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NGFS publishes a package of reports relating to Transition Plans

The Network for Greening the Financial System (NGFS) is publishing today three reports and a cover note, furthering its seminal work on transition plans. These works explore the role of transition plans in enabling the financial system to mobilise capital, manage climaterelated financial risks, and the relevance of transition plans to micro-prudential supervision.

The NGFS first began analysing the role of transition plans in 2022 and conducted a stocktake of current transition plan frameworks and practices. The results of this assessment were summarised in the [May 2023 publication](#). Global standard setting bodies have built on this ground-breaking work to advance their own agendas.

The NGFS has worked in close cooperation with these bodies to address challenges that could hamper the potential of transition plans to mobilise capital for the transition towards net zero. This includes, in particular, issues with economy-wide and cross-border dimensions.

[The Cover note](#) highlights the key findings of the work and formulates cross-cutting recommendations, based on the following three reports.

Details of the reports:

- [Tailoring Transition Plans: Considerations for EMDEs](#) explores the needs and challenges of emerging market and developing economies (EMDEs) related to transition plans.
- [Connecting Transition Plans: Financial and non-financial firms](#) assesses the interlinkages between the transition plans of the real economy and financial institutions’.
- [Credible Transition Plans: The microprudential perspective](#) examines the credibility of financial institutions’ transition plans and processes from a micro-prudential perspective.

These three deep dives are the result of meticulous work in an emerging field. The NGFS reviewed the latest developments on transition plan, held a series of roundtables and bilateral discussions with regulatory authorities and the financial industry and collaborated with the Institute of International Finance (IIF) to survey financial institutions about their current practices and views.

The key findings from these three reports reinforce the results of the initial stocktake report. Generally, the reports identify three key actions that can support the global adoption of transition plans:

- **Integrated international guidance:** Development of international guidance for transition planning and corresponding, interacting frameworks for the disclosure of transition plans.
- **Holistic transition plans and processes:** Holistic transition plans should integrate both transition and physical aspects of climate change while considering the ongoing loss of nature. Existing transition plans are chiefly focused on strategy, but transition planning exercises should also be informed by risk management.
- **Enabling conditions for adopting transition plans:** This includes clarity about policy directions, such as national climate frameworks, and economy-wide incentives for developing and disclosing transition plans to broaden adoption and close information gaps.

Through the publication of these reports, the NGFS intends to contribute to the ongoing efforts of the global community to spur the development and implementation of transition plans in the non-financial and financial sector to accelerate the transition toward net zero. The NGFS welcomes the ongoing dialogue and work by other relevant international bodies and fora to strengthen the role of transition plans in enabling a greener financial system.

Sabine Mauderer, Chair of the NGFS, and Member of the Executive Board of the Deutsche Bundesbank:

“Transition plans are the roadmaps to steer the risks and opportunities that come with the transformation to a net zero future. Corporates and financial institutions benefit from transition plans alike. The NGFS’ reports enhance our understanding of how transition plans contribute to climate-proofing the real economy and the financial system. Transition plans allow corporates to explain how they plan to manage the transition and strengthen their resilience. This will support financial institutions in making informed investment decisions.”

Tolga Yalkin, Chair of the NGFS Workstream Supervision and Assistant Superintendent – Policy, Innovation and Stakeholder Affairs at the Canadian Office of the Superintendent of Financial Institutions (OSFI):

“Prudential supervisors are examining ways to understand financial institutions’ approaches to manage their forward-looking climate-related risks. We hope that the deep dive reports will advance their understanding and inform their approach on transition planning and plans.”

For more details, visit the NGFS website, LinkedIn and X account or contact the NGFS Secretariat at Banque de France sec.ngfs@banque-france.fr

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