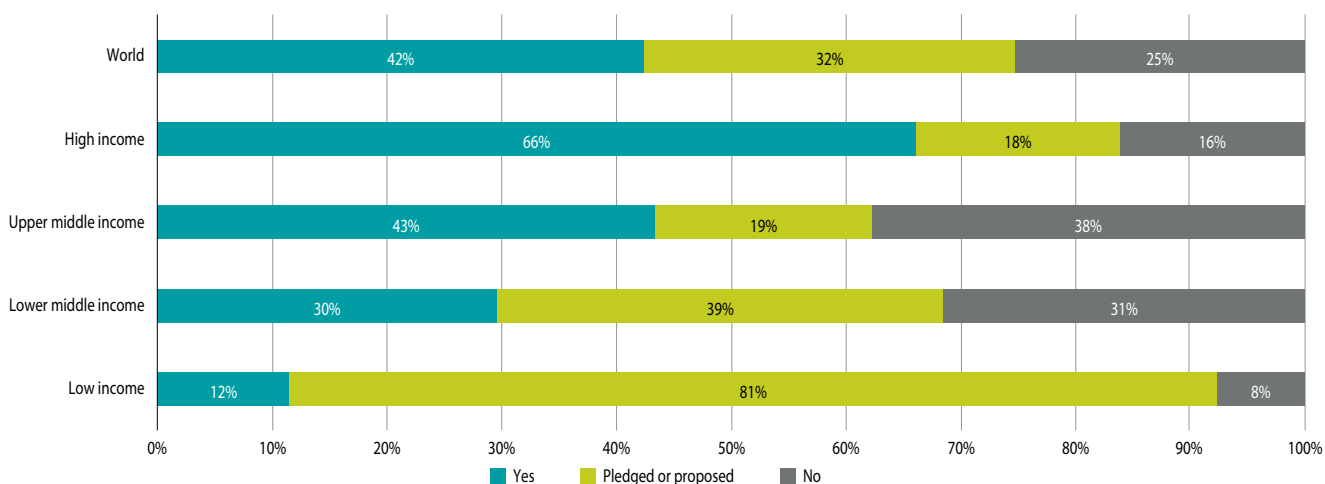
broader policy framework, (ii) data, and (iii) capacity. These constraints create the need to translate existing AE approaches for transition planning to the context of low- and middle-income countries, in a streamlined, proportional, and gradual way.

Policy framework

In AEs, transition plans are often supported by – and sometimes integrated into – a broader national climate policy framework, which is frequently absent in EMDEs.

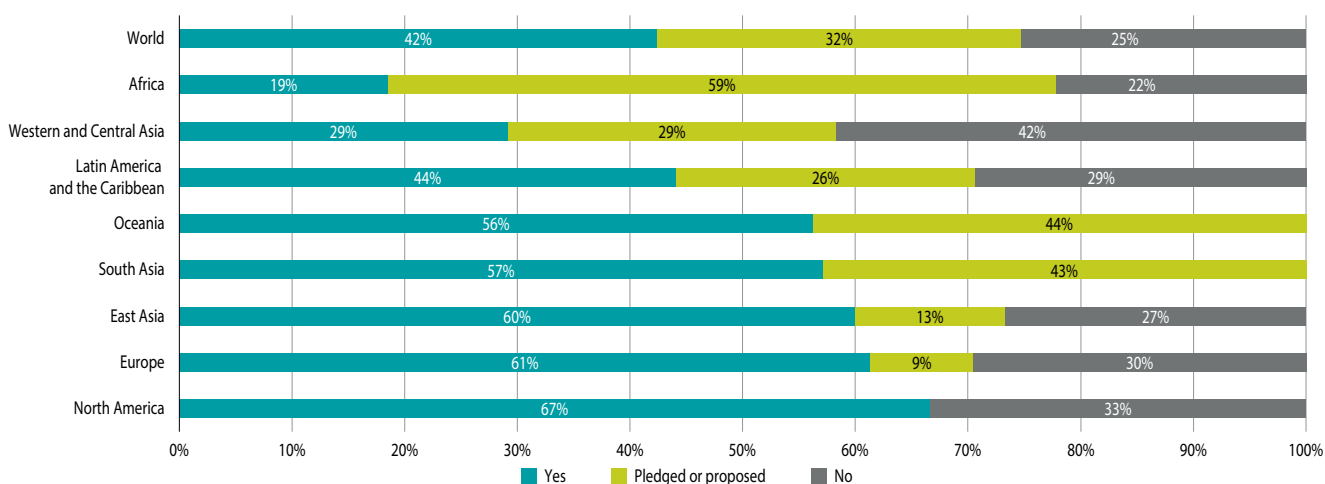
For example, in the European Union and in the United Kingdom, these expectations are part of broader and defined efforts to meet climate targets. Such a comprehensive climate policy framework, as well as national sector level policies, are often lacking in EMDEs, where fiscal constraints and competing social priorities make efforts to address climate challenges piecemeal and ad hoc. For instance, net zero targets are adopted in a policy document or in law in 68% of high-income countries, but only in 12% of low-income countries, 28% of lower middle-income countries and 43% of upper middle-income countries (see Figure 15 below). This makes it more difficult for financial institutions, whose actions rely on broader climate policy commitment and direction, to set climate targets and act on any decarbonization levers available to them. Quick action can also put financial institutions ahead of, or even in contention with government policy objectives, which can create additional risks.

Figure 15 National net zero targets per income group



Source: Net Zero Tracker. Energy and Climate Intelligence Unit, Data-Driven EnviroLab, NewClimate Institute, Oxford Net Zero. 2024.

Figure 16 National net zero targets per region



Source: Net Zero Tracker. Energy and Climate Intelligence Unit, Data-Driven EnviroLab, NewClimate Institute, Oxford Net Zero. 2024.

Data

Data limitations are another key impediment for climate-related risk management and transition planning, as also reflected in the survey results (section 2).

This includes challenges with data sourcing, data providers, quality and form of data, and consistency. A robust data quality verification process is needed to guarantee the accuracy, completeness, and reliability of the data used and reported by financial institutions, but this is not always in place, both at the level of the financial institution and the supervisor. While data challenges are pervasive in high

income countries, these issues are further exacerbated in EMDEs.

In many cases, GHG emissions data is limited, unclear and inconsistent, primarily due to the absence of carbon reporting legislation or incomplete and irregular ad-hoc voluntary reporting. This data might be available for large, commercial, listed entities which engage in international trade and are thus required to report according to international requirements. However, this data may not be available from other type of firms, such as small and medium-sized enterprises (SMEs) which often form a large

portion of the economy in EMDEs, or public state-owned companies who could be the main providers of energy, transport and other services, and represent large exposures for financial institutions. As far as available for larger firms, disclosed GHG data may not always meet quality standards supported by a strong regulatory framework, or only be limited to Scope 1 and Scope 2 emissions data. EMDE financial institutions mention a lack of guidance from national regulators and authorities for how to determine proxy emissions data for firms which do not disclose such data points. While not the only reason, the lack of GHG emissions data likely contributes to the much lower uptake of transition plans in EMDEs. While close to 70% of financial institutions in high income countries collect information about GHG emissions from large corporates, only 40% of financial institutions in EMDEs do the same, as shown in the survey results collected for the purpose of the NGFS technical document on the [“Connecting Transition Plans: Financial and non-financial firms”](#).

The lack of GHG emissions data is also affecting the availability and creation of sector transition pathways or carbon budgets used for transition planning.

As mentioned, EMDE non-financial firms and financial institutions that need or want to develop transition plans, often lack a national reference point or benchmark with regard to sectoral decarbonization pathways. Meanwhile, decarbonization pathways developed internally by financial institutions rely on their own assumptions and proxy GHG data, potentially introducing data quality issues, or lacking scientific foundations. Consequently, financial institutions may exhibit hesitancy in publicly disclosing or sharing this information.

While scenario analysis of climate and nature risk exposure can inform transition planning, the financial data that is required at a granular level for assessing physical and transition risks is also often not collected, or more difficult to obtain, in EMDEs. The reporting of financial data at a geographic level may not be sufficient to determine the physical location of assets, and property registries may not be fully electronic. The

lack of detailed sector classification standards of financial data, and/or the ability to map existing domestic sector classifications to international codes, is a challenge too. This data is critical for scenario analysis to explore the potential impact of climate-related scenarios on financial institutions’ operations¹³. Scenario analysis is a key risk identification tool and input for transition planning. Whilst many supervisors and financial institutions in AEs have undertaken climate scenario analysis and stress testing, not many in EMDEs have done so.

One major challenge in adapting transition plans to the EMDE context is the difficulty of identifying relevant metrics to capture adaptation and sustainability objectives.

Mitigation efforts are relatively straightforward to measure using emission data. However, the equivalent is yet to be defined for adaptation and broader sustainability goals¹⁴. Similarly, social objectives, particularly those linked to the concept of a just transition, are crucial in an EMDE context and require the identification of relevant metrics. Finally, while net zero targets are more easily identifiable, determining the right target to reflect the desirable adaptation to climate change through a just transition is more complex.

Capacity and awareness

The processing and analysing of data require technical expertise and resources not readily available in all EMDEs. Where climate data from local sources may be available for the assessment of climate risks, most of this information is in raw data formats and is thus not readily useable without significant processing.

EMDE financial institutions and their regulators generally have lower levels of capacity to take action on transition planning. While the availability of climate experts in AEs has grown significantly to meet the demand for action on climate by the private sector, these skills are still developing in EMDEs. Some of the larger financial institutions, or those with high exposure to developed markets, including subsidiaries of international financial groups, may be ahead of other local

¹³ See [NGFS, Guide to climate scenario analysis for central banks and supervisors \(2020\)](#).

¹⁴ COP28 saw the adoption of a Global Goal on Adaptation (GGA) framework, which included global time-bound goals for adaptation action. Relevant quantified for those goals should be discussed at COP29 in 2024.

peers in terms of developing internal capacity. Nonetheless, on average, capacity to develop and implement transition plans is among the key challenges EMDE financial sector stakeholders are facing, as reflected in the survey findings presented in section 2.

The lower levels of capacity often go hand in hand with lower levels of awareness. In the survey, the limited awareness of clients on climate and nature-related risks and opportunities ranks as one of the top challenges in developing transition plans in EMDEs, and where the delta with AEs is also the highest.

Other challenges

EMDE financial institutions may face other challenges such as limited investment opportunities, higher capital costs, lack of incentives for sustainable financing, and difficulties associated with the greening of supply chains. In EMDEs, there is often a scarcity of green financing opportunities¹⁵, making it difficult for financial institutions to find suitable financial instruments and products that align with environmentally friendly initiatives. In addition, transitioning to sustainable practices comes with upfront costs and investments in new technologies or processes. Therefore, limited access to and higher cost of capital in EMDEs may cause delays in the implementation of sustainable strategies and transition plans. Finally, unlike high-income countries with developed frameworks, EMDEs may lack policy support or incentives to encourage financial institutions to prioritize and invest in environmentally sustainable projects. Addressing these challenges necessitates collaboration between financial institutions, regulatory bodies, and policymakers. Initiatives like tax incentives, subsidies, and regulatory frameworks promoting green investments can help overcome barriers to accessing funding for transition plans. Borrowers may also face difficulties in greening their supply chains, which subsequently makes it harder for financial institutions to set particular targets for environmentally friendly supply chains. These challenges may be larger in EMDEs where the overall level of decarbonization is comparatively lower.

While transition planning and plans can help advance the transition and contribute to better risk management and climate finance, there is also potential for unintended consequences if not done effectively, such as undermining access to finance and creating a retrenchment effect in transition funding in EMDEs.

Transition planning may affect the financing that firms need to transition towards more sustainable operations. Without a robust framework for engagement, and when facing capacity constraints, financial institutions in AEs and EMDEs alike may resort to terminating their financial relationships with borrowers or clients who have not yet taken actions towards improving the sustainability of their operations. While in some cases this may be a prudent action to take, because the counterpart is not willing to transition into a viable alternative way of producing its goods or services, in other cases, access to finance and robust engagement is critical to support the transition. Cutting off financing to such firms or counterparties may impact not only the transition of their businesses, but also of the sector and other enterprises that form an integral part of the supply chain. The absence or delay in transition will in turn only increase the likelihood and severity of future physical impacts and losses resulting from climate change at a macro level. The response of affected enterprises will generally depend on their financial strength, funding access, size and resources but may vary between AEs and EMDEs.

Transition planning may also affect financial inclusion¹⁶, when it would not take note of the needs and opportunities to transition of vulnerable groups. Micro, small, and medium enterprises (MSMEs) may lack the necessary resources to mitigate or adapt to climate change. Poorly implemented transition plans may not only hinder these groups from obtaining the financing required for the transition but also worsen social inequalities, lead to job losses, and contribute to economic instability.

15 See World Bank, *The Development, Climate, and Nature Crisis: Solutions to End Poverty on a Livable Planet* (2023).

16 See CGAP, *Climate adaptation, resilience and financial inclusion* (2023).

Climate investments by global financial institutions in EMDEs may also be negatively affected by the adoption of transition planning. Global financial institutions looking to comply with transition plan requirements in AEs may become reluctant to operate in regions without access to reliable data, or in sectors/regions vulnerable to climate change, even though access to finance is crucial for the resilience, transition and adaptation of vulnerable sectors and regions. Furthermore, the funding of activities not

related to climate change but critical for EMDEs might also be affected if the definition of the scope of transition plans does not match EMDEs' needs.

Nevertheless, it is important to note that these risks may arise even if financial institutions did not conduct transition planning. Designed adequately (see section 4), transition planning could also provide a mechanism for anticipating and mitigating these risks.

4. Key considerations for tailoring transition plans to EMDEs

This section lays out key considerations to address the challenges analysed in section 3, informed by the survey results presented in section 2. It puts forward five main considerations on the design of transition plans and their adoption in regulatory frameworks, to address for the specific needs and challenges of EMDEs (see Figure 17 below).

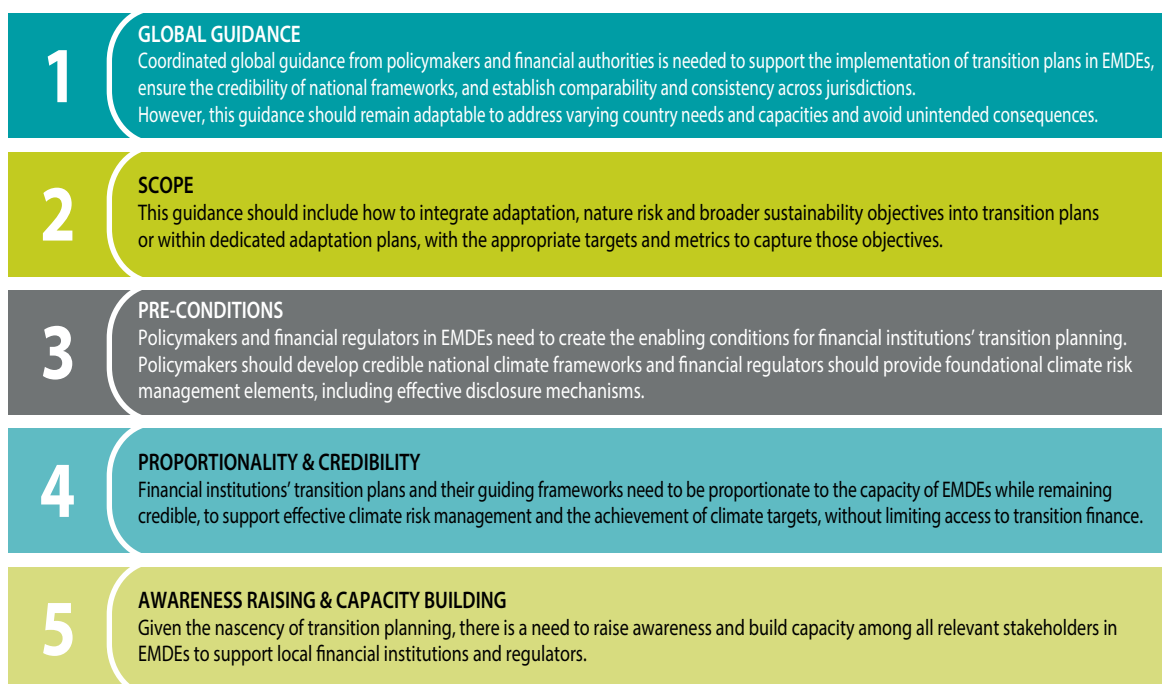
1. *Coordinated global guidance from policymakers and financial authorities is needed¹⁷ to support the implementation of transition plans in EMDEs and establish comparability and consistency across jurisdictions. However, this guidance should remain adaptable to address varying country needs and capacities and avoid unintended consequences.*

As transition plans become more widespread, global standard setters need to offer clear guidance on the design and content of transition plans. This guidance is

particularly vital in EMDEs, where national frameworks may be lacking, and where local financial institutions will require more guidance and capacity building from the regulators. Global financial institutions which need to develop a transition plan that covers their operations in different jurisdictions, would also benefit from a set of common criteria for the design of transition plans. In addition, a global framework with a minimum set of requirements would improve the readability and ensure the credibility of transition plans for investors across countries.

This global guidance should remain adaptable to address varying country needs and capacities. As mentioned in section 3, financial institutions and regulatory authorities in EMDEs may have distinct objectives in their transition planning, including a stronger focus on integrating physical climate risks and adaptation goals (see also consideration 2). Additionally, there are significant disparities in capacity and data availability among countries. Consequently, detailed requirements and reporting formats proposed by higher-income countries may not always be feasible in EMDEs.

Figure 17 Summary of key considerations for tailoring transition plans to EMDEs



Source: Authors.

17 This note does not conclude on the role of financial authorities vis-à-vis other authorities regarding transition plan guidance. As noted in the NGFS Stocktake on Financial Institutions' Transition Plans, the use cases for transition plans by financial regulators are primarily related to their objective of maintaining financial stability. Therefore, any guidance provided to financial institutions should reflect this objective.

These challenges are common across EMDEs but may be especially pronounced in low-income countries where the incorporation of climate risks and opportunities into sectoral and regulatory practices is still in its early stages. This guidance should also remain flexible enough not to impinge on the autonomy of financial institutions in making business decisions. By allowing tailoring of transition plans to local context, global standards can also contribute to avoiding unintended consequences for transition financing.

2. This guidance should include how to integrate adaptation, nature risk and broader sustainability objectives into transition plans or within dedicated adaptation plans, with the appropriate targets and metrics to capture those objectives.

A specific area for future investigation is how adaptation and broader sustainability objectives should be covered.

As shown in the survey results, in higher-income countries, transition plans traditionally emphasize mitigation and emission reductions, whereas lower-income countries, with low emissions and high vulnerability to physical risk, may need or want to prioritize adaptation and broader sustainability goals. The inclusion of such goals is crucial to reflect the unique needs of EMDEs, enable a just transition and promote financial inclusion to prevent the unintended consequences of retrenchment of finance discussed in section 3. However, the format of its inclusion is still debated, whether it is covered as part of transition plans or under a dedicated adaptation/sustainability plan. For instance, the UNEP Principles for Responsible Banking (PRI) has issued a guidance on [Climate Adaptation Target Setting](#) (2023) that sets out an approach for incorporating adaptation considerations in transition plans and sustainability strategies. Different firms may emphasise one category of climate risk above the other in their transition planning based on their circumstances or even choose to publish both transition plans and adaptation plans as separate products. However, narrowly focusing on one without consideration for the other could result in a gap around the financial institution's preparedness to address the full suite of climate-related risks to which it could be exposed. In any case, further work is needed on the design of such plan, on finding the right metrics and targets to reflect those objectives, and on the

potential adverse impacts of global financial institutions transition plans on transition financing in EMDEs.

To reflect those objectives, there is a need to define scalable quantitative metrics and targets, which may be complemented by qualitative information. In contrast to mitigation objectives, typically measured by emission metrics, there is a lack of clear and scalable metrics and targets for adaptation and broader sustainability objectives. Addressing this gap may require incorporating qualitative information, such as climate risk questionnaires for clients, as mentioned during the roundtables organized with financial institutions in the preparation of this report. Beyond the questionnaire, engaging with clients provides an opportunity to gather additional information. For instance, ensuring compliance with local standards for collateral protection in clients' buildings can improve the identification of physical risks and insurance coverage. Furthermore, since adaptation metrics and targets may vary depending on the sector and the company, linking them to the assessment of business risks during a credit evaluation makes the engagement more effective. That said, given the crucial role of government policy in adaptation and resilience efforts, it is essential to establish clear boundaries regarding the information that should be included in transition plans.

3. Policymakers and financial regulators in EMDEs need to create the enabling conditions for financial institutions' transition planning. Policymakers should develop credible national climate frameworks and financial regulators provide foundational climate risk management elements, including effective disclosure mechanisms.

The transition planning of financial institutions is closely tied to real economy transition planning, which is currently deficient in EMDEs¹⁸. Roundtables organized with financial institutions showed that there is a call for broader government and policymaker regulations to get real economy transition moving. EMDEs often lack effective climate policy frameworks, detailed net zero regional, national and sectoral transition pathways and long-term adaptation strategies that are key for effective transition planning. Authorities should support the

¹⁸ In certain EMDEs with low GHG emissions, there may be a greater emphasis on measures contributing to climate change adaptation rather than those contributing to mitigation.

development of critical climate data sources, including granular GHG emission data, and regulatory requirements and methodologies for firms to disclose such information albeit with a certain degree of proportionality in mind (see consideration 4), which may require strong collaboration between central banks, financial supervisors and other government agencies. Furthermore, as noted in the NGFS technical note on the [“Connecting Transition Plans: Financial and non-financial firms”](#), financial institutions also depend to a certain degree on the maturity of corporates to have well-developed and credible transition plans in place, which may be less advanced in EMDEs.

At the same time, supervisors should provide the foundational elements of climate risk assessment and management as a steppingstone for credible transition planning. A World Bank analysis¹⁹ indicates that while EMDE banking authorities are making strides in providing supervisory guidance on banks’ risk management, reporting, and disclosure practices, discrepancies persist. Progress is primarily observed in middle-income countries, with most low-income countries yet to integrate climate risks into supervisory practices, and financial institutions in these countries are still in the early stages of managing climate risks. It may therefore be premature for some lower-income countries to implement transition plans. Efforts should focus on laying out the foundations of climate risk assessment (i.e., scenario analysis of financial institutions’ exposure to climate physical and transition risks) and management (including adherence to the Basel Committee on Banking Supervision (BCBS) Principles for the effective management and supervision of climate-related financial risks and the International Association of Insurance Supervisors (IAIS) Application Paper²⁰ recommendations on the supervision of climate-related risks in the insurance sector). These elements are critical for informing and interacting with the transition planning process.

Authorities should support the implementation of taxonomies and effective disclosure mechanisms for firms on climate and nature-related risks and opportunities. Many EMDEs currently lack taxonomies and regulatory frameworks that ensure the disclosure of reliable climate and broader sustainability information.

Taxonomies can help in identifying economic activities eligible for financing in the context of transition planning. Aligning disclosure and accounting systems with international sustainability and climate disclosure standards, such as IFRS S1 and S2, is crucial to fostering relevant climate information and the adoption of transition planning by financial institutions in EMDEs. Authorities can contribute to enhancing their national information systems by establishing and managing a climate data catalogue, to serve as a reference source for climate and environmental data in the financial sector and enhance the availability and accessibility of climate data²¹.

4. Financial institutions’ transition plans and their guiding frameworks need to be proportionate to the capacity of EMDEs while remaining credible to support effective climate risk management and the achievement of climate targets, without limiting access to transition finance.

Transition plans and their guiding frameworks must be adapted to the capacity of EMDE financial institutions and local contexts, considering both their scope (such as the selection of client coverage), and format (including sequencing, disclosure templates, and proxies). Proportionality in scope may involve a focus in the transition plan on high-emitting sectors or regions vulnerable to physical risk, ensuring a targeted and impactful approach. Moreover, coverage may be focused on larger corporates, acknowledging their significant influence on emissions.

Proportionality in format and sequencing is equally vital, especially when dealing with EMDEs. A sequenced approach is essential, where foundational elements of the transition planning framework are first introduced before implementing a more detailed framework. For instance, detailed reporting or disclosure templates might be implemented at a later stage, while initial actions focus on qualitative aspects of the framework such as governance, strategy and client engagement. Furthermore, when data is not available, proxies might represent a viable alternative in the short term, as the development of adequate disclosure frameworks will require time to implement. For instance,

19 World Bank, Financial Policy & Development Report, 2024 (publication forthcoming)

20 Application Paper on the Supervision of Climate-related Risks in the Insurance Sector, May 2021.

21 See for instance Bank Negara Malaysia’s [Climate Data Catalogue](#).

where Scope 3 GHG emissions are not available firm-by-firm, using sectoral GHG emissions weighted by the turnover of the counterparty might provide an adequate reflection. In some instances, transition plans could include qualitative targets and metrics, when quantitative ones are not available.

Proportionality elements should be carefully integrated in order not to impede the credibility of transition plans in EMDEs and prevent unintended consequences for transition finance. In that respect, the NGFS Technical Document on "Credible Transition Plans : The micro-prudential perspective" provides a foundation for a more in-depth exploration of the priority elements of credibility in the context of EMDEs, with different capacity and objectives. This connection ensures that the plans not only meet the specific needs of EMDEs but also adhere to globally recognized criteria, enhancing their credibility and impact on a broader scale. Striking the right balance between proportionality and credibility is crucial to prevent a two-tier regime, where gold-plating standards in AEs contrasting with the lack of credible frameworks in EMDEs, would lead to retrenchment effects on transition finance in EMDEs. This is particularly important for global financial institutions developing consolidated transition plans covering cross-border activities.

5. Given the nascency of transition planning, there is a need to raise awareness and build capacity among all relevant stakeholders in EMDEs to support local financial institutions and regulators.

Moving forward, raising awareness and building capacity is key to ensure the effective implementation of transition planning in EMDEs. As transition planning is a relatively new field compared to other climate risk management tools, EMDE policymakers, financial sector regulators, financial institutions, and firms must be made aware of the significance of transition planning. Simultaneously, continuous capacity-building initiatives are imperative to aid financial institutions and regulators in the successful adoption and implementation of robust transition planning frameworks, ensuring a comprehensive understanding of its significance and providing the necessary tools and knowledge for integration. Such efforts need to be strongly supported by key local stakeholders, global networks, like the NGFS, development partners and academia.

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Annex 1 – Additional information on the survey and 2023 NGFS-IIF Survey Questions

Additional information on the survey

The survey was followed by a series of virtual roundtables, conducted in collaboration with the IIF, engaging financial institutions from diverse geographical regions. The survey results were later supplemented by additional responses collected through NGFS members on a voluntary basis to expand the sample.

The purpose was to gather feedback on preliminary findings and further delve into key questions, issues and challenges. It is important to note that the findings from the survey and roundtables constituted a limited number of institutions, with a significantly larger proportion of banks to insurers. Any references to the results may therefore not be fully representative of all financial institutions. More broadly, this technical document intends to outline general trends regarding the specific challenges related to transition planning and plans in EMDEs, acknowledging that there are differences among EMDEs based on local specificities.

NGFS-IIF Survey Questions

These survey questions are presented for transparency and to provide further information on the methodology used by the NGFS. The main results of the survey are presented in the reports. All other specific data, related to the survey, survey results and not included in the reports, will remain confidential.

The NGFS-IIF Survey questions are presented below in a shortened version.

Section A: Information about the surveyed institution

1. Is your firm a supervised banking institution or insurer, or do you have activities in both areas?
 - 1.a. [For banks only] Where does your financial institution derive material revenue (i.e. at least 10% of revenue, approximately) from?
 - 1.b. [For insurers only] Where does your financial institution derive material revenue from, including through reinsurance?
 - 1.c. What is the total size of your balance sheet, in USD, as at year-end 2022?
 - 1.d. To which income group does the jurisdiction where your institution's headquarters are located belong?
 - 1.e. In which of the following geographic regions is your financial institution active?
 2. Is your institution actively involved in emerging markets and developing economies (EMDEs)?
 - 2.a. If you responded to Question 2 that your institution is active in EMDEs, is this mainly in lower income, middle income, or upper income countries?
 3. Has your institution made public decarbonization commitments?
 4. Has your institution conducted a transition planning exercise?
 5. Has your institution developed a transition plan (published or otherwise)?
 6. Does/will your institution's transition plan cover climate-related objectives only, or broader sustainability objectives as well? If the latter, please specify the additional objectives it includes.
 7. Does/will your institution's transition plan encompass both mitigation and adaptation actions?
 8. What are the key metrics your institution considers important for its transition plan?
 9. Does your institution's transition plan refer to an existing framework to inform the setting or selection of targets, objectives, metrics and contents (e.g. GFANZ, SBTi, CDP)? If so, please provide details.
 10. How would you rate your institution's capacity (including expertise and resources) to develop and implement a transition plan on a scale of 1 (no capability) to 5 (high capability)? Please provide further details explaining your chosen rating.

Section B: Information about the institution's home jurisdiction

11. Does the jurisdiction in which your institution's group headquarters are located ("home jurisdiction") have a national policy framework (e.g., Nationally Determined Contribution, Climate Change Strategy, National Adaptation Plan) that addresses climate change and related risks, including clear targets and timelines (e.g., national time-bound net zero target)?
12. If you responded "Yes" to question 11, to what extent does your institution's transition planning align with the goals and objectives of that national policy framework?
13. Are there any regulatory or policy frameworks in your home jurisdiction that incentivize or require financial institutions to undertake transition planning/develop a transition plan?

Section C: Understanding of the approach and barriers to EMDEs vs. AEs

14. In your view and based on your internal assessment, please rate the perceived level of physical and transition climate and nature-related financial risks faced by your institution's business activities in aggregate, differentiating between AEs and EMDEs, on a scale of 1 (not relevant) to 5 (highly relevant).
15. What specific challenges does your financial institution face, or anticipate facing, in developing a transition plan in relation to your business activities in AEs or EMDEs? Please rate from 1 (not relevant) to 5 (highly relevant).
16. In your view, what should be the building blocks (e.g., specific tools, key elements, metrics) of transition planning by FIs in EMDEs to address the specific challenges faced by EMDEs?
17. In your view, as more financial firms embark on transition planning, would you anticipate any positive or negative consequences for financial flows to EMDEs?
18. In your view, could there be any additional repercussions of financial institutions' transition planning in EMDEs beyond its effects on financial flows transition? Do those repercussions warrant regulatory intervention from financial regulators?

Section D: Information about non-financial firms' (e.g., client, counterparty) transition plans/planning

19. Does your institution collect information about the transition plans/planning of some/all the companies it finances (with loan/loan equivalents) or offers other financial services to (e.g. insurance underwriting)? Such information could include how a company plans to align its core business with a specific strategic climate outcome and/or to identify and implement necessary actions to adapt to and mitigate climate change?
 - 19.a. If you responded 'Yes' to Question 19, is this information provided by the counterparties via a transition plan? If no, please specify how your institution collects such information.
20. What information does your institution collect from non-financial firms' transition plans/planning, split by the type of activity you conduct?
21. How does the information gathered, as described in Question 20, differ in granularity or detail depending on any of the following factors related to the non-financial firm?

Section E: Views on key information and data needed from non-financial firms' transition plans/planning to inform financial institution transition planning and extension of transition finance

22. How does your institution utilize information gathered from a counterparty's transition plan/planning? Please rank them in order of importance
23. In what ways are the transition plans of your clients and counterparties not able to fulfil your institution's needs at this time?
 - 23.a. What are some concrete steps that can be taken to alleviate the issues identified in 23? Please identify who should take which steps, e.g. your institution, your counterparty, policymakers, prudential supervisors. For example, policy makers should issue guidance/rules to standardize transition plans in strategic sectors (energy, car manufacturing etc.).
24. Does your institution currently engage with your clients/counterparties on the content of their transition plans/planning to make them more decision-useful (e.g. risk management, identifying business opportunities)?

25. Are there opportunities for greater engagement on such plans/planning that would allow your institution to better identify financing/underwriting/investing opportunities or risk management actions?
26. Are there areas where your institution would benefit from sharing of best practices in relation to using non-financial firms' transition plans as an input to a financial institution's own transition planning?
27. Are there things that financial regulators and supervisors should take note of as they engage with financial institutions on transition planning, and potentially develop policies in this area? For instance, whether certain policies and/or supervisory engagement could have unintended consequences.



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