

Transition planning discussion paper

From narrative to navigation

Why and how credible transition plans change decisions

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Executive summary

From narrative to navigation

Transition planning is becoming a core financial discipline, like liquidity and solvency – not a sustainability add-on.

Now that disclosing aspects of enterprise strategy related to transition plans is mandatory for Climate Reporting Entities under NZ CS, we have a clearer view of how NZ's largest companies and financial institutions are planning to thrive in a low-emissions, climate-resilient future.

In other parts of the world, driven by financial regulators, investors and central banks, transition planning principles and practice have evolved quickly. For financial institutions, ISO 32212:2026 adds further detail. The expectation is increasingly less on disclosure and much more on understanding how transition planning shapes strategy, capital allocation, and resilience.

In a word, the focus is not on compliance, but credibility – enabling useful comparability to inform capital allocation and manage risk.

Compared with global good practice, NZ company disclosures highlight five recurring gaps. These are not failures. They identify useful questions and logical next steps to mature and improve:

1. Do disclosures clearly demonstrate how transition planning influences business decisions in practice?
2. Are targets accompanied by the necessary delivery logic?
3. Is it clear how addressing risk and resilience are embedded in capital planning?
4. Are explicit assumptions, constraints or possible trade-offs associated with uncertainty clearly articulated?
5. Is transition planning treated as a disclosure task or continual improvement at navigating uncertainty?

Developing solid transition plans adds enterprise value

This paper identifies seven principles that can help guide more effective transition planning and provide clear credibility signals to financial markets and investors through disclosures. In addition, applying the principles will support integration of climate change risks and opportunities into enterprise strategy planning and execution.



Strategy anchored: The transition plan is clearly rooted in the core business model and long-term strategy.



Material by design: It focuses on the few emissions and resilience issues that actually drive value and risk.



Executable and accountable: Actions are sequenced, owned, and feasible; not just aspirational.



Capital aligned: Capital allocation and asset decisions are consistent with the stated transition pathway.



Governed with intent: Boards and executives actively oversee, challenge, and show accountability for the delivery of actions and desired outcomes.



Explicit about assumptions and dependencies: Dependencies, uncertainties, and constraints are stated plainly.



Adaptive over time: The plan is designed to evolve as conditions, technology, and policy change.

Credible transition planning is not about saying the right things; it's about demonstrating how better decisions are made in the context of uncertainty.



From narrative to navigation

Why and how credible transition plans change decisions

Contents

- Executive summary 2
- Introduction 5
- Why transition planning matters 6
- Connecting elements of a credible transition plan 7
- Global context is driving change 8
- What the NZ guidance does well 9
- NZ practice vs global good practice: gaps and traps..... 10
 - Disclosure complete but not yet driving decisions 10
 - Targets waiting for delivery logic 11
 - Integrated adaptation planning 12
 - Credibility through transparency 13
 - Acknowledging the improvement journey 14
- How understanding global good practice creates more value 15
- What good transition planning looks like 16
- Where to start (without over-engineering) 17
- Broadening the navigation: people and nature 19

Tools + Frameworks

- 1. Credibility quick-checks 24
- 2. Simple maturity framework for transition planning 27
- 3. One page overview for boards 28

Introduction

When it comes to climate change-related transition planning disclosures, New Zealand companies have largely done a good job of doing exactly what the climate disclosure regime asked them to do. To keep up with market and investor expectations, the challenge now is to demonstrate how transition plan thinking translates into decision-grade strategic tools; and how those tools are used to inform capital allocation, asset strategy, resilience, and long-term value creation.

This paper:

- Acknowledges the strength of NZ's transition planning foundations
- Explains where common gaps and traps are emerging
- Shows what 'good' looks like in practice using NZ examples across sectors
- Explains why following emerging global good practice creates real commercial value

The underlying message is constructive and forward-looking:

Credible transition planning is not about meeting disclosure standards or saying the right things; it's about demonstrating how better decisions are actually being made in the context of uncertainty.

How to read this discussion paper

This discussion paper is written for boards, executives, and senior leaders of large New Zealand organisations. It is deliberately practical. It does not attempt to restate climate standards or provide technical disclosure guidance. Instead, it focuses on how transition planning can be used as a strategic and financial discipline. Beyond disclosure requirements, the paper aims to provide practical guidance for effective internal transition planning.

The paper is structured so that the central section, NZ practice vs global good practice: gaps and traps, does most of the work. The surrounding sections provide context, framing, and practical next steps.

The additional tools and frameworks at the back of the paper are offered as helpful resources to further embed transition planning as a driver for commercial resilience and competitive edge.

Why transition planning matters

Climate-related disclosures have moved transition planning into the mainstream of NZ corporate reporting.

For large listed and financial entities, this is now business as usual.

Companies no longer captured by the regime, with an increased reporting threshold of NZ\$1 billion market cap or assets, must still show credible transition planning. This is needed to maintain access to capital at competitive rates.

Besides changes to NZ's own disclosure regime, global financial markets are also evolving their interpretation and use of disclosures:

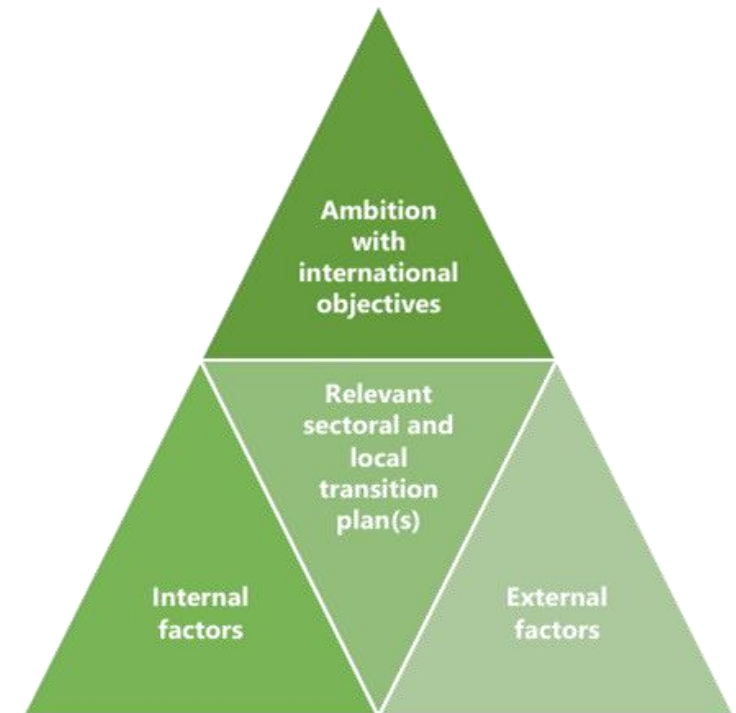
- Investors, lenders and insurers increasingly assess whether transition plans are credible, not just complete
- Boards are expected to understand how climate risks and transition pathways affect long-term strategy
- Poorly integrated transition planning now appears as a capital allocation and resilience risk, not just an ESG weakness

In this context, transition planning is best understood as a sound strategy in deep uncertainty rather than a climate-related compliance project.

Emerging global practice

ISO 32212's June 2026 release demonstrates the increasing global alignment around transition planning. Although aimed at financial institutions, the standard reinforces themes seen in TPT, GFANZ, IFRS S2, and other frameworks: integration with strategy, governance, decision-making, implementation pathways, monitoring, and continual improvement.

It signals that transition planning is increasingly being treated as a core management discipline rather than a standalone disclosure exercise.

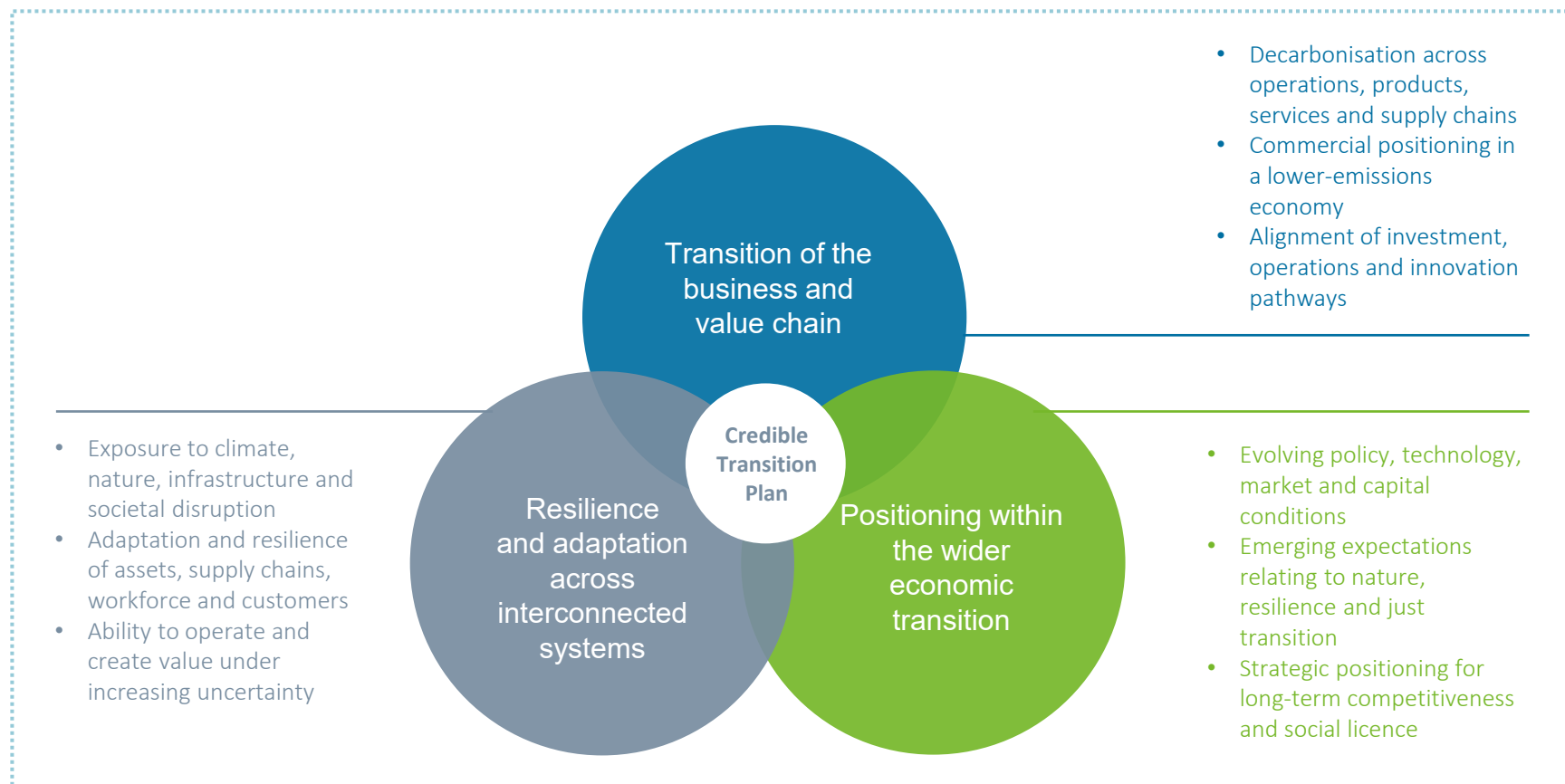


“A credible transition is aligned with international decarbonisation goals, is consistent with relevant sectoral and local transition plans and is feasible within its proposed timeline.”

Figure and text from ATP-Col framework and guidance V1, September 2024

Connecting elements of a credible transition plan

Global transition planning frameworks are increasingly moving beyond emissions targets alone, towards integrated strategic planning that links transition, resilience, governance, capital allocation and broader system impacts. It's less about a climate disclosure and more about a long-term enterprise transformation and resilience discipline.



Global context is driving change

Pressure for credible transition plans is being set offshore and is already influencing capital, regulation and market access that NZ companies rely on.

- Regulators in Europe, the UK, Canada and Japan are converging on a clear position: vague, weak or inconsistent transition plans create material financial risk, distort capital allocation and hide exposure to stranded assets. Transition planning is no longer treated as optional or an ESG issue; but seen as a core component of financial risk management by prudential supervisors.
- In the EU and UK, transition plans are increasingly being embedded into mandatory reporting regimes, with expectations that they integrate strategy, capital allocation, governance, resilience and broader value chain impacts, not just emissions targets.
- This shift is supported by a growing body of practical guidance and assessment frameworks, including the [UK Transition Plan Taskforce](#) (now absorbed into the IFRS Foundation) and aligned international resources, which are rapidly converging on what “credible” looks like in practice, and how plans are assessed.
- At a global level, the [International Sustainability Standards Board](#) (also sitting within IFRS) and central banks, coordinated through the [Network for Greening the Financial System](#) (a voluntary network of central banks and financial supervisors), are treating transition plans as inputs into assessments of financial system stability, not sustainability signaling.
- Investors and lenders are reinforcing this shift. Large global asset owners and banks increasingly use transition plan credibility to inform pricing of capital, engagement and risk appetite.

- **At a political and system level**, the [G20 Sustainable Finance Working Group](#) has issued recommendations on credible, robust and just transition plans, signaling that transition planning is now viewed as a macro-financial and economic coordination issue, not a niche sustainability concern.
- **At the assessment end of the market**, the [Assessing Transition Plan Collective](#) (ATP-Col – convened by the World Benchmarking Alliance) is helping harmonise how transition plan credibility is evaluated in practice, providing a shared basis for investors, analysts and regulators to distinguish substantive plans from disclosure-only narratives. ATP-Col’s concept of ‘triple consistency’ provides a concise definition of credibility in practice: alignment with goals | consistency with sector transition plans | feasible implementation.

For NZ companies, this has direct implications:

- **Capital is internationally priced:** global expectations are already flowing into NZ lending, insurance and investment decisions
- **Market access is tightening** export-oriented firms face scrutiny from offshore customers and financiers subject to stricter regimes
- **Credibility is becoming a differentiator:** firms with weak or purely narrative transition plans risk being viewed as higher-risk counterparties, regardless of domestic compliance

Bottom line: NZ companies are not insulated by compliance with local Climate Standards. Globally, transition plans are becoming a core financial discipline and treating them as a disclosure exercise is increasingly a strategic risk in itself.

What the New Zealand guidance does well

New Zealand's guidance provides a strong and credible starting point for transition planning, while global practice is moving toward clearer tests of delivery and credibility. NZ CS leaves that level of detail to market practice.

The Aotearoa New Zealand Climate Standards address transition planning in NZ CS1, defining it as “an aspect of an entity's overall strategy”, covering:

- targets (including interim targets), and
- actions to support a transition to a low-emissions, climate-resilient future

The accompanying NZ CS guidance

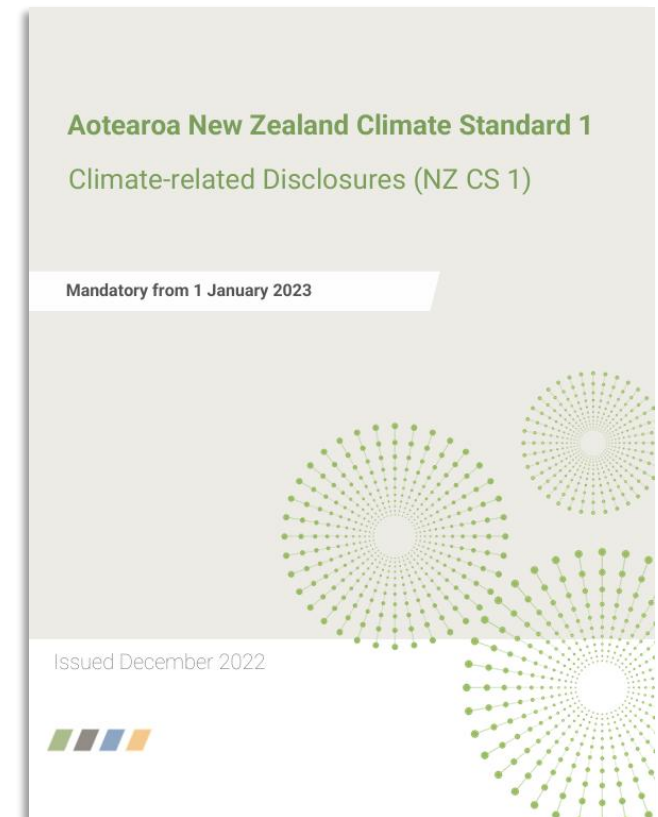
- emphasises governance, process and transparency
- allows flexibility in approach and sequencing
- recognises that transition planning maturity will vary

This is a strength, not a weakness. It avoids forcing a one-size-fits-all model and supports early adoption.

However, that flexibility also means the responsibility shifts to organisations themselves to ensure their transition plans are:

- decision-useful
- internally consistent
- and robust enough to stand up to scrutiny beyond NZ

That's where the gaps start to appear.



NZ practice vs global good practice

the gaps and traps

Globally, there is strong convergence on what makes a transition plan credible. The differences between NZ practice and global good practice are rarely about intent; they are about depth, integration, and realism.

Gap 1

Disclosure-complete but not yet driving decisions

The maturity challenge

Transition plans meet disclosure expectations but do not clearly show or explain how they influence real business decisions, particularly for critical financial aspects such as capital allocation, asset lives, procurement, or product strategy.

How it shows up:

- Transition planning sits alongside strategy, rather than inside it and driving a thriving version of the business in a climate changing world
- Risks and opportunities are well described, but actions are abstract
- Capital decisions appear unchanged by transition narratives

What good looks like

- Clear statements about where transition considerations and levers already affect decisions
- Explicit links to existing planning and investment cycles
- Evidence that trade-offs are being actively managed
- Early involvement of finance teams to support translating ambition into decision-grade strategies and capital allocation

NZ examples

Tourism Holdings demonstrates a thoughtful and transparent approach to transition planning, clearly separating transition considerations from general climate risk disclosure. The company explicitly links transition planning to fleet strategy, technology readiness, and timing, and is clear about what falls within management control and what depends on external factors such as vehicle availability and infrastructure.

However, the disclosures also show that the transition plan remains intentionally adaptive. While it informs strategic direction and scenario testing, it has not yet translated into a fully decision-forcing roadmap with committed timelines or capital allocation thresholds. This highlights a common next step in transition planning maturity: moving from a well-articulated strategic framework to decisions that more clearly lock in the pace and scale of transition.

Freightways provides a strong example of the necessary shift between its FY24 and FY25 Climate Statements. In FY25, Freightways explicitly integrates its transition plan into the Group's growth strategy, with Board approval and oversight, and updates investment decision frameworks so climate impacts and transition risks are considered as part of business case development. Importantly, the disclosure is transparent about where integration remains incomplete, particularly in relation to capital allocation and financing decisions, and sets out a clear intent to strengthen it over time. This sequencing and honesty about current limits materially strengthen the plan's credibility.

NZ practice vs global good practice

the gaps and traps

Gap 2

Targets waiting for delivery logic

The maturity challenge

Companies focus on headline emissions targets without clearly articulating the actions, assumptions, dependencies and decision pathways required to support delivery.

How it shows up

- Targets disclosed with limited explanation of delivery mechanisms
- Heavy reliance on external market, policy or technology shifts without transparent assumptions or contingency planning
- Limited clarity on what management controls are, what they are influencing, and what it depends on
- Over-reliance on carbon credits to meet targets with limited credibility details

What good looks like

- Clear explanation about how targets are expected to be delivered over time
- Explicit disclosure of primary assumptions, external dependencies and sectoral pathways underpinning the transition plan
- Clear distinction between management actions, influence levers and external conditions, with monitoring signals and adaptive responses where assumptions change
- Clearly distinguishing actual emissions reduction from credible use of carbon credits

Note: Leading frameworks, including ISO32212, increasingly expect a clear, quantifiable link between targets, levers, assumptions, dependencies and delivery pathways.

A decarbonisation target set without the relevant delivery logic is increasingly viewed as an unsupported forward-looking statement, creating risk for directors and companies.

The treatment of carbon credits is a specific and increasingly scrutinised test of delivery logic. ISO 32212 is explicit on this: reducing emissions takes priority over the use of carbon credits.

Where credits form part of the plan, good practice requires clear disclosure of credit type, the proportion of the target they are intended to meet, how credit use is distinguished from actual decarbonisation activity, and what integrity standard applies. A plan that is unclear on these points creates both credibility risk and greenwashing exposure for boards.

NZ examples

Ryman Healthcare demonstrates strong intent, with science-based emissions reduction targets and tangible progress through renewable electricity procurement, on-site generation, and operational efficiency measures. The disclosures are transparent about organisational constraints and the wider business transformation underway.

However, Ryman is explicit that it is still building the foundations of a transition plan, rather than executing a fully articulated delivery roadmap. While targets are clear, the decision-forcing logic linking those targets to capital allocation, sequencing, and time-bound commitments is still emerging. This reflects a common transition planning gap: ambition is visible, but delivery pathways remain adaptive rather than fully locked in.

NZ practice vs global good practice

the gaps and traps

Gap 3

Integrated adaptation planning

The maturity challenge

Adaptation is treated primarily as a physical asset or engineering issue, rather than as a broader strategic capability that enables the business to remain resilient and adaptive under changing conditions.

How it shows up:

- Overweight emphasis on and prioritisation of mitigation measures
- Adaptation actions sit in risk registers and remain underdeveloped despite their importance to business continuity and value protection
- Little connection to asset standards or investment thresholds
- Resilience framed as compliance rather than value protection

What good looks like:

- Adaptation embedded into asset design, refurbishment, procurement and operations that drive value creation
- Defined triggers, thresholds and contingency pathways showing how the plan will adapt if expected resilience outcomes are not achieved
- Recognition in enterprise strategy that proactive resilience investment protects long-term value
- For financial institutions, explicit adaptation of finance objectives

Note: for financial supervisors, a credible transition plan must integrate adaptation because it is fundamental to understanding an entity's resilience to physical risks and thus its 'safety and soundness'. This is a financial imperative, not just a climate one (NGFS). For financial institutions specifically, ISO 32212 (6.3.2) also requires objectives and targets related to adaptation finance and active financing of real economy adaptation, not only the institution's own physical resilience.

NZ examples

Auckland Airport demonstrates a strong, credible approach to managing climate risk, particularly in physical resilience, asset protection, and long-term infrastructure planning. Climate considerations are well embedded in risk management, capital planning for core assets, and engagement with airlines and other system partners.

At the same time, the disclosures indicate that climate transition planning largely supports the existing growth and infrastructure strategy, rather than actively reshaping it. While transition risks and dependencies are clearly acknowledged, their implications for long-term demand, asset utilisation, and strategic trade-offs are not yet fully articulated. This points to a natural next step in maturity: moving from managing climate risk alongside strategy, to using transition planning as a lens to test and refine the future business model itself.

NZ practice vs global good practice

the gaps and traps

Gap 4

Credibility through transparency

The maturity challenge

Plans avoid making assumptions, constraints, or trade-offs explicit in order to appear confident and robust. This detracts from their strategic rigour because a plan that cannot be stress-tested is necessarily not ‘decision-grade’.

How it shows up:

- Generic language (“intend to”, “will explore”, “aim to”)
- Limited discussion of what could derail the plan
- Little explanation of alternative pathways or contingencies
- Emissions reduction or net zero targets, where the role of carbon credits are unclear

What good looks like:

- Plain-English assumptions about external conditions
- Open acknowledgement of constraints, dependencies, and uncertainties
- Use of carbon credits is explicitly identified as supplemental to actual emissions reduction, with credit type, vintage, integrity standard and sustainable development co-benefits disclosed
- Clear signals that the plan is adaptive and conditional, not fixed
- Advocating for system change where it’s needed most

Note: The TPT Framework (Sub-Element 1.3) explicitly requires the disclosure of ‘key assumptions... and external factors on which [the plan] depends’.
ATP-Col Guidance notes that feasibility depends on both internal and external factors, which must be clearly outlined.

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NZ examples

Genesis Energy provides a strong example of system-aware transition planning. Its disclosures are explicit about the role of thermal generation, fuel security, and the need to manage reliability alongside decarbonisation. The company clearly acknowledges the constraints and dependencies that shape its transition pathway, including gas availability, hydrology, transmission infrastructure, and policy settings.

At the same time, the disclosures highlight a broader maturity challenge faced by many organisations: while transition risks and dependencies are well understood, they sit largely outside the scope of direct corporate control. The next step in transition planning maturity is therefore not further internal optimisation, but clearer articulation of how company-level plans align with, and depend on, coordinated action across markets, infrastructure providers, and government. This shift from individual plans to system-aware transition is increasingly critical for decision-useful disclosure.

NZ practice vs global good practice

the gaps and traps

Gap 5

Acknowledging the improvement journey

The maturity challenge

Early climate-related disclosures may be seen by boards as a compliance milestone rather than more transparently acknowledging they are the foundation for an ongoing and maturing transition planning process.

How it shows up:

- Absence of, or limited roadmap for increasing the sophistication of transition planning over time
- Transition planning remains concentrated within reporting teams
- Infrequent executive or board-level iteration as capability develops

What good looks like:

- A clear and logical maturity pathway, spanning multiple reporting cycles
- Progressive integration with enterprise strategy, capital allocation, product / service development and governance processes
- Explicit recognition that credibility grows incrementally through learning and iteration

NZ examples

Meridian Energy provides a strong example of treating climate-related disclosures as an evolving discipline rather than a one-off compliance exercise. Across successive reporting cycles, Meridian has been explicit about how its approach to scenario analysis, metrics, governance, and strategic integration is expected to mature over time.

The disclosures signal a clear intent to progressively deepen decision-usefulness, including a stronger linkage between climate scenarios, capital allocation, and long-term strategic choices. By framing climate reporting as a multi-year journey of increasing sophistication, Meridian demonstrates how credibility is built incrementally through iteration, learning, and integration, rather than achieved in a single reporting cycle.

Note: Credible transition planning is never “finished”. Reflecting this, ISO 32212:2026 requires annual internal audits and management reviews (Clauses 9.2 and 9.4) as part of a continual improvement cycle that tests assumptions, evaluates progress and updates plans as conditions evolve. Whilst ISO 32212 applies specifically to transition planning for financial institutions, it is likely to be seen increasingly as a benchmark for credible net zero transition planning practice, both within and beyond the financial sector.

How understanding global good practice creates more value

Following emerging global good practice is not about importing overseas frameworks or gold-plating disclosures, it's about recognising the trends that will become expected practice in future and anticipating the benefits:

- **Capital will become more selective.** Lenders and investors are already signaling that weak or non-credible transition plans will mean a higher cost of capital or no capital at all.
- **Regulators are circling.** From ISSB to climate disclosure regimes, the scrutiny is shifting from whether you disclose and technical compliance, to whether disclosures stack up and are supported by the right evidence.
- **Financial statements are likely to be the next battleground.** UK legal opinion now frames climate risk as part of directors' duty to present a true and fair view of the company's finances in its published accounts. NZ is not far behind in practice, even if the case law hasn't arrived yet.

Underlying these trends is a growing acknowledgement that a climate-driven financial shock is increasingly possible because markets still price climate risk as a long-term, optional issue.

Whilst markets are globally connected, there are no joined-up global transition governance frameworks that align regulators, governments, investors, lenders, and corporates. The impacts and risks of climate change are still modeled in isolation, and so balance sheets look healthier than they really are.

On the other hand, credible transition planning is becoming a **competitive advantage and strategic asset** because it:

- Improves strategic clarity under climate change uncertainty
- Strengthens capital allocation decision-making
- Attracts long-term capital investment by increasing the confidence of investors, lenders and insurers
- Lowers future financing risk
- Reduces exposure to reputational risk and regulatory risk
- Provides a transition narrative that staff and partners can act upon.

In essence, done well, credible transition planning becomes a strategic asset rather than a compliance cost.

“Recent comparative research across 14 leading global frameworks shows strong convergence on what constitutes a credible transition plan, particularly the need to link decarbonisation pathways to strategy, capital allocation and governance, rather than treating transition plans as standalone disclosures.”

Journal of Environmental Management; Nicolajsen et al
(<https://doi.org/10.1016/j.jenvman.2025.127062>)

What good transition planning looks like

When we look across sectors and respond to emerging good practice guidance, credible transition plans tend to share a number of common, practical characteristics. Aligned with leading global frameworks, like the Transition Planning Taskforce Disclosure Framework, these characteristics can be synthesised into a set of **seven guiding principles** that constructively address current gaps whilst making planning more investable.

Not every organisation needs all of this immediately, but every credible plan moves deliberately in this direction.

1. Strategic anchoring

A credible transition plan is clearly rooted in the organisation's long-term vision, core business model and long-term strategy; not treated as a parallel sustainability or climate change management exercise. It explains how the transition reshapes strategic choices over time, including where the business will lean in, adapt, or step back.

2. Material focus

The plan focuses on the emissions sources, value-chain exposures, resilience issues and business impacts that genuinely drive risk and opportunity. Credibility comes from prioritisation rather than being overly comprehensive.

3. Executable and accountable

The plan sets out a clear sequence of planned initiatives and actions with owners, timing, and logic; rather than a list of intentions or aspirations. It distinguishes between actions already underway, controls that are in place and options that depend on future conditions.

4. Capital alignment

Capital allocation, asset lives, lending, underwriting and investment decisions are visibly consistent with the stated transition pathway. Where alignment is partial or evolving, this is explained transparently.

5. Governed with intent

Boards and executives actively oversee transition planning as a strategic discipline, not just a reporting requirement, with clear delineation of roles and responsibilities supported by audit or assurance. Accountability, incentives, and decision rights are aligned with delivery.

6. Explicit about assumptions

Relevant assumptions, dependencies, and uncertainties are stated plainly, including what sits outside the organisation's control. This transparency strengthens trust and allows the plan to be tested, challenged, and improved.

7. Adaptability

The plan is designed to, and accepts that it will, evolve as policy, technology, markets, and physical risks change, or where expected outcomes are not being achieved. Credibility is reinforced by showing how the plan will mature across reporting cycles, informed by an audit or assurance process, rather than claiming false certainty upfront.

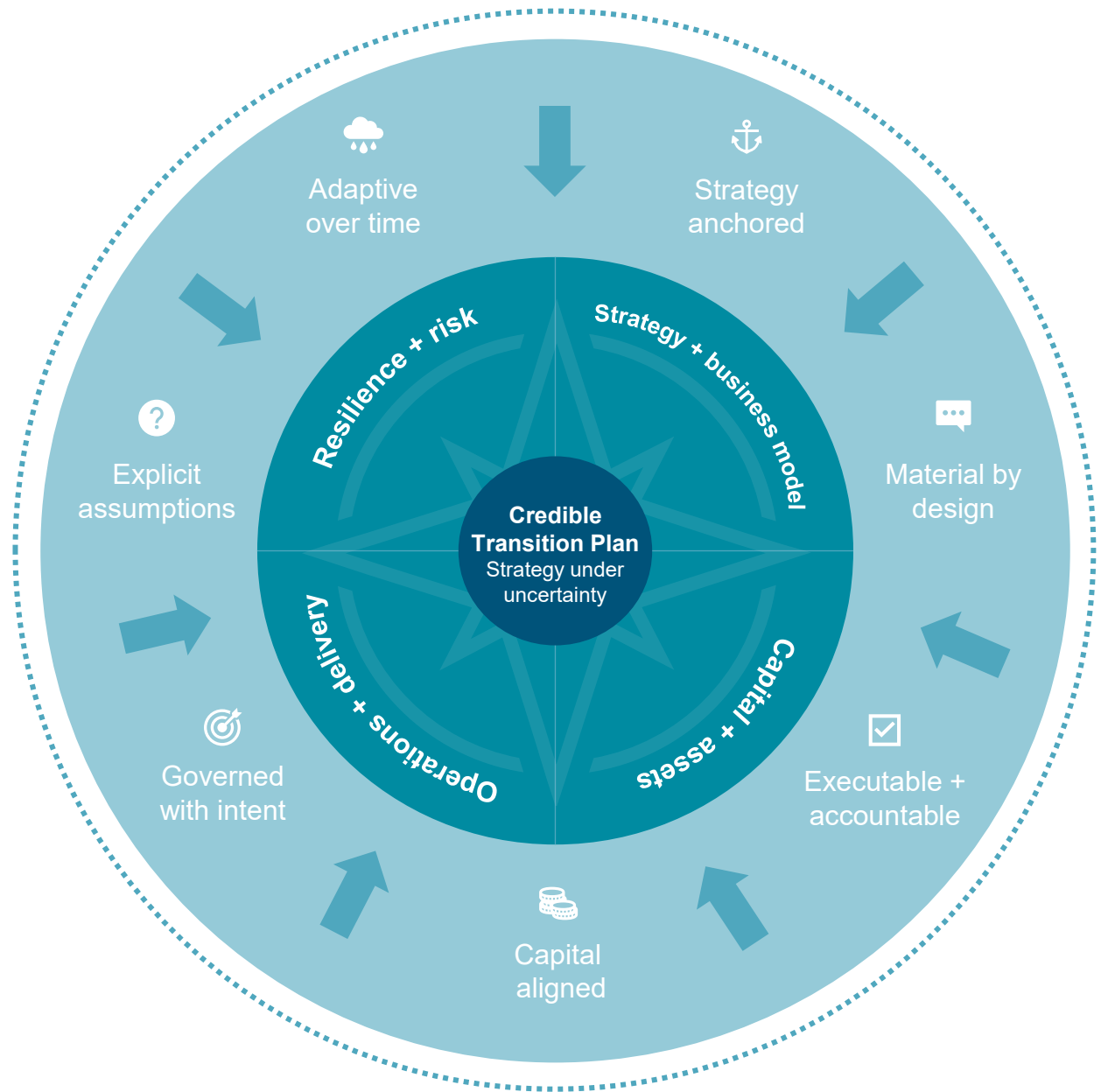
What good transition planning looks like

A credible transition plan functions as a navigation system translating ambition into strategy, capital, and resilience decisions.

A credible transition plan acts as a compass and navigation system. It shows how ambition is translated into strategy, capital, operational and resilience decisions

Enterprise decision areas informed by a credible transition plan, internal controls, documentation, audit/review cycles and corrective action.

The principles that drive decision-useful transition planning.



Where to start (without over-engineering)

The most effective organisations do not build a parallel ‘transition planning process’. Instead, they work with the machinery they already have and progressively sharpen how transition considerations influence decisions.

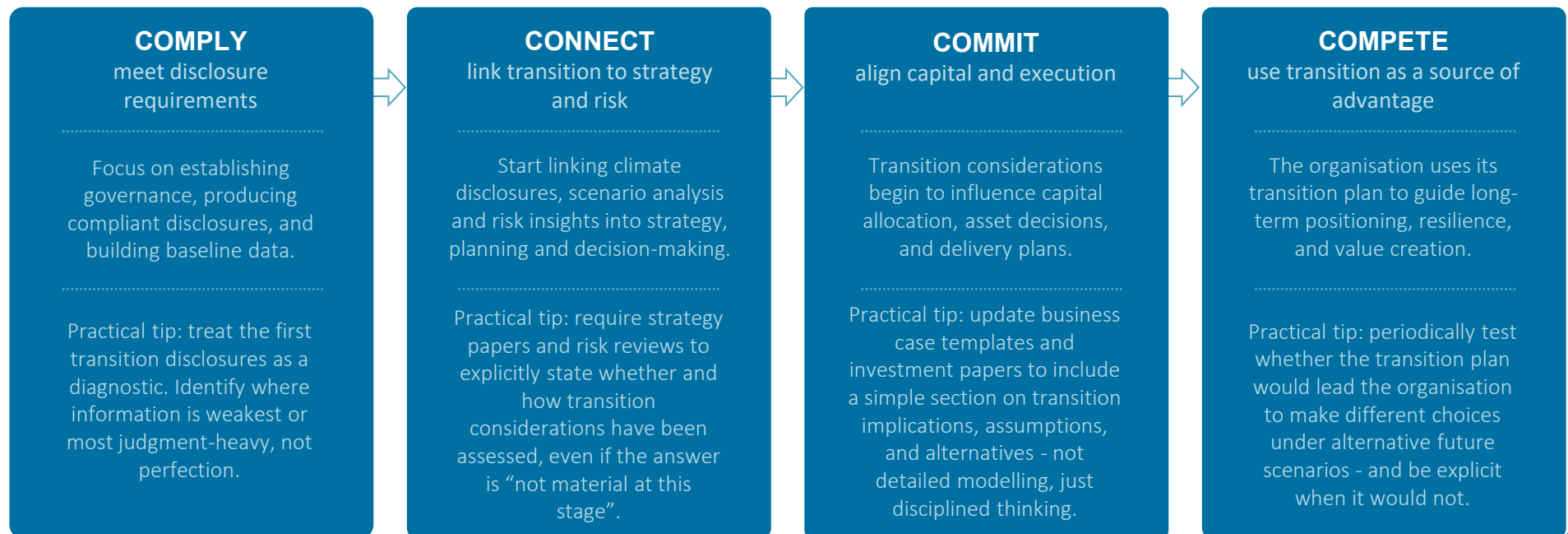
In practice, this means three things

- Use existing strategy, capital and risk processes rather than creating new ones
- Integrate transition considerations incrementally, starting where decisions are already being made
- Increase depth year-on-year, rather than trying to reach maturity in a single reporting cycle.

The goal is not to move faster than the organisation can absorb, but to ensure each step adds decision-usefulness. Transition planning is increasingly understood as a change-management and decision-integration challenge, rather than a purely technical or reporting exercise.

A practical maturity path

A simple maturity path will work well for most NZ organisations:



Broadening the navigation people and nature

As transition planning matures, credibility increasingly depends on whether plans address people and nature-related constraints, not just the impacts of a changing climate.

These factors are increasingly seen as material dependencies that influence whether transition actions are feasible, timely, and durable; and whether strategy and capital decisions can be delivered in practice to address adverse impacts and system dependencies, amidst broader systemic change and social licence challenges:

Just transition considerations

Workforce readiness, skills availability, health and safety, contractor reliance, regional employment impacts, and community acceptance can materially affect the speed, sequencing, and cost of transition actions. Where these issues are not considered, delivery risk increases even where emissions pathways and adaptive actions appear technically sound.

Social and workforce transition dependencies can affect feasibility, cost, timing and social licence, and should be considered where they are material to delivery.

Nature and TNFD considerations

Nature-related dependencies and impacts are closely linked to both physical climate risk and transition risk. Asset performance, resilience, input availability (such as land, water, and materials), insurance costs, and long-term viability increasingly depend on ecosystem services and nature outcomes.

Overlapping and compounding risks

In many sectors, climate risk, nature risk, and social impacts interact. Ignoring these interactions can lead to underestimating constraints, overstating feasibility, or mistiming investment decisions.

These issues are not add-ons to climate transition planning. They act as constraints and decision variables that shape strategic choices, capital allocation, asset design, and risk management. Failure to address them as an integrated component of future success will increasingly undermine the credibility of transition plans.

NZ examples

Some NZ climate statements are beginning to surface people and nature-related constraints that affect the feasibility of transition pathways.

For example, Auckland International Airport and Fletcher Building both acknowledge that workforce, community, supply-chain, and asset resilience considerations shape the pace and cost of transition.

While these disclosures are not framed explicitly through a just transition or TNFD lens, they illustrate how ignoring social and nature-related dependencies would undermine delivery credibility.

Note

The G20 Sustainable Finance Working Group's (2024 Roadmap Update) recommendations explicitly integrate just transition considerations into its recommendations for credible transition plans.

The TPT has produced specific guidance on incorporating nature, recognising that climate and nature are interlinked. And the TNFD framework has adopted the core TPT transition planning structure.

The World Benchmarking Alliance has published detailed frameworks on assessing the 'just' aspects of corporate plans.

For financial institutions, ISO32212 explicitly requires transition planning to look beyond decarbonisation to address nature and social issues.

Broadening the navigation people and nature

Testing whether the strategy is truly deliverable

Leading practice increasingly recognises that credible transition plans are not only about emissions reduction. They also consider the nature and social factors that can influence whether a strategy can be delivered successfully over time.

Nature

Where nature-related dependencies or impacts are material, good practice increasingly considers:

- Reliance on water, land, ecosystem services or natural resources
- Nature-related risks and opportunities across operations, assets and supply chains
- How these factors influence strategic decisions, investments and transition pathways

People and communities

Good practice increasingly considers:

- Workforce impacts, skills requirements and future capability needs
- Customer affordability and access to products and services
- Impacts on suppliers, communities and affected regions
- Stakeholder engagement as an input to decision-making, rather than a separate activity

The credibility test

A simple question can help determine materiality: Would the transition pathway still be achievable if these nature-related constraints or social impacts emerged as expected?

If the answer is no, these factors are likely to be material to the credibility of the plan and should be reflected in strategy, governance, investment decisions and monitoring processes.

Further information and resources

Nature

- [Taskforce on Nature-related Financial Disclosures – *Guidance on Nature in Transition Plans*](#): Integrating nature into transition plans and strategy.
- [Science Based Targets Network](#): Science-based targets and action pathways for nature.
- [Business for Nature – *Nature Strategy Handbook*](#): Practical guidance for integrating nature into business strategy.
- [World Economic Forum *Nature Positive Transitions*](#): Sector specific transition to nature-positive goals.
- [GFANZ *Nature in Net-zero Transition Plans*](#): Consultation paper on integrating nature into transition planning and finance decisions.

People and just transition

- [ILO *Guidelines for a Just Transition*](#): Workforce and community transition framework.
- [G20 Recommendations for Credible, Robust and Just Transition Plans](#): Just transition planning principles as part of the 2024 *G20 sustainable Finance Report*.
- [World Benchmarking Alliance: *Assessing the 'Just' in Corporate Transition Plans*](#): Assessing social credibility in transition plans.
- [UNEP FI *Incorporating Just Transition Considerations into Financial Sector Transition Planning*](#): Integrating social factors into financing decisions.
- [We Mean Business Coalition: *Just Transition Resources Platform*](#): Tools to implement and advocate for a just transition to a net-zero economy.



Credible transition planning

From narrative to navigation

Framework tools

Using the framework tools in this paper

Transition planning is no longer just a disclosure exercise. It is increasingly how organisations demonstrate resilience, strategy, and long-term value to investors and regulators. The tools in this paper are designed to help you move from meeting minimum expectations to building a credible, decision-useful transition plan; one that stands up to scrutiny and actually shapes strategy. At its core, transition planning is about repositioning your business model to remain viable and competitive in a low-emissions, climate-resilient economy.

A note on our detailed assessment tool for credible adaptation and resilience transition planning

Alongside the framework tools presented in the following pages of this paper, we've developed a more detailed *Red and Green Flags* assessment framework to evaluate the credibility with which climate change adaptation and resilience issues are addressed in transition plans.

We've deliberately kept this detailed assessment tool out of the paper. It's more hands-on and works best as part of a more structured assessment or workshop.

If you're interested in understanding how that could be applied to your organisation, let us know, and we can walk you through more details.

To find out more, contact



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Principal Consultant | Strategic Sustainability

A clear direction of travel

Transition planning is rapidly shifting from a voluntary good practice to a mainstream finance and governance expectation.

In New Zealand, the XRB has warned that demand for transition plans is growing, and that the absence of a transition plan may influence capital allocation decisions by primary users.

Across the Tasman, Australia is developing best-practice transition planning guidance as part of its Sustainable Finance Roadmap, explicitly because transition planning helps inform decisions by investors and lenders.

Globally, the Financial Stability Board has called for broader and more standardised adoption of climate transition plans so financial authorities can better understand risks to the banking system.

The bottom line: transition plans are becoming part of how markets assess strategy, resilience, risk management and access to capital. The next test for companies is not whether they have a plan; it is whether the plan is credible enough to inform financial decisions.

Overview of the framework tools

1. Credibility quick-checks

What it is:

A short set of practical tests to assess whether your transition plan holds up under scrutiny, covering emissions reduction, adaptation and resilience, nature and social equity / just transition.

Use it when:

- Reviewing your plan before disclosure
- Challenging assumptions internally
- Preparing for investor or regulator questions

Value:

- Quickly surfaces weak points
- Focuses attention on what matters most (not everything)
- Helps shift from narrative to substance

2. Detailed maturity matrix + pathway

What it is:

A more granular view of what good looks like across the most critical dimensions, along with a pathway to get there.

Use it when:

- Designing or upgrading your transition plan
- Linking climate strategy to governance, capital allocation, and operations
- Building a roadmap over multiple years

Value:

- Turns ambition into actionable steps
- Connects disclosure with real business decisions
- Helps embed transition planning into core strategy

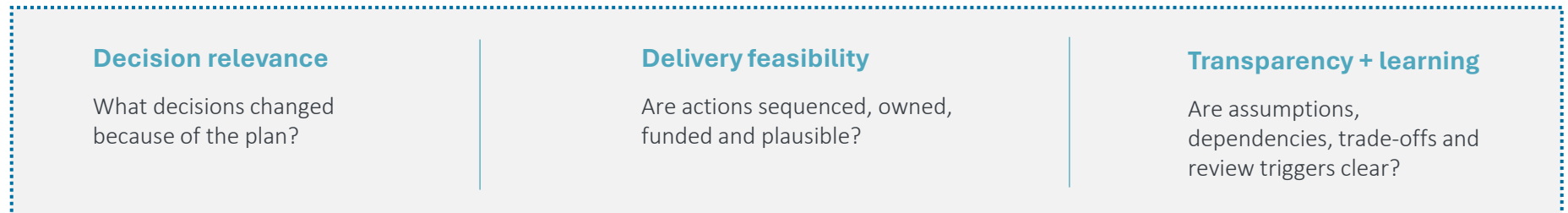
1. Credibility quick-checks – making transition planning credible

This tool presents a practical, simple screen for credible transition planning in climate disclosures.

Four lenses of credible transition planning



Run three tests across each lens



The following pages set out a simple green and red flag quick-check assessment. Red flags are prompts for challenge and improvement; green flags are credibility signals. The issue is not the number of flags but whether material gaps remain unresolved.

1. Quick-check 1

Emissions mitigation / net zero

Area	Green flags	Red flags
Targets + baseline	<ul style="list-style-type: none"> • Science-aligned targets • Material Scope 1, 2 and 3 covered • Residual emissions and carbon credits treated separately and transparently 	<ul style="list-style-type: none"> • Long-term ambition without credible interim targets • Weak Scope 3 coverage • Offsets used to mask lack of reduction
Delivery levers	<ul style="list-style-type: none"> • Material abatement levers are quantified, sequenced and linked to operational owners, timeframes and feasibility assumptions 	<ul style="list-style-type: none"> • Actions are generic, unsequenced or dependent on technology/policy shifts that are not explained
Capital + financials	<ul style="list-style-type: none"> • Capex, Opex, asset lives, procurement and revenue choices are visibly aligned with the transition pathway 	<ul style="list-style-type: none"> • Targets sit outside budgets, asset plans, procurement, product strategy and investment cases
Value chain + policy	<ul style="list-style-type: none"> • Priority value-chain hotspots are engaged • Policy advocacy and partnerships support the stated transition pathway 	<ul style="list-style-type: none"> • Supplier/customer engagement is aspirational; lobbying, partnerships and industry positions are not aligned
Governance + accountability	<ul style="list-style-type: none"> • Board and executive oversight is active • Delivery KPIs, incentives, review cycles and course-correction triggers are clear 	<ul style="list-style-type: none"> • Metrics report activity rather than outcomes • Limited challenge, assurance, review or consequence for non-delivery

1. Quick-checks 2, 3 and 4

Adaptation, nature and equity

Area	Green flags	Red flags
<p>ADAPTATION AND RESILIENCE Are material physical and transition risks changing strategy, assets, operations and capital decisions?</p>	<ul style="list-style-type: none"> • Scenario-tested risk and vulnerability across assets, value chain and markets • Sequenced resilience actions with owners, timing, funding, triggers and thresholds • Clear link to asset management, business continuity, insurance and enterprise strategy 	<ul style="list-style-type: none"> • Risk register only • Limited asset / supply-chain / market exposure analysis • No thresholds, triggers, contingencies or adaptation pathways • Adaptation spend is absent from capital planning
<p>NATURE Are material nature dependencies, impacts and trade-offs recognised in transition choices?</p>	<ul style="list-style-type: none"> • Priority nature-related dependencies, impacts, risks and opportunities are mapped • Nature safeguards are embedded in mitigation and adaptation choices • Outcome metrics, trade-offs and co-benefits are disclosed where material 	<ul style="list-style-type: none"> • Nature treated as reputation, offsetting or philanthropy only • No priority locations, dependencies, impacts or value-chain hotspots • Nature-based solutions claimed without outcome measures or safeguards
<p>SOCIAL EQUITY / JUST TRANSITION Are affected workers, customers, suppliers, communities and Māori/iwi considerations built into decisions?</p>	<ul style="list-style-type: none"> • Affected stakeholders and distributional impacts are identified and prioritised • Engagement influences choices, timing, mitigations and partnerships • Equity metrics track outcomes, not just engagement activity 	<ul style="list-style-type: none"> • Generic stakeholder language with no affected groups or impacts identified • Affordability, workforce, supplier and community effects unassessed • Engagement happens after decisions are already made

2. Simple maturity framework for transition planning

At every stage, the test remains the same:

How does this step improve decision-making under uncertainty?

A simple maturity pathway addresses this test at each stage, helping organisations build credibility without over-engineering.

Comply

Meet disclosure requirements. Establish governance, baseline data, and ensure transparency.

Connect

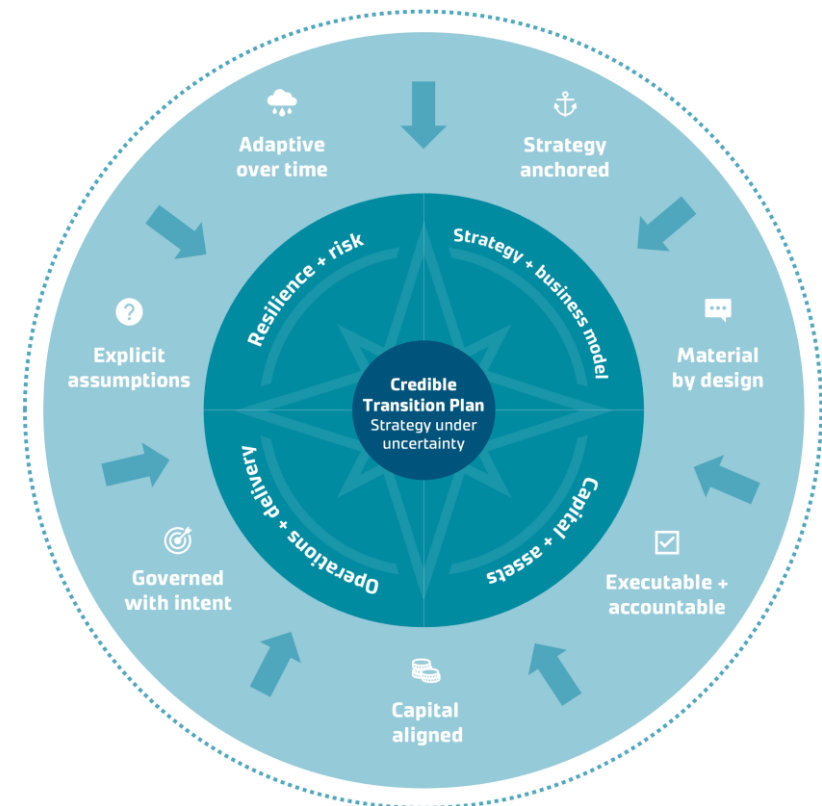
Link transition planning to strategy, manage risk, and analyse scenarios.

Commit

Align capital allocation, make asset decisions, and develop execution plans along the transition pathway.

Compete

Use transition planning to strengthen resilience, enhance positioning, and build long-term value.



2. Maturity matrix + pathway

Topic	COMPLY NZCS aligned Meet disclosure requirements	CONNECT Compliance plus Link to strategy and risk	COMMIT Good global practice Align capital and execution	COMPETE World leading Use for commercial advantage
Governance + accountability	Board oversight disclosed; clear roles for management	Board-approved transition approach; clear internal ownership	Accountability embedded in exec scorecards; clear decision rights and escalation	Incentives and governance demonstrably drive delivery; independent challenge/assurance of key claims
Strategy + business model	“Transition plan aspects of strategy” described (what changes, why)	Clear strategic choices and trade-offs; prioritised focus areas	Transition embedded in core strategy (portfolio choices, customer/value proposition shifts)	Transition strategy creates advantage (new markets, resilience-led differentiation), evidenced by outcomes
Materiality + prioritisation	Material transition risks/opportunities identified and described	Few high-impact priorities clearly selected; non-material issues parked	Materiality integrates value chain, customers, suppliers, and operational constraints applying double materiality approach	Dynamic materiality; early-warning signals; continuous reprioritisation as conditions change
Targets + pathway	Targets (incl interim) stated where relevant; high-level actions	Targets linked to main levers and near-term actions; offsets treated cautiously	Quantified pathway with sequencing (now/next/later); clear dependencies and feasibility	Pathway optimised across cost/abatement/resilience; real options and triggers mapped and managed

2. Maturity matrix + pathway

Topic	COMPLY NZCS aligned Meet disclosure requirements	CONNECT Compliance plus Link to strategy and risk	COMMIT Good global practice Align capital and execution	COMPETE World leading Use for commercial advantage
Implementation + delivery	Actions described; responsibilities broadly stated	Delivery plan with owners, milestones, and governance cadence	Execution integrated into operating model (procurement, product, operations, KPIs)	Delivery performance tracked like a major transformation programme; continuous improvement baked in
Capital + financial alignment	Narrative on alignment with capital deployment/funding processes	Business cases explicitly consider transition implications and alternatives	Capex/opex aligned to pathway; asset lives/impairment logic and financing impacts addressed	Capital allocation actively steered by transition; financing strategy and cost of capital benefits evidenced
Assumptions, dependencies + scenario resilience	Scenario insights disclosed; key uncertainties acknowledged	Key assumptions stated (technology, policy, markets); sensitivity thinking introduced	Assumptions and dependencies explicit and stress-tested; clear “what changes our plan” triggers	Decision rules under uncertainty; real-time monitoring of leading indicators; rapid re-planning capability
Metrics, data + progress	Core metrics reported; progress described	Clear baselines and consistent definitions; progress narrative improves year-on-year	Progress tracked against milestones; performance management integrated; transparent limitations	Audit-ready, decision-grade data; outcome metrics (not just activity); transparent learning from misses

2. Maturity matrix + pathway

Topic	COMPLY NZCS aligned Meet disclosure requirements	CONNECT Compliance plus Link to strategy and risk	COMMIT Good global practice Align capital and execution	COMPETE World leading Use for commercial advantage
Adaptation, resilience + asset standards	Physical risks assessed; adaptation actions noted	Adaptation priorities linked to assets and operations; practical actions underway	Adaptation embedded in asset standards/design/refurb cycles; investment triggers defined	Resilience investments optimised across portfolios; compounding risks managed; insurance/continuity benefits evidenced
Engagement, just transition + nature	Stakeholder impacts recognised; high-level engagement described	Workforce/supply chain/customer constraints reflected in sequencing	Just transition and nature dependencies integrated into feasibility, risk and delivery planning	Whole-system coordination (suppliers, communities, iwi, regulators); nature/transition co-benefits and constraints actively managed
Monitoring, review and continual improvement	Annual reporting against priority targets	Regular management review of KPIs and updates to actions	Formal review cycle using trigger points and thresholds with accountability for corrective action and plan updates aligned with desired outcomes. Includes periodic internal audit and review.	Transition planning embedded in enterprise management systems, with leading indicators, adaptive pathways, independent assurance/audit and continuous improvement processes

One-page summary for boards

Transition planning in NZ has moved beyond compliance. The real question now is whether plans are decision-grade and investible.

Why it matters

Markets are increasingly judging credibility, not completeness, as a matter of good governance. Poorly integrated plans present more strategic and financial risk. Absence of a credible plan could mean losing access to, or more expensive finance, or alienating more climate-conscious investors and business partners as they become more selective.

The core issue

NZ guidance provides a strong foundation, but credibility depends on how transition planning actually guides decision-making. This is the primary focus of international regulators and investors, moving it from a 'best practice' concept to a market expectation.

Five gaps to watch

- Disclosure exercise not sufficiently decision-useful
- Targets without a credible delivery pathway
- Adaptation / resilience strategic thinking not fully integrated
- Weak credibility signals showing a lack of transparency
- Treating CRDs primarily as a disclosure exercise

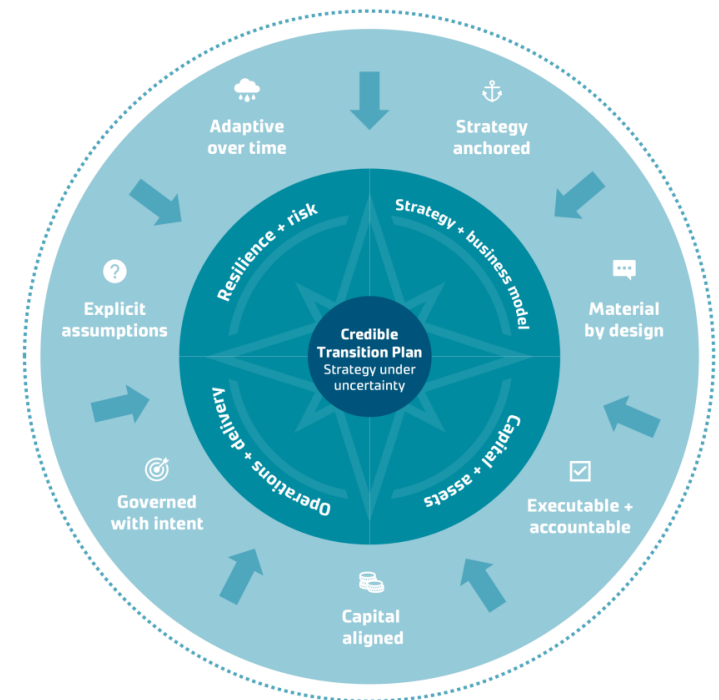
What good looks like

Credible plans visibly influence strategy, capital allocation, and asset decisions. They are explicit about assumptions and evolve over time.

Questions boards should ask

- What decisions change because of this transition plan?
- Where are our biggest dependencies and constraints?
- How is capital aligned with our stated pathway?
- How will this plan mature over the next three years?

A credible transition plan functions as a navigation system, guided by seven principles that determine whether ambition is translated into real strategic, capital, and resilience decisions.





Together we create + sustain a better world