Fuels Industry UK Consultation Response
17th September 2025

Climate-related transition plan requirements

Q1: To what extent do you agree with the assessment of the benefits and use cases of transition planning set out in Section A? Are there any additional benefits or use cases for transition plans? Do you have any further insights and evidence on the purpose, benefits and use cases of increased and improved transition planning —including economy-wide impacts?

We challenge the assumption that transition plans yield uniform benefits. For hard-to-abate sectors with long asset lifecycles and major policy uncertainty, the burden of formal plans may outweigh their value. They may inadvertently accelerate disinvestment rather than encourage transition and increase risk of competition law challenges by requiring companies to share future plans which are likely commercially sensitive.

Q2. For preparers of transition plans: Does your organisation already produce, or intend to produce, a transition plan and disclose it publicly?
2e: If no, what are the main barriers preventing your organisation from developing a transition plan? Please provide any evidence where available to support your answer.

Barriers include unclear policy environment, lack of credible sectoral decarbonisation pathways, uncertainty of future scenario assumptions, duplication with international obligations (e.g. U.S. SEC), and the cost of compliance outweighing the benefits.

Q3: For users of transition plans: How do you use transition plans?

Investors rarely treat such plans as reliable indicators due to uncertainty of assumptions, evolving regulations, and macroeconomic factors. They are not used as core investment inputs.

Q4: Do you have any reflections on the additional costs and challenges of using transition plans? Please provide evidence where available to support your answer.

Yes. Costs are significant and include hiring external consultants, scenario analysis, and modelling – this can already be seen with Regulator-required environmental risk assessments (which may be a small part of fuller parent company transition plans in which case may not be value adding anyway) for our members' sites in the UK, where highly burdensome, prescriptive assessments are being required that could be delivered in different, more relevant ways to safe operation of the site.

In the case of UK registered private subsidiaries of foreign multinational parents, an exemption may be appropriate as investors are not able to invest in the subsidiary company, only into the (international) parent – given the intent of the proposals is to help investors, it is not obvious how expecting subsidiaries to report can meet the objective. A means to deliver such an exemption could be amending the UK Companies Act 2006 to explicitly exempt private subsidiaries from standalone sustainability disclosure or transition plan obligations, provided they qualify for exemption under Section 401 of the Act, and do not have securities listed on a regulated market.

Private UK companies applying the Section 401 exemption are typically part of larger multinational groups whose parent entities already manage and report relevant sustainability risks and opportunities at the consolidated level. These parent companies often follow internationally recognised frameworks such as CSRD, ISSB, TCFD, or SEC disclosure rules, which offer equivalent or overlapping coverage with the UK sustainability disclosures. Section 401 exemption to include sustainability disclosures would promote consistency across financial and non-financial reporting obligations and reinforce the principle of proportionality in UK regulation.

The above proposal that aligns sustainability disclosure exemptions with existing financial reporting exemptions would help maintain a coherent and streamlined regulatory framework. Importantly, it would also enhance the UK's reputation as a competitive and pragmatic jurisdiction for international investment, particularly for global companies operating through private UK subsidiaries.

Q5: Do you have any reflections on how best to align transition plan requirements with other relevant jurisdictions?

We strongly support alignment with international frameworks such as ISSB and U.S. SEC disclosures to avoid regulatory duplication and improve comparability but would note that the UK is seeking to introduce new requirements that go beyond those practiced in most other jurisdictions – there is a risk the UK becomes a less attractive place to invest as a result, and/or to harm economic development.

Section B: Implementation options

Q6: What role would you like to see for the TPT's disclosure framework in any future obligations that the government might take forward? If you are a reporting entity, please explain whether you are applying the framework in full or in part, and why.

It should remain voluntary and non-prescriptive, especially for sectors with high technological and regulatory uncertainty.

Q7 & Q8: 7. [Climate mitigation] To what extent do the requirements in the draft UK SRS S2 provide useful information regarding the contents of a transition plan and how an entity is preparing for the transition to net zero? If you believe the draft UK SRS S2 does not provide sufficient information, please explain what further information you would like to see.

8. [Climate adaptation and resilience] To what extent do the requirements in the draft UK SRS S2 provide useful information regarding the contents of a transition plan and how an entity is adapting and preparing for the transition to climate resilience? If you believe IFRS S2 does not provide sufficient information, please explain what further information you would like to see.

As noted in our response to Q4, we have already seen examples in the UK whereby overly prescriptive guidance and mandatory reporting have become problematic and an inefficient means of assessing risks with the potential for similar issues with specific or overly-prescriptive reporting advice, guidance, or regulations. Consistency and interoperability with other reporting regimes (whether under ISSB or others) is likely to be more important than seeking to make additional reporting requirements that may make the UK a more difficult place to do business.

Section B1: Developing and disclosing a transition plan

Q9: What are the most important, decision-useful elements of a transition plan that the government could require development and/or disclosure of? Please explain why and provide supporting evidence.?

High-level governance, strategic direction, and risk management practices are all important and likely should remain within company. Mandating emissions modelling or targets is premature and misleading and as noted in our response to Q4, requiring prescriptive methodologies is also wasteful and of no value to companies.

Q10: Please state whether or not you support Option 1, which would require entities to explain why they have not disclosed a transition plan or transition plan-related information. Please explain the advantages and disadvantages of this option.

Do not support. It imposes a de facto requirement and introduces reputational and legal risks.

Q11: Please state whether or not you support Option 2, which would require entities to develop a transition plan and disclose this. Please further specify whether and how frequently you think a standalone transition plan should be disclosed, in addition to transition plan-related disclosure as part of annual reporting? When responding, please explain the advantages and disadvantages of this option.

Do not support. This would be disproportionate and administratively burdensome. Annual or frequent standalone reports are unnecessary.

Q12: If entities are required to disclose transition plan-related information, what (if any) are the opportunities to simplify or rationalise existing climate-related reporting requirements, including emissions reporting, particularly where this may introduce duplication of reporting?

Not mandating new reporting would not complicate the reporting requirement beyond where it is currently. However, consolidation with UK ETS, SECR, and international frameworks is critical to reducing redundancy if new requirements are introduced.

[Q13 & 14 relate to pension funds so are not relevant to FIUK]

Section B2: Mandating transition plan implementation

Q15: To what extent do you support the government mandating transition plan implementation and why? When responding, please provide any views on the advantages and disadvantages of this approach.

We oppose this. It creates additional liability for companies as well as significant delivery burden and ignores market uncertainties and policy dependencies, which are core to having the ability to plan to 2050 and the UK's Net Zero target.

Q16: In the absence of a legal requirement for companies to implement a plan, to what extent would market mechanisms be effective mechanisms to ensure that companies are delivering upon their plan?

They are effective market mechanisms and already driving decisions. From a fuels perspective, market forces are not passive—they are proactive drivers of change. Capital flows, investor scrutiny, financing structures, and customer demands are incentivising companies to develop meaningful transition plans in the absence of legal requirements.

These mechanisms have already reshaped corporate strategies across the sector:

- Neste move towards being large producer or renewable diesel driven by commercial demand and reputational value "business decisions, but also strategic changes in the company culture, ways of working and even the Neste brand", or
- Repsol's commitment to net-zero emissions being led by their view of long-term profitability "We are doing that because we want to make money. What we're doing has to fully support returns. That is, of course, a minimum condition.")

Section B3: Aligning transition plans to net zero by 2050

Q17: What do you see as the potential benefits, costs and challenges of government mandating requirements for transition plans that align with Net Zero by 2050, including the setting of interim targets aligned with 1.5°C pathways? Where challenges are identified, what steps could government take to help mitigate these?

For refineries and fuel suppliers as part of a difficult to decarbonise sector, such alignment is difficult without policy clarity or indeed a supportive policy environment and at an entity level may not be achievable even with an overall achievement of economy-wide net-zero. Imposing mandates without support may deter investment.

Refineries operate in an internationally competitive market, competing with imports in the domestic market as well as global export locations and competitors are often not subject to the same costs of manufacturing and regulation as entities in the UK.

The net zero commitment is one of the UK as a whole, and not on individual companies – the role for countries is to establish a sound policy framework for companies to invest in remissions reductions while reliably and affordably meeting consumer demand – to support the second of those expectations we view a technology neutral policy framework is essential.

It is important to note that even within a net-zero world, there will be individual entities and sites which themselves are not net zero - this is true for hard to abate sectors and is consistent with all major net zero projections by the Committee on Climate Change and others. As such, mandating entities to deliver transition plans that at a company level meet net zero is likely to open up the potential for companies to be challenged in the courts if they do not deliver on the plan even where the policy environment was what stopped delivery of the plan, or where the company's delivery was consistent with economy-wide delivery of government targets.

Q18: Which standards and methodologies are effective and reliable for developing and monitoring climate-aligned targets and transition plans, in particular those that are aligned with net zero or 1.5°C pathways? Where possible, the government would welcome evidence from entities that have used such methodologies, explaining how they have arrived at that conclusion.

Few methodologies are robust for industrial sectors. Many (like SBTi) are better suited to service sectors or low-emitting industries.

Q19: What are the unique challenges faced by hard-to-abate sectors in setting and achieving targets in transition plans aligned to net zero by 2050 – including interim targets? What methodologies or approaches would enable transition planning to support hard-to-abate sectors to achieve net zero by 2050?

Capital intensity, asset longevity, an uncertain policy environment and unpredictable consumer demand are all challenges for the sector, however, there are a wide range of potential technologies identified which if economical and deployed in large enough scale could deliver a net zero outcome overall (this was explored in depth in our Transition, Transformation and Innovation report in 2021). These include i) energy efficiency measures which are ongoing through market mechanisms, to ii) more disruptive manufacturing decarbonisation methods like fuels switching, low carbon hydrogen replacement of natural gas, and carbon capture, and finally iii) feedstocks replacement with many different sustainable feedstocks available.

Nonetheless, at an entity level it may not be feasible (for economic, physical access or technical reasons) for a site to achieve net-zero in isolation, even while economy-wide the net zero target can be achieved.

The decarbonisation pathway options identified above are also uneconomic or technically challenged at present and in need of economic and policy framework developments, which can stop or reverse the current trend in parts of the UK economy of carbon leakage.

Q20: For entities operating in multiple jurisdictions, what are your views on target setting and transition planning in global operations and supply chains?

These are difficult to quantify reliably. Current target setting is focused on absolute reductions, which are only possible with production curtailment. Target setting should allow for alternative emissions reductions, such as avoided emissions from fuels with lower carbon content. In addition, UK policy should not mandate scope 3 data from low-transparency jurisdictions.

Q21: What is your view on the role of climate adaptation in transition plans? Is there a role for government to ensure that companies make sufficient progress to adapt, through the use of transition plan requirements?

There is already some assessment in existing UK regulator's work to consider climate change adaptation (in COMAH and environmental permitting requirements) so this also risks being duplicative effort if made as a new requirement, and companies will be better placed to assess on the relevance in developing transition plans.

Q22: How can companies be supported to undertake enhanced risk planning in line with a 2°C and 4°C global warming scenario? Are these the right scenarios? To what extent are these scenarios already being applied within company risk analysis and how helpful are they in supporting companies in their transition to climate resilience?

Such scenarios are not materially useful for day-to-day planning and carry low certainty for industrial strategy. It is unclear if there is sufficient guidance and granularity in the differences between such scenarios for them to make substantive differences to risk planning so having more scenarios risks doubling or tripling reporting requirements for very marginal potential benefit.

Section B5: Nature alignment

Q23. To what extent do you think that nature should be considered in the government's transition plan policy? What do you see as the potential advantages and disadvantages? Do you have any views on the potential steps outlined in this section to facilitate organisations transitioning to become nature positive?

This adds complexity and dilutes focus. Climate-related risks are already suggested to be in broad in scope.

Section B6: Scope

Q24: Do you have any views the factors the government should consider when determining the scope of any future transition plan requirements?

Given the potential for large reporting burdens which seem a risk in this space, the scope of requirements should be mindful of the competitive pressures already on private companies. Excluding trade-exposed, carbon intensive (e.g. in scope to ETS), or very mobile sectors which may be already captured by a very wide range of existing reporting requirements in the UK but not necessarily in competitor regions may reduce the risk of investors choosing other regions over the UK due to high regulatory barriers to entry/continuation of UK business. Consideration should also be given to entities with parent companies out of the UK being left out of scope given the requirement for entity-level transition plans could be misaligned or duplicative with parent company sustainability reporting requirements or objectives.

Q25: We are interested in views about the impact on supply chains of large entities that may be in scope of transition plan requirements. Do you have views on how the government could ensure any future requirements have a proportionate impact on these smaller companies within the supply chain?

Fuels Industry UK does not have a view on this question.

Q26: Do you have any views on how the government could redefine the scope to protect the competitiveness of the UK's public markets?

Avoiding so called gold-plating of common regulations is highly important to ensure competitiveness of the UK market as touched on in Q24. Ensuring parity with international peers is vital to retain operations and listing attractiveness.

Section B7: Legal risk

27. Do you have views on the legal implications for entities in relation to any of the implementation options and considerations as set out in sections B1-B4 in this consultation?
28. In the UK's wider legal framework what – if any - changes would be necessary to support entities disclosing transition plans and forward-looking information?

The use of forward-looking disclosures under UK SRS creates potential legal exposure under s.463 for Directors as are captured in the consultation paper, however, they may also be the risk of Competition Law issues in signals to the market on future actions which should be considered, along with potential misalignment of disclosures where reporting entities exist in more than one market. Safe harbour provisions must be introduced or clarified to ensure companies are not penalised for honest estimations made in good faith with regards to section 463, especially in emerging sustainability domains, but should also be considered more widely.

Section C: Related policy and frameworks

29. What role could high integrity carbon credits play in transition plans? Would further guidance from government on the appropriate use of credits and how to identify or purchase high quality credits be helpful, if so, what could that look like?

Credits can support transition and in hard to abate sectors may have a highly important role in doing so. Government guidance would be helpful.

30. Are there specific elements of transition plan requirements or broader policy and regulatory approaches from other jurisdictions that the government should consider?

Aligning with SEC, ISSB, and CSRD may be useful. Avoid creating UK-specific burdens.

31. How can transition planning contribute to achieving the UK's domestic net zero targets while ensuring it supports sustainable investment in EMDEs, where transition pathways may be more gradual or less clearly defined?

Fuels Industry UK does not have a response to this question.

32. How could transition planning account for data limitations, particularly in EMDEs, where high-quality, comparable sustainability reporting may be less available?

Fuels Industry UK does not have a response to this question.

33. What guidance, support or capacity building would be most useful to support effective transition planning and why? For respondents that have developed and/or published a transition plan, what guidance, support or capacity building did you make use of through the process? Please explain what additional guidance would be helpful and why?

Clear guidance, policy certainty, and streamlined frameworks based on economical solutions that would benefit shareholder value and overall economic output are most important if the proposals are to be taking forward. Capacity-building is less useful than removing low-value regulatory burdens.