
UK–Japan Transition Plan Dialogue

Joint Statement on Findings and Recommendations

June 2026

Jointly hosted by:



1. Introduction

The UK–Japan Transition Plan Dialogue (the Dialogue) was launched in August 2025, establishing a platform for structured engagement and exchange across the public and private sector focused on transition plans and transition finance.

Through providing a space for knowledge sharing, exchange on policy approaches, and the identification of practical areas for collaboration, the Dialogue aimed to further UK and Japanese global leadership in relation to private sector transition planning, ultimately supporting the adoption and use of credible and globally consistent transition plans to unlock transition finance at scale.

Jointly hosted by the International Transition Plan Network (ITPN), FinCity.Tokyo and the University of Oxford, the Dialogue brought together senior representatives from financial institutions, corporates, regulators, government departments, and civil society organisations across both countries. Three meetings were held over a 12-month period, between Tokyo and London, since August 2025. Topics discussed included transition plan disclosure frameworks and mandatory reporting requirements, the role of sector pathways in underpinning credible plans, mechanisms for integrating transition plans into investment and lending decisions, stewardship and engagement practices, and the potential for prudential regulators to use transition plan data in supervisory assessment.

This Statement concludes the Dialogue and, on behalf of its convenors, sets out a series of forward recommendations to the governments of the UK and Japan. The recommendations aim to support credible transition planning, strengthen transition finance markets, and support both countries in demonstrating joint leadership in this space. They have been drafted by, and are supported by, the convenors of the Dialogue based on the discussions which took place over the last year. They are based on the convenors' synthesis of perspectives from multiple stakeholders and so do not necessarily represent the individual positions of any other organisation which participated in the Dialogue, including government representatives.

The UK–Japan Dialogue demonstrates the value of sustained, structured conversation between two jurisdictions with the capacity to lead global norms on transition planning and transition finance.

2. Policy Context

Transition finance has now been recognised by the IEA as a ‘second pillar’ of sustainable finance, equal in standing to green finance.¹ Both the UK and Japan are advancing frameworks for transition finance and transition planning, demonstrating a shared recognition that credible transition plans are essential to unlocking transition finance.

Japan

In March 2025, the Sustainability Standards Board of Japan issued its inaugural sustainability disclosure standards based on IFRS S2, with mandatory reporting beginning in 2027 as part of Japan’s domestic disclosure framework. S2 includes disclosure of information about any climate-related transition plan an entity has, including information about key assumptions and dependencies.

Japan’s “GX League” was launched in 2022 as a public private collaboration platform towards progressing its carbon zero by 2050 target. As of FY2025, there were more than 750 members collectively representing over half of Japan’s GHG emissions. The first phase of GX-ETS was rolled out in 2023 as a voluntary scheme within GX League, and participating companies were required to pledge their 2030 emissions reduction targets and interim domestic targets, report the actual emissions reduced (with 3rd party verification), and emissions credits purchased/sold or reasons for not meeting the target on the GX Dashboard (“comply or explain”).

Following the exploratory first phase, GX-ETS will enter its second phase in 2026 in which compliance with emissions reduction targets will become legally mandatory for companies whose annual amount of average direct CO₂ emissions exceed 100,000 tons. Applicable companies will need to calculate and submit their average annual emissions amount and emissions target, as well as an emissions reduction plan to METI, in order for them to be allocated an emissions allowance. It is estimated to cover around 300–400 companies, representing approximately 60% of national emissions.

United Kingdom

Following a recent series of consultations, the UK is progressing its approach to transition plans:

¹ IEA (2025), *Scaling Up Transition Finance*, IEA, Paris. Available at: <https://www.iea.org/reports/scaling-up-transition-finance>

- The UK Government consulted in 2025 on proposed transition plan requirements for UK-regulated financial institutions and FTSE 100 companies, following its manifesto commitment to mandate credible, Paris-aligned transition plans.
- As of February 2026, the UK Government has formally endorsed the UK Sustainability Reporting Standards (UK SRS), which are based on IFRS S1 and S2, for voluntary use. These standards, incorporating minor, context-specific amendments, replace existing TCFD-aligned reporting requirements.
- The Financial Conduct Authority (FCA) has consulted on adopting UK SRS for listed companies, and on requiring companies to state in their annual report whether they have disclosed a transition plan and where it is located, or explain why not.

The Transition Finance Council (TFC) has published two key resources to support credible transition finance: the [Transition Finance Guidelines](#), which help capital providers identify credible transition finance opportunities, and the [Sector Transition Plans: the Finance Playbook](#), which provides practical guidance on integrating strong finance plans within sector transition plans and technology scale-up roadmaps.

Alongside regulatory developments, the [Transition Plan Taskforce Disclosure Framework](#) has strengthened expectations for credible transition plans and provided tools to support financial institutions in assessing transition-related investments.

3. Recommendations

The recommendations set out in this Statement reflect the view of the convening organisations – the International Transition Plan Network (ITPN), FinCity.Tokyo and the University of Oxford – informed by discussions across the three Dialogue sessions, during which a number of possible actions were considered, including:

3.1 Transition Plan Disclosure Requirements and Guidance

The UK and Japan should consider strengthening transition plan disclosure requirements to encourage credible, comparable reporting, recognising that entity-level transition plans are a necessary foundation for transition finance. Without quality disclosure, capital cannot flow effectively to credible transitions.

Supporting actions could include:

- Ensuring that one transition plan can meet many use cases. When developing future market disclosure requirements both jurisdictions should seek to create consistency with other disclosure requirements, reducing market burdens and maximising the use of market information. In Japan, requirements under the GX-ETS for entities to develop emissions reduction plans could include common elements of credible transition plans which are key progress metrics for multiple users. These include capital allocation plans, dependencies on policy, technology and other areas, engagement strategy and governance.
- Establishing joint working mechanisms to address common implementation challenges, enabling regulators and policymakers in both countries to develop consistent approaches that support credible, comparable disclosures across markets.
- Aligning and sharing lessons on mandatory transition plan disclosure frameworks, building on both countries' movement toward ISSB-aligned requirements, including through structured bilateral exchange on practical implementation questions such as scope 3 emissions reporting, safe harbours, proportionality, and the choice between standalone and integrated reporting.

3.2 Integrating Plans into Transition Finance Frameworks

The UK and Japan should consider strengthening the use of transition plans as a foundational anchor for transition finance products and frameworks, recognising that the credibility of transition finance depends on the quality and ambition of the linked transition plan.

Supporting actions could include:

- Ensuring that transition finance products – including transition bonds, sustainability-linked loans, and blended finance instruments – are explicitly anchored to an issuer's transition plan.
- Implementing and regularly reviewing high-quality transition finance guidelines in both jurisdictions, designed to drive credibility and consistency in the market. Both the [UK Transition Finance Council's Guidelines](#) and

[Japan's Basic Guidelines on Climate Transition Finance](#) represent important steps, but ongoing review and strengthening of these frameworks, including through bilateral engagement, is necessary to ensure they function as drivers of credibility.

3.3 UK and Japanese Banks Taking a Global Lead on Transition Plans in Sustainable Lending

UK and Japanese banks should consider integrating transition plan quality into lending and capital markets activity, with a view to establishing shared standards that others can adopt.

Supporting actions could include:

- Making a credible, externally assessable transition plan a precondition for sustainability-linked loans and sustainability-linked bonds at scale, with KPIs anchored to milestones disclosed in the plan rather than to generic emissions targets.
- Supporting functional comparability by exploring the potential benefits of a shared UK-Japan assessment framework for transition plan quality and lending decisions. This could draw on existing frameworks such as the UK Transition Finance Council's Guidelines, Japan's Basic Guidelines on Climate Transition Finance, and the Japanese Bankers Association's frameworks.
- Exploring the creation of refinancing or guarantee facilities for high-quality transition-linked instruments, supported by public financial institutions where appropriate, to lower the cost of capital for borrowers with credible plans and create a market signal that quality is rewarded.
- Encouraging co-financed UK-Japan transition lending in hard-to-abate sectors, particularly across Southeast Asia, as a vehicle for transition plan-based, milestone-anchored deals that no single market could underwrite alone.

3.4 Integrating Transition Plans into Public Finance

The UK and Japan should consider using transition plan quality as a criterion across public capital allocation, ensuring that public finance reinforces transition strategies.

Supporting actions could include:

- UK and Japan Public Finance Institutions developing a joint pilot to test where and how transition plans can be used as a tool (for example as eligibility and/or conditionality criteria) to unlock transition-aligned public finance, such as export credit finance or procurement frameworks.
- Linking sovereign, agency, and municipal transition bonds and labelled instruments to the issuer's own transition plan and to the alignment of use-of-proceeds projects with sectoral pathways.

3.5 Integrating Transition Plans into Policy Frameworks

The UK and Japan should consider embedding transition plan requirements and assessments into national policy frameworks, ensuring that corporate plans inform, and are informed by, government strategy.

Supporting actions could include:

- Developing Sector Transition Plans which are owned by government and co-produced with industry, regulators and supervisors, civil society and academia. These can inform assessments of transition plan credibility and increase alignment with national goals. For more information, see ITPN's report [Enhancing Long-Term Value and Resilience](#). As the Net Zero Council develops its work on Sector Transition Plans, it should update these periodically – demonstrated by Japan's 2025 revision of its ten sector-specific technology roadmaps.
- Establishing formal channels through which insights from corporate transition plans feed back into policy design, industrial strategy, and updated Sector Transition Plans. This can include sector-specific identification of corporate dependencies and policy gaps revealed by aggregated corporate disclosures.

3.6 Transition Plans in Stewardship and Engagement

Institutional investors in both countries should consider embedding transition plan quality into stewardship frameworks, using entity-level plans as a primary engagement tool rather than relying solely on backward-looking emissions data. Through engagement with 35 global institutional investors, the [ITPN found](#) that 29 are already using transition plans in stewardship and engagement, as well as other investment areas such as fundamental analysis and transition product design. However, more quality disclosure is needed to enhance this use case.

Supporting actions could include:

- Developing shared expectations of what constitutes a credible transition plan for engagement purposes, using the Transition Plan Taskforce (TPT) Disclosure Framework, creating consistent signals for investee companies across both markets.
- Leading asset owners requiring asset managers to integrate transition plan-based stewardship into their mandates and annual reporting.
- Extending engagement on transition plans to fixed income, where it is currently underdeveloped despite credit being where most large emitters' financing sits, with UK and Japanese investors well placed to lead given the depth of their domestic credit markets.
- Encouraging proxy advisors operating in both markets to develop and publish methodologies for incorporating transition plan quality into voting recommendations.
- Stronger signals by governments and regulators on the importance of transition plan disclosure by real economy companies, including disclosure requirements.

3.7 Transition Plans in Prudential Regulation

Prudential regulators in both countries should consider how transition plans can move from a reporting requirement to an input for supervisory risk assessment and financial stability analysis. In doing so, they should coordinate with other

regulatory authorities (e.g. securities regulators) to ensure a consistent, coherent and aligned set of expectations for transition planning and disclosures.

Supporting actions could include:

- Using aggregate transition plan data for macroprudential surveillance, including identification of transition risk concentrations across the financial system and mapping of transition plan credibility against sectoral pathways by multiple actors.
- Developing shared UK-Japan approaches to incorporating transition plan quality into climate scenario analysis and stress testing, leveraging the Bank of England's CBES and the Bank of Japan's pilot scenario exercises as useful starting points.
- Using the UK-Japan Financial Regulatory Forum to develop joint positions on transition plan supervision and carry those positions into the FSB, the BCBS, the IAIS and the NGFS.
- Extending the prudential lens beyond banking to insurance and pensions, where transition plan-related risk on the asset side is material and growing in both jurisdictions.