The Credibility Imperative

Building Made-in-Canada Climate Transition Plans

February 2026

Smart Prosperity Institute

About the Smart Prosperity Institute
The Smart Prosperity Institute is a policy think tank and global research network focused on the environment and the economy. We conduct leading-edge research to craft innovative policies and market tools that foster a greener, more competitive Canadian economy. Based at the University of Ottawa, we collaborate with partners across all levels of government, industry and civil society to put knowledge into action and shape effective policies and practices. Our work bridges environmental, social and economic goals—advancing prosperity, well-being and sustainability for all Canadians.

institute.smartprosperity.ca

Acknowledgements
This brief was written by Sara M. Bechtold and Dr. Ollie Kaiser. The authors would like to thank their colleagues at SPI, including Marena Winstanley, Dr. Geoff McCarney, Calean Welch and Anik Islam for their contributions. We also extend a special thanks to Dr. Vasundhara Saravade and Dr. Stewart Elgie, for their co-authorship of the original paper upon which this policy brief is based, as well as to the anonymous reviewers whose thoughtful feedback strengthened that work.

Review of this report does not imply endorsement, and all errors and omissions remain the responsibility of the Smart Prosperity Institute.

Suggested citation
Bechtold, S. M., Kaiser, O. (2025). *The Credibility Imperative: Building Made-in-Canada Climate Transition Plans.* Smart Prosperity Institute.

February 2026

With support from

This project was undertaken with the financial support of:
Ce projet a été réalisé avec l'appui financier de :

Environment and Climate Change Canada | Environnement et Changement climatique Canada

This report does not necessarily reflect the views of the funder, nor any of the reviewers. Any errors remain the sole responsibility of the authors.

Smart Prosperity Institute
1 Stewart Street, 3rd Floor, Ottawa, ON K1N 6N5

Smart Prosperity Institute

Table of Contents

List of Figures and Boxes

Executive summary

The “credibility” of a climate-related transition plan is the distinction between a genuine corporate strategy and a mere symbolic gesture. For companies, credible transition plans translate ambition into concrete outcomes that enhance investor confidence, regulatory trust, and long-term competitiveness. Moreover, credible plans can also reduce legal, reputational, and financial risks. For regulators and capital providers, credible plans offer a foundation for consistent interpretation, oversight, and engagement.

Although global guidance on this issue is increasing, a shared understanding of what defines “credible” transition planning in practice remains elusive, especially in the Canadian context. Without common reference points for what constitutes credibility, organizations face fragmented and sometimes conflicting expectations from regulators, investors, lenders, and partners in the value chain. This increases uncertainty and compliance costs.

This brief addresses this gap by (1) synthesizing the common features of credibility across leading international frameworks, and (2) highlighting unresolved questions about credibility that hinder the clarity, comparability and usefulness of transition plans in Canada.

Based on a structured review of 28 leading international frameworks, this brief identifies six key dimensions of credibility that underpin transition planning: ambition, specificity, comparability, resilience, resource allocation and decision-usefulness.

Together, these dimensions provide a shared analytical basis for evaluating whether transition plans are coherent, comprehensive and capable of delivering measurable progress, while allowing flexibility in their implementation. They clarify that credibility rests on both process and substance, and, critically, on a forward-looking orientation. This orientation embeds climate objectives into governance structures, assigns clear roles and responsibilities and relies on transparent, decision-useful data and metrics.

At the same time, important uncertainties remain. Our analysis highlights areas where global expectations around credibility align but remain incomplete, and where stakeholders (in Canada and elsewhere) need to exercise additional judgment. For example, debates persist over the scope and ambition of emissions-reduction goals, how to handle Scope 3 emissions and offsets, the transparency and application of scenario analysis, the incorporation of nature-related risks and the advancement of Indigenous rights and inclusion. The brief also notes the growing use of artificial intelligence (A.I.) in transition planning and disclosure, highlighting its implications for assessing credibility across several of our dimensions.

In Canada, our findings suggest that establishing a shared benchmark for credible transition planning is likely to be complex. Credibility cannot be achieved through wholesale adoption of global frameworks alone; rather, many of the unresolved issues identified in this brief point directly to domestic economic, regulatory, and governance factors that must be incorporated to ensure transition planning is both internationally aligned and decision-useful in the Canadian context.

Taken together, this brief offers an analytical basis for Canadian policymakers, regulators, investors and companies to develop a shared understanding of credibility that balances harmonization with flexibility. In doing so, it is intended as a key step towards enabling transition planning to move from principle to practice by improving the consistency of guidance around credibility within Canada's decentralized regulatory system.

Introduction: The credibility imperative

Climate-related transition plans are increasingly seen as a strategic tool to promote sustainable investment and boost competitiveness amid emerging climate risks (European Central Bank, 2024; Leung, 2025; Shirai, 2023; Carbon Disclosure Project, 2025). However, their effectiveness hinges on their credibility (Network for Greening the Financial System, 2024). This brief employs an empirically developed six-dimensional framework to clarify what credibility entails in practice for Canadian organizations.

Various international initiatives, such as the United Kingdom Transition Plan Taskforce (UK TPT), the International Sustainability Standards Board (ISSB), the Taskforce on Climate-related Financial Disclosures (TCFD), the Glasgow Financial Alliance for Net Zero (GFANZ) and the Organization for Economic Co-operation and Development (OECD), have started developing and refining principles for credible transition planning. These initiatives focus on aligning with the Paris Agreement, national and sector-specific decarbonization strategies and embedding climate goals into core business practices. Despite agreement on overarching principles, there is still limited consensus on how credibility should be interpreted, assessed and operationalized in practice.

Against this backdrop, this brief examines a central question: what constitutes a credible climate-related transition plan in the Canadian context?

Credibility in transition planning goes beyond mere compliance or disclosure; it is increasingly associated with value creation and competitive positioning, including improved access to finance, enhanced market perceptions, and stronger capacity to manage climate-related risks and opportunities (Sustainable Stock Exchange Initiative, 2025; Malich & Husi, 2024; Cheung et al., 2022; PwC, 2022; Business Future Pathways, 2025). A credible transition plan demonstrates a disciplined internal process that turns broad commitments and risk assessments into clear, actionable steps with measurable results (CDP, 2025). Importantly, establishing credibility also depends on governance practices, capital distribution and operational adjustments that back these actions. In this way, credibility serves as a market signal and a gauge of an organization's preparedness to manage climate-related risks (Trottier, 2025).

In practice, the link between credibility and competitiveness is influenced by capital markets. Investors and lenders increasingly demand clear, decision-useful evidence—based on forward-looking analysis—that shows corporate goals and commitments rely on realistic assumptions, solid data, transparent governance and capital allocation decisions (Amin et al., 2025; GFANZ, 2023; Institutional Investors Group on Climate Change, 2025; Natixis CIB and Sustainability Hub, 2025). Transition plans that lack

credibility can undermine trust among investors, regulators, customers and employees. Conversely, plans that demonstrate credibility tend to be associated with lower financing costs, better market access and fewer regulatory and reputational risks (Bingler et al., 2024; Zhou, Williams & Shrimali, 2024; Wang, Malich & Husi, 2024; Toronto Stock Exchange, 2025).

In Canada, it is important to define what constitutes credibility. Canadian organizations are exposed to significant climate risks, including physical threats such as floods and wildfires, as well as transition risks stemming from policy, technological and economic changes linked to the global shift to a low-carbon economy (Grubert & Hastings-Simon, 2022; OECD, 2025). The core issue is not the lack of international guidance but the absence of a specific, Canada-focused definition of what makes a climate transition plan credible in practice.

While regions like the European Union (EU) continue to refine their reporting standards, Canada lags in both implementing transition plans and providing clear guidance on credibility (Canadian Climate Institute, 2025). For example, a 2025 review of over 1,000 Canadian organizations' public sustainability disclosures revealed that although most companies make climate- and environment-related claims, many do not properly identify or address legal risks, with an average of one to two potential misstatements per page of disclosure (KPMG, 2025).

From a regulatory and legal standpoint, the stakes continue to rise as these physical and transition risks are increasingly recognized as material financial and legal exposures (TCFD, 2017; Network for Greening the Financial System (NGFS), 2019; Tollefson, 2025). For example, amendments to Canada's *Competition Act* in 2024 introduced penalties for greenwashing, followed by proposed amendments in the 2025 *Budget Implementation Act* to reduce regulatory stringency by removing the requirement that certain environmental claims be substantiated against an international benchmark (Thurton, 2025).

At the same time, a series of recent legal opinions has established that Canadian directors may face liability for failing to address material climate- and nature-related financial risks as part of their "duty of care" under the *Canada Business Corporations Act* (RSC, 1985, c. C-44) (Hansell LLP, 2020; Sarra, 2021; DeMarco & Vollmer, 2025). In this context, credible transition planning serves as a critical safeguard by anchoring climate-related claims in documented strategies, governance processes and resourced actions that remain defensible even as regulatory requirements evolve.

To further this crucial debate, the brief synthesizes areas of agreement and uncertainty among major international frameworks and places them within Canada's economic

structure, institutional arrangements and regulatory context. This analysis is intended to assist policymakers, investors and organizations in finding clearer benchmarks for evaluating, designing and implementing credible climate transition plans.

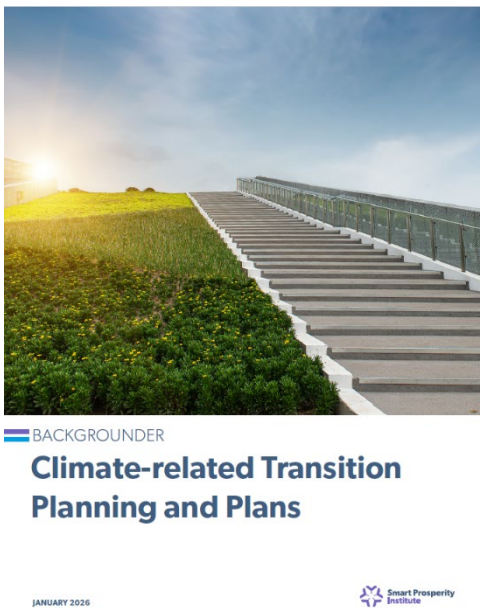
To guide the development of this benchmark, the brief relies directly on the peer-reviewed study by Bechtold et al. (2025), published in *Canadian Public Policy*. This study formulated an empirically based framework for credibility in forward-looking climate disclosures. It employed a structured comparative content analysis of 28 leading international frameworks from 14 organizations to identify six key dimensions of credibility. In doing so, it also developed thematic and actionable sub-indicators. As explained in the Research methods section, the empirical framework established by Bechtold et al. (2025) serves as the foundation for understanding where leading international frameworks align on credible transition planning.

This brief extends the analysis of Bechtold et al. 2025 to address remaining uncertainties and ongoing debates about what defines credibility in this context. Key debates include target-setting, Scope 3 emissions, scenario analysis, offsetting, nature integration and Indigenous rights and inclusion in credible transition plans. By combining points of agreement and uncertainty, this brief enhances our original article by strengthening the conceptual basis for stakeholders to develop a common Canadian benchmark for credible transition planning.

Box 1: New to climate-related transition planning and plans?

Check out our research backgrounder, *Climate-related Transition Planning and Plans*, for a clear and detailed overview of transition planning.

It covers what transition planning involves, its importance for resilience, competitiveness and decision-making, the evolving international frameworks and standards, and how these changes relate to the Canadian context—highlighting key barriers and emerging issues that influence practice.



Research method

The hallmarks of credibility presented in this brief are directly based on the authors' peer-reviewed study, "Synthesizing Emerging Best Practices for Forward-looking Corporate Climate-related Disclosure: Implications for Canada", published in Canadian Public Policy (Bechtold et al., 2025).[i]

To assess the credibility of Canadian financial institutions' (FI) climate-related disclosures, Bechtold et al. (2025) employed a structured, comparative, qualitative analysis based on leading global frameworks for forward-looking climate-related disclosure. The study examined 28 internationally recognized frameworks to identify recurring concepts and points of overlap. Clear inclusion and exclusion criteria guided framework selection to ensure relevance, credibility, and alignment with Canada's regulatory context, advanced-economy sector profiles, and the Paris Agreement. Appendix A contains the detailed selection criteria and the full list of frameworks reviewed.

The initial themes of our credibility framework were identified by carefully reviewing key climate disclosure frameworks, such as the TCFD, International Financial Reporting Standards Sustainability Disclosure Standard S2 (IFRS S2), the UK TPT, the GFANZ, and the EU Corporate Sustainability Reporting Directive (CSRD). The themes of our credibility framework were subsequently refined through iterative analysis of the remaining 28 documents.

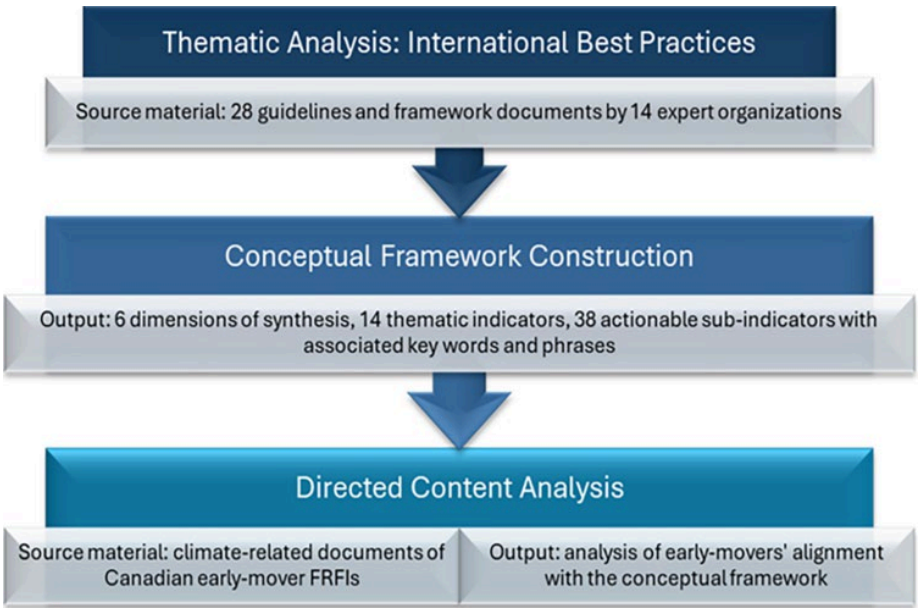
This initial framework was then tested on a group of Canadian early-adopter FIs to evaluate its relevance and usability. The analysis involved qualitative coding and keyword-assisted review to systematically pinpoint areas of alignment, divergence and partial implementation relative to the framework.

In sum, this process synthesized global best practices into a coherent analytical framework for defining credibility. The method enabled the identification of common expectations across various regulatory, financial and governance regimes while accommodating differences in focus, scope and institutional context.

The resulting empirically grounded framework captures areas of broad agreement across international frameworks. It organizes them into six dimensions of synthesis, reflecting

the core attributes used to assess the credibility of forward-looking climate-related disclosures.[1]

Figure 1: Visual overview of our sequential comparative qualitative content analysis



Source: Bechtold et al. (2025)

Six-dimensional credibility framework

The six-dimensional credibility framework identified by Bechtold et al. (2025) synthesizes and identifies where leading frameworks overlap/agree on key aspects of credible climate transition planning. These dimensions combine various regulatory, financial, and governance viewpoints into a unified analytical framework.

For clarity and practicality, each dimension is structured hierarchically with thematic indicators and actionable sub-indicators, ensuring consistent interpretation and use in evaluations and comparisons. The six dimensions are:

1. **Ambition**: The forward-looking, high-level strategic commitments or actions that align with Paris Climate Targets (e.g., supportive corporate culture, enabling continuous improvement).

[1] Although the framework was developed from forward-looking elements in climate disclosure standards, it is applied in this brief specifically to transition plans, which are central to articulating, operationalizing, and communicating forward-looking climate commitments.

2. **Specificity**: The granular actions or criteria that align with the building blocks established by global frameworks and capture elements exceeding those recommendations (e.g., foundations, engagement, implementation, metrics and targets, governance and beyond-climate considerations) to enable future-facing pathways.
3. **Comparability**: Coordinated, consistent and reliable alignment with the forward-looking elements of global frameworks and with additional sector-specific guidance.
4. **Resilience**: The capacity of the entity to withstand and adapt to climate-related risks and opportunities, as demonstrated by forward-looking scenario analysis and as communicated through transition plans.
5. **Resource allocation**: The actual pivot of capital and human resources to align with net-zero initiatives (e.g., financial planning and investment, renewable and energy efficiency plans, internal capacity-building).
6. **Decision-usefulness**: Available, clear, credible, and trackable information that helps understand potential climate-related risks and opportunities relevant to the specific entity.

New additions to the credibility framework

This brief serves two functions. First, the **Points of Alignment** section offers a narrative overview of the six framework dimensions developed by Bechtold et al. (2025) in a simple, accessible format. Secondly, the brief also reports new work that extends the original credibility framework to explore **Points of Uncertainty** across the six dimensions. In doing so, it identifies not only areas of increasing alignment but also aspects of credibility that remain unresolved, disputed, or inconsistently defined. These uncertainties do not constitute additional dimensions; instead, they highlight areas where expectations are still developing and where interpretation, implementation, or standard-setting remain unsettled.

Overall, this approach provides a clear, evidence-based perspective on current best practices in credible transition planning. It also offers an analytical basis for encouraging further discussion among Canadian stakeholders on how to interpret, customize and develop global best practices within Canada's specific institutional, economic and governance contexts.

Note: For ease of reference, the complete, consolidated, six-dimensional framework is included in Appendix B. See our peer-reviewed study for a more detailed overview of the methodology underpinning this analysis: Bechtold, S. M., Saravade, V., Kaiser, C. (Ollie), Elgie, S., & McCarney, G. (2025). Synthesizing Emerging Best Practices for Forward-Looking Corporate Climate-related Disclosure: Implications for Canada. *Canadian Public Policy*, *51*(S2), 64–92.

Points of alignment

Across leading international frameworks, a consensus is emerging on several key components of credible transition plans. As outlined above, our review and analysis of these frameworks suggest that these points of consensus can be reduced to six dimensions of credibility: ambition, specificity, comparability, resilience, resource allocation and decision-usefulness. These dimensions translate broad principles into practical criteria for assessing whether transition plans are complete, coherent and decision-useful. Together, they establish a common foundation that Canada can align with while adapting to its distinct economic and governance context.

Ambition

Ambition is defined as the forward-looking, high-level strategic commitments or actions taken by an entity that align with climate science. Our analysis identified two main areas where leading international frameworks converge in assessing this dimension of transition plans: corporate culture and continuous improvement.

Corporate culture reflects the foundational alignment of a firm's vision, mission and strategy reinforced by governance structures that signal commitment at the highest levels of decision-making. Common sub-indicators for assessing corporate culture are presented in the table below. They enable external parties to assess whether this alignment is present and embedded within governance and strategy. This is evidenced, for instance, by board-level endorsement of climate commitments or by executive compensation linked to climate performance.

Continuous improvement captures the dynamic element of ambition: whether a firm has mechanisms to revisit, refine and advance its transition plan rather than treating it as a static document. Common sub-indicators for assessing continuous improvement allow external parties to evaluate whether such mechanisms exist, such as regular progress reviews that incorporate technological advances or feedback loops that measure and inform progress.

Together, these indicators demonstrate that credibility in ambition requires not only initial intent but also sustained institutional commitment and adaptive capacity over time, as evidenced by actions that legitimize and operationalize priorities at the highest levels of decision-making.

Dimensions of synthesis	Thematic indicators	Actionable sub-indicators
Ambition	Corporate culture	• Coherence of vision, mission, strategy and embedded governance • Board-level endorsement • Clear lines of internal advocacy throughout the organizational chart • Executive compensation linked to climate performance
	Continuous improvement	• Iteration mechanisms like regular progress reviews, subsequent adjustments and incorporation of technological and other developments • Feedback loop that includes impact measurements

Specificity

Specificity refers to the level of detail in a transition plan. In our framework, it is defined as the more granular actions or criteria that align with the building blocks established by global frameworks. It captures elements that go beyond those recommendations to enable future-facing pathways. Our analysis identified two main areas of convergence for assessing specificity: quantitative alignment with ISSB strategic core elements and beyond-climate considerations.

Quantitative alignment captures whether a transition plan addresses the recognized building blocks of transition planning (such as targets), as outlined in frameworks such as the ISSB, underpinned by the TCFD and UK TPT. Common sub-indicators, presented in the table below, enable assessment of whether a plan articulates concrete delivery pathways, for example, through a clearly defined implementation strategy specifying future actions across firm operations or through clearly articulated metrics and targets that quantify commitments.

Beyond-climate considerations assess whether a firm's transition plan accounts for broader environmental and social dimensions. Sub-indicators help to assess whether relevant environmental and social aspects are addressed. In the Canadian context, it is important to note that credible transition planning entails engaging with nature-related considerations and issues of equity and justice, especially the advancement of Indigenous rights and inclusion.

Together, these indicators emphasize that credible plans require not only high-level ambition but also concrete, detailed and equitable delivery pathways.

Dimensions of synthesis	Thematic indicators	Actionable sub-indicators
Specificity	Quantitative alignment with ISSB strategic core elements	• FOUNDATIONS: objectives, priorities, strategy to achieve, opportunities and risks, implications, key assumptions • IMPLEMENTATION STRATEGY: future actions within operations, policies to support strategy, implications for financials • ENGAGEMENT STRATEGY: with value chain, industry peers, government, public sector, communities, civil society • METRICS & TARGETS: future operational, financial, GHG emissions, use of carbon credits • GOVERNANCE: embedding of transition plan within governance structures
	Beyond-climate considerations	• Consideration of equity and justice issues and impact

Comparability

Comparability, as defined in our paper, is characterized by a coordinated, consistent and reliable alignment with the forward-looking elements of global frameworks and additional sectoral guidance. Our analysis identified two main areas where frameworks converge in assessing this dimension: alignment with global standards and with sector-specific frameworks.

Alignment with global standards captures whether a transition plan is consistent with internationally recognized baselines that enable the comparison of transition plan information across entities, jurisdictions and over time. Sub-indicators in this area support evaluation of whether such alignment indicates comparability, for instance, through alignment with the ISSB standards or with relevant jurisdictional mandates.

Alignment with sector-specific frameworks captures whether a plan incorporates the additional expectations set out by sector-focused initiatives, which address sector-specific considerations that general frameworks may not capture. Associated sub-

indicators support the evaluation of whether a plan reflects alignment with relevant sectoral frameworks.

Together, these indicators establish that credibility in comparability requires demonstrating alignment not only with global baseline standards but also with relevant sector-specific guidance that reflects unique considerations and expectations within certain industries. Without this multi-layered alignment, transition plans risk becoming idiosyncratic documents that cannot be meaningfully assessed against peers or benchmarked over time. This undermines their utility for investors, regulators and other stakeholders seeking consistent, decision-useful information.

Dimensions of synthesis	Thematic indicators	Actionable sub-indicators
Comparability	Alignment with global standards	• ISSB (voluntary global baseline) • Jurisdictional mandates
	Alignment with sector-specific international frameworks	• Financial sector: TCFD sector supplements, Global Reporting Initiative (GRI) sector standards for financial services, the Partnership for Carbon Accounting Financials (PCAF) (carbon accounting), GFANZ including the Net Zero Banking Alliance (NZBA) (banks) and the Net Zero Asset Owners Alliance (NZAOA) (asset owners) and the Net Zero Insurance Alliance (NZIA) (insurance), CFRF (UK), United Nations Environment Programme (UNEP) UNEP-FI's Principles for Responsible Banking (PRB) (banks), Principles for Responsible Investment (PRI), Bank of England's Prudential Regulation Authority (PRA) and sustainable finance frameworks like the CSRD, EU Taxonomy, Sustainable Finance Disclosure Regulation (SFDR)

Resilience

Resilience refers to an entity's capacity to withstand and adapt to climate-related risks and leverage opportunities. Our analysis identified two thematic indicators in which frameworks converge in assessing this dimension: the quality and use of scenario analysis, and the use of alternatives to scenario analysis.

Quality use of scenario analysis captures whether an entity has tested its strategies against a diverse and relevant range of plausible climate futures, encompassing physical and transition risks and opportunities. The sub-indicators identified in the table below

support external stakeholders in evaluating whether scenario analysis has occurred and the overall quality of the analysis. For instance, whether the firm discloses the number and types of scenarios considered and the transparency of the assumptions underlying them.

Use of scenario analysis alternatives captures whether complementary analytical approaches have been employed to supplement, rather than substitute for, formal scenario analysis. This recognizes that tools such as stress testing or sensitivity analysis typically examine narrower risks or single variables (e.g., exposure to a specific shock) rather than the system-wide dynamics captured by full scenario exercises.

Collectively, these indicators help determine whether an organization's practices demonstrate a forward-looking plan robust enough to withstand, adapt to and capitalize on changing climate, policy and market conditions.

Dimensions of synthesis	Thematic indicators	Actionable sub-indicators
Resilience	Quality use of scenario analysis	• Includes physical and transition risk scenarios • Captures opportunities • Risk assessment explicitly considers the expected operational lifetime of assets and activities, rather than assuming continued operation under business-as-usual conditions • Includes methodologies used and assumptions made • Diverse range of scenarios utilized • Scenarios of high relevance to the entity, sector, region and jurisdiction
	Use of scenario analysis alternatives	• Sensitivity analysis, stress testing, benchmarking, forecasting, trend analysis

Resource allocation

Resource allocation is defined in our paper as the directing of capital and human resources toward activities that support climate-related commitments and objectives. Our analysis identified four main indicators where frameworks converge on assessing this dimension: financial planning and investment, renewable energy investment, energy-efficiency measures and capacity building.

Financial planning and investment captures the forward-looking allocation of capital toward activities that support climate-related objectives. Sub-indicators in this area

support the external assessment of current and planned financing and investment—for instance, the percentage of a portfolio allocated to climate-aligned activities over time.

Renewable energy investment captures whether a firm is shifting towards low-carbon energy systems as part of its strategy. Sub-indicators in this area assess whether and how this shift is occurring, for example, through disclosed expenditures on renewable generation and the strategic integration of renewable energy into core business models, rather than business-as-usual reliance on fossil-based energy supply.

Energy-efficiency measures capture operational changes aimed at reducing energy consumption. Relevant sub-indicators assess whether a strategy is in place and whether operational improvements are being implemented, such as equipment upgrades, the deployment of energy management systems or employee engagement in energy use.

Capacity building captures investment in the human capital, institutional resources and expertise required to execute and disclose credible transition planning and a transition plan. For external stakeholders, sub-indicators in this area help gauge whether such investment is occurring, for example, through demonstrated internal expertise or engagement with specialized consultants.

Together, the actionable sub-indicators in this dimension help assess whether firms are moving capital in ways that align with their stated targets, investing in technologies and practices that best equip and operationalize transition commitments with tangible action and resources.

Dimensions of synthesis	Thematic indicators	Actionable sub-indicators
Resource allocation	Financial planning & investment	• Portfolio distribution: percentage to climate categories over time • No lock-in of carbon-intensive assets, products or technologies • Funding strategies for CapEx, OpEx, R&D, ROI evaluation to increasingly align with climate targets
	Renewable energy investment	• Investment into the development, integration and use of energy from renewable sources • Disclosed reduced reliance on fossil fuels
	Energy-efficiency measures	• Disclosed strategies, measures and actions to reduce energy used (e.g. buildings, equipment upgrades, energy management systems, employee engagement, operational improvements)
	Capacity building	• Internal expertise and resource availability or engagement with specialized consultants

Decision-usefulness

Lastly, decision-usefulness is defined in our paper as available, clear, credible and trackable information that helps users of transition plans understand potential climate-related risks and opportunities relevant to the specific entity. Our analysis identified three thematic indicators in which frameworks converge in assessing decision usefulness: disclosure, taxonomical alignment and investor-grade output.

Disclosure captures whether transition plan information is accessible, easily interpretable and validated. The disclosure of a credible transition plan is, of course, foundational. Information that is not publicly available cannot be used to inform external stakeholders' decision-making. Incomplete or unverified information cannot *reliably* inform it. Therefore, sub-indicators in this area aid external parties not only in assessing whether transition plan information is public, but also in assessing the nature of the disclosure, such as its comprehensiveness and whether a third-party assurance provider has verified it.

Taxonomical alignment captures whether a firm's transition-related activities and opportunities are taxonomy eligible. While many sustainable finance taxonomies provide technical screening criteria at the activity level to classify whether economic activities are sustainable (i.e. 'transition' or 'green'), some also establish entity-level requirements to ensure that a credible, firm-wide transition strategy is in place. Canada's *Taxonomy Roadmap Report*, for instance, proposes that companies must also engage in net-zero target setting, transition planning and climate disclosure (Sustainable Finance Action Council (SFAC), 2023). Alignment with a science-based taxonomy signals credibility to investors and other stakeholders by anchoring transition strategies to independently defined criteria rather than self-determined benchmarks. Relevant sub-indicators, therefore, assess whether metrics are met and include evidence of a net-zero commitment.

Investor-grade output captures whether the information in the disclosed transition plan meets the needs of investors and lenders. Associated sub-indicators aid in assessing whether this threshold is met, such as whether the temporal scope covers short-, medium-, and long-term time horizons.

Together, these indicators demonstrate that credibility in decision-usefulness requires transition plans to be not only compliant but also genuinely informative to be useful for those allocating capital in alignment with the net-zero transition.

Dimensions of synthesis	Thematic indicators	Actionable sub-indicators
Decision-usefulness	Disclosure	• Publicly available (annually) • Comprehensive, including targets, progress, methodologies and assumptions used • Demonstrative of progress and iteration • Verification by third-party assurance provider
	Taxonomical alignment	• Taxonomy eligible opportunities (net-zero commitment, transition plan, disclosure, Do No Significant Harm)
	Investor-grade output	• Temporal scope (short/medium/long-term)

Points of uncertainty

Having outlined where leading international frameworks largely converge, this section applies the same six-dimensional lens to areas where expectations remain unsettled. While there is growing convergence on the high-level principles of credible transition planning, important questions remain about how to interpret, implement and assess them in practice. This section is a core contribution of the brief: it moves beyond areas of agreement to surface the key points of debate that currently limit the credibility, comparability and decision-usefulness of transition plans, particularly in the Canadian context. These points of uncertainty cut across the substance of transition plans and the governance arrangements that support them.

It is important to distinguish between broader implementation barriers, such as data and methodological gaps, jurisdictional complexity and institutional capacity constraints (outlined in SPI's research backgrounder, *Climate-related Transition Planning and Plans*) and the more specific points of uncertainty that define ongoing debates about credibility itself. The former represents structural obstacles that complicate the uptake and implementation of transition planning in practice (e.g., the lack of comparable data for scenario analysis). The latter reflect areas of uncertainty or live debate over what credibility requires (e.g., how to assess whether Indigenous rights have been meaningfully advanced or whether the assumptions underlying scenario analysis are sufficiently robust and transparent).

By organizing these uncertainties within an established analytical structure, this section clarifies where further regulatory guidance, stakeholder coordination or filer judgment is required as credibility standards move from principle to practice. For Canadian firms, regulators and capital providers, these points of uncertainty define the key decision points that will determine whether transition plans are treated as credible and actionable or discounted as aspirational or insufficiently grounded.

Ambition

Ambition-related credibility questions often crystallize around target-setting, especially around how the feasibility of emissions reductions is weighed against the need for a genuinely transition-aligned pathway. In practice, transition plans may include multiple target types, such as emissions reduction targets (e.g., long-term net-zero objectives supported by interim milestones), operational and investment targets (e.g., energy-efficiency improvements or defined shares of capital expenditure aligned with transition activities) and risk-mitigation or resilience targets (e.g., timelines for asset-level risk assessments or adaptation measures).

Leading international disclosure frameworks increasingly expect targets to be clear, measurable and time-bound across short-, medium- and long-term horizons. However, they remain largely non-prescriptive about the appropriate reference points for ambition. This creates uncertainty over whether credibility requires explicit alignment with national and sectoral decarbonization pathways or a broader assessment against an entity's material transition and physical risk profile, market dynamics, technology availability and policy context.

When it comes to emission reduction targets, this tension is particularly pronounced in Canada's emissions- and capital-intensive sectors, such as oil and gas, mining and heavy industry. International best practice increasingly favours science-based, sector-specific benchmarks (e.g., Science Based Targets Initiative (SBTi)). However, stakeholders continue to debate how these benchmarks should be applied in contexts characterized by long-lived assets, regional economic dependencies and uneven availability of enabling infrastructure and policy support. Some industry stakeholders argue for greater flexibility to account for these factors (Arnold, Beugin, Hastings-Simon, Smith, & Nicholson, 2023). Without a clear understanding of what constitutes credible sector-specific pathways, firms risk setting targets that are either unrealistically ambitious, undermining internal

and external buy-in, or too lenient, perpetuating carbon lock-in and delaying strategic adjustment.

Specificity

A recurring point of debate in transition planning is the extent to which the *scope of disclosure coverage* should be defined. While most international frameworks require coverage of Scope 1 and 2 emissions, there is variation in expectations for Scope 3 reporting. This primarily involves the filer's discretion in determining materiality, coverage (e.g., across Scope 3 categories), comprehensiveness (e.g., allowing estimation and proxies), and timing (e.g., phase-ins and delays). Scope 3 emissions often account for most total emissions in sectors with complex value chains. This is especially true of exported commodities like Canada's oil and gas (where combustion occurs abroad) and agriculture (with upstream inputs like fertilizers, pesticides and feed as well as downstream processing, retail and consumption). It is also the case in the finance sector, where financed emissions account for most of an entity's carbon footprint. Methodologies for measuring and managing these emissions remain subject to ongoing debate.

A further undecided point regarding target-setting concerns the *frequency and granularity of interim targets*. Some global frameworks emphasize the importance of near-term milestones (e.g., 2030) alongside long-term objectives (e.g., achieving net-zero by 2050). However, standards diverge or do not specifically address what constitutes sufficient detail in the interim (e.g., annual, five-year, decade-based). For Canada, where transition pathways are tightly bound to emissions-intensive sectors and regional economies, balancing ambition with feasibility is especially fraught. Overly rigid benchmarks may discount legitimate transitional challenges, while delayed or excessive flexibility risks undermining utility for stakeholders.

The resulting lack of thoroughness creates inconsistent baselines and undermines comparability across entities. This, in turn, has fueled a debate between those advocating for full value-chain accountability requiring all Scope 3 disclosures regardless of materiality (as stipulated by the EU's mandatory CSRD and European Sustainability Reporting Standards (ESRS) or California's SB 253/261), and those warning against premature or unrealistic expectations. The latter point to more flexible approaches, such as the voluntary ISSB and Canadian Sustainability Standards Board (CSSB) standards, which allow greater filer discretion and fewer fixed requirements.

Even where disclosure scope and materiality thresholds are defined, uncertainty persists about the tools firms may use to achieve alignment, further complicating comparability. The use of offsets and their integrity remain among the most contentious aspects of transition planning, especially in resource-intensive economies like Canada's. International standards, such as the SBTi, call for stringent quality criteria for offset inclusion, emphasizing that offsets should supplement, not replace, direct emissions reductions.

However, many firms, particularly in the oil and gas, aviation and finance sectors, continue to rely heavily on offsets to demonstrate alignment with mitigation objectives (Gabbatiss, 2023; Transition Pathway Initiative (TPI), 2021; McCully, 2024; Stolz & Probst, 2025). While broader concerns regarding offsets, such as permanence, additionality, and leakage, are well known (see, for example, the Intergovernmental Panel on Climate Change (IPCC), 2022), the central point of debate here is the acceptable level of reliance on offsets. Stakeholders, including regulators, companies, investors and the public, remain divided over whether offsets can form a reliable part of transition plans or if they should be phased down, capped or prohibited altogether in specific sectors.

Beyond the technical boundaries of emissions disclosure, debates about credibility and "specificity" increasingly encompass social and rights-based dimensions alongside climate considerations. In Canada, Reconciliation obligations are central to this discussion. Credible transition plans must meaningfully engage with Indigenous Peoples and advance Indigenous rights and inclusion, consistent with the *United Nations Declaration on the Rights of Indigenous Peoples Act*, SC 2021, c 14 (UNDRIP Act) and section 35 of the *Constitution Act*, 1982, c 11. In Canada, history reveals persistent gaps in upholding its existing constitutional obligations under Section 35, which affirms Aboriginal and treaty rights (King & Pasternak, 2018; Department of Justice Canada, 2024; Office of the Auditor General of Canada, 2025). Against this backdrop, operationalizing the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) in corporate transition planning processes and plans is imperative. Currently, it remains unclear what constitutes a credible advancement of Indigenous rights and inclusion in the context of climate-related transition planning and disclosure.

Questions of credibility also surface in how firms address the integration and interdependence of climate and nature risks in transition planning and plans. Climate and nature risks are often interdependent.[2] While global frameworks are converging on

[2] For example, deforestation both drives emissions and erodes biodiversity, while forest-based carbon sequestration projects may reduce emissions but undermine ecosystem integrity if poorly designed.

the need to account for the links between climate and nature risk (e.g., Task Force on Nature-related Financial Disclosures (TNFD), 2023), there is no consensus on how to credibly include nature dependencies and impacts in existing transition planning dimensions that explicitly account for potential synergies and trade-offs between climate and nature. There is especially little guidance on how entities should navigate the practical challenges of integration, particularly when nature and climate objectives do not align. A similar lack of guidance exists for financial supervisors.

These tensions underscore that integration is not merely a technical matter of disclosure, but a strategic question of how to balance sometimes competing priorities. Without clearer approaches for decision-making, firms risk adopting piecemeal or inconsistent approaches, leaving investors and stakeholders uncertain about how trade-offs are being managed. For Canada, whose economy is deeply reliant on ecosystem services (e.g., pollination) and natural assets (e.g., forests), the absence of consistent and specific guidance on this integration creates a material credibility gap.

Comparability

Divergent interpretations of materiality contribute to a lack of comparability in transition plans and disclosures. Some organizations take a narrower, financial risk-focused view. They disclose only those climate- and nature-related risks that are likely to have a material financial impact on the entity over the near term (e.g., single materiality). While aligned with traditional financial reporting, this approach can understate longer-term transition and physical risks. This is particularly the case in Canada's high-emitting, capital-intensive sectors (e.g., oil and gas, mining), which are characterized by extended asset lifecycles and dependencies on vulnerable ecosystems.

Some disclosure frameworks adopt a broader, strategy-focused approach. They view materiality in terms of how climate- and nature-related considerations shape the organization's long-term strategy, competitiveness and role in achieving economy-wide decarbonization goals. This perspective also considers how the entity's actions affect climate and nature (e.g., double materiality). The EU's framework (e.g., the CSRD's ESRS) is a prominent example of the strategy-focused approach.

A divergence of opinion over what constitutes materiality complicates regulatory oversight in Canada. Supervisors, such as the Office of the Superintendent of Financial Institutions (OSFI) and securities regulators, tend to operate within a financial-materiality mandate, which limits their capacity to assess strategy-focused disclosures.

This may create a credibility gap between the expectations of double-materiality–oriented investors and the authority of Canadian regulatory supervisors to enforce those expectations through existing disclosure and supervisory tools.

Recent investor commentary further underscores that divergent conceptions of materiality are not only a matter of framework design but also of interpretation. For instance, APG and other large asset owners have warned that inconsistent definitions of "Paris-aligned" pathways and standards for corporate disclosure are creating material credibility risks as investors struggle to compare transition claims across jurisdictions and sectors (Gambetta, 2025). This underscores that convergence on disclosure standards alone is insufficient without greater clarity on how alignment with global temperature goals is defined, measured and assured.

Finally, the appropriate degree of proportionality for small- and medium-sized enterprises (SMEs) has emerged as a comparability issue. In principle, proportionality is intended to enable like-for-like comparison by scaling disclosure expectations to an entity's size, capacity and exposure without diluting minimum credibility thresholds (UK TPT, 2023; OECD, 2024). In practice, however, there is no consensus on where that balance lies. Too little proportionality risks excluding SMEs from disclosure regimes altogether; too many risks weakening the informational integrity and comparability of transition plans across the economy. Small- and medium-sized enterprises, which make up 98% of Canadian employer businesses (ISED, 2023), face genuine capacity constraints in data, expertise and reporting systems. However, their exclusion undermines the completeness of value-chain and sector-level assessments. The policy challenge is not whether proportionality is needed, but how to calibrate it so that disclosure expectations remain feasible and decision-useful, preserving comparability across entities of different scales without eroding the credibility of the overall regime.

Resilience

Climate scenario analysis is a core resilience issue because it informs how an entity assesses the robustness of its strategy, business model and financial position across a range of plausible climate-related transition and physical risk pathways. In practice, climate scenario analysis has been highly variable in the types of scenarios selected and in the degree of transparency around the assumptions and methodologies used. This variability makes it challenging for investors, regulators and other stakeholders to

evaluate the robustness, comparability and decision-usefulness of the results. Our review revealed recurring differences in expectations regarding the detailed disclosure of such uncertainties (e.g., demand, carbon prices and technology cost estimates).

Detailed disclosure of underlying uncertainties supports accountability and comparability (TCFD 2020; NGFS 2020). However, mandatory transparency also introduces potential litigation and reputational risks, particularly if disclosed scenarios later diverge from actual outcomes (Commonwealth Climate and Law Initiative & Climate Governance Initiative, 2022). While this applies to other aspects of transition planning and disclosure, it is especially acute for scenario analysis. At the core of this tension is the debate over whether scenario analysis should be treated as purely exploratory (for internal use only) or as a quasi-predictive tool (with some caution about its decision-usefulness for investors).

In Canada, OSFI's B-15 guidance for the financial sector includes scenario analysis (e.g., Appendix 2-2 "Strategy and Decision-Making"), signalling its criticality. However, the disclosure date remains "TBD". Since its release, OSFI (2025) has clarified expectations: FRFIs are now expected not only to conduct their own climate scenario analyses but also to participate in periodic Standardized Climate Scenario Exercises (SCSEs). This enables OSFI to assess system-wide exposure to climate-related financial risks and to benchmark results across regulated institutions. It marks an evolution from earlier guidance, although the scope of public disclosure and integration of nature-related risks remains undefined. Unlike the EU, which is moving toward more prescriptive protocols, Canadian regulators continue to leave room for interpretation. In Canada's resource-based economy, where scenario choices can heavily influence the valuation of oil and gas, agriculture, mining and other sectors, this partial clarity remains an unresolved area among regulators, industry and investors.

Resource allocation

International Financial Reporting Standard, S2, and related guidance emphasize that transition strategies must be supported by transparent disclosure of how budgets and cash flows align with climate transition and risk-mitigation objectives. However, disclosure remains patchy, with uncertainty about which spending thresholds constitute credible alignment across sectors and firm sizes. The extent of capital and operating expenditure (CapEx/OpEx) reallocation that demonstrates a firm is truly "putting its

money where its mouth is" is an area of uncertainty in assessing the credibility of the transition plan.

In capital-intensive industries, even modest shifts in capital expenditures (CapEx) toward low-carbon assets may signal a meaningful change. At the same time, in service-based sectors or in finance, credibility may rest more on OpEx allocations to systems and processes or on managing financed emissions. For SMEs, limited resources and data infrastructure make defining such thresholds harder: strict requirements could set the bar unrealistically high, while the absence of tailored guidance risks excluding them from credible transition finance.

Decision-usefulness

Consensus remains limited on accountability and enforcement mechanisms for transition plans, specifically, who should determine whether a transition plan is credible and whether such determinations carry binding consequences. This matters for decision-usefulness because, if it is unclear who decides and how, users cannot know how much scrutiny they have received or how much they can rely on it in practice for decision-making. Options span a spectrum, ranging from self-assessment supported by voluntary self-assurance to independent third-party verification by assurance providers (e.g., auditors, ESG raters) to regulatory oversight by government agencies that establish mandatory criteria and provide supervision. International guidance reflects different emphases across this spectrum rather than a settled approach.

Earlier recommendations, including those from GFANZ (2022) and the TCFD, placed greater weight on internal governance, management oversight and board accountability, treating independent external review as optional rather than expected. For example, GFANZ (2022) characterizes the outcome of any independent review as an optional disclosure rather than a core recommendation. More recent frameworks, notably the TPT (2023) and the EU's ESRS (2023), place greater emphasis on transparency about an entity's control, review and accountability mechanisms, including disclosure of whether (and which elements of) a transition plan are subject to external assurance or verification.

In Canada, current expectations remain comparatively flexible. Alignment with the ISSB baseline through the CSSB's (2024) voluntary recommendations, alongside OSFI's B-15 guidance (2025), does not require independent external assurance for climate-related disclosures. Instead, it signals an expectation that institutions work toward a future state

in which external assurance may be expected. At the same time, transition plan disclosure requirements and associated enforcement pathways remain under development. As a result, uncertainty persists about how accountability mechanisms should evolve to strengthen consistency, comparability and decision-usefulness without moving ahead of supervisory mandates, data maturity or institutional capacity.

Each accountability option also presents practical challenges, including potential conflicts of interest, inconsistent methodologies and cost and feasibility constraints. Proponents of regulatory oversight emphasize its potential to improve consistency, comparability and accountability in transition plan assessments (OECD, 2022). Such approaches also raise questions about proportionality and institutional readiness.

These tensions are amplified by Canada's decentralized governance regime, in which responsibility for financial markets, climate policy and environmental regulation is split between federal and provincial authorities. This supervisory patchwork creates sectoral gaps and uncertainty for firms operating across jurisdictions. Absent a clearer accountability framework, even well-designed transition plans may lack enforceability, reducing their ability to mitigate risk, support opportunity identification and inform consistent, decision-useful assessments by firms, investors and supervisors.

Box 2: Artificial Intelligence (AI) as an emerging credibility consideration

AI is increasingly used by firms in climate-related transition planning, including to support analysis, internal review processes and the preparation of transition-related disclosures (Leippold et al., 2024; Goud 2023; Ni et al., 2024; Maher et al., 2022). While these tools may assist organizations in managing complexity, their growing use also raises questions about how credibility should be understood and assessed.

From a decision-usefulness perspective, the use of AI raises questions about how transition plans are produced, reviewed and relied upon in decision-making. This includes questions about human oversight, governance and the ability of boards, regulators and other users to understand and interrogate AI-supported outputs.

AI also has implications for specificity, particularly when used to generate more detailed assumptions, pathways or disclosures. Greater apparent detail does not necessarily imply greater credibility, especially where the basis for AI-supported outputs is not clearly explained.

In addition, AI may intersect with resilience when used in scenario analysis or modelling. Here, its use reinforces existing debates about transparency, assumptions and the appropriate role of analytical tools in exploring uncertainty.

Finally, the use of AI in transition planning raises further consideration relevant to credibility: the extent to which AI deployment itself aligns with an organization's climate

and resource objectives, given the energy and infrastructure requirements associated with digital systems (O'Brien, 2024).

In sum, AI is a cross-cutting consideration that sharpens existing questions across multiple dimensions. As its use expands, clarity about governance, transparency and alignment will become increasingly important to maintaining confidence in transition plans.

Converging on a Canadian standard for credibility

Adapting emerging international benchmarks for credible transition planning to the Canadian context (and the unresolved debates around them) demands ambition and pragmatism. While global standards offer a solid base, the debates mentioned above highlight why Canada cannot simply adopt international frameworks wholesale. Policymakers and businesses must balance overarching goals with the practical realities of Canada's emissions-heavy and nature-dependent economy, Reconciliation commitments, federalism and the large SME sector in the Canadian business landscape. See Box 3: Canadian-specific considerations.

Box 3: Canadian-specific considerations

While international best practices provide a strong foundation, advancing credible transition planning in Canada must also respond to several uniquely Canadian considerations:

Carbon-intensive economy

Given the country's carbon and energy-intensive economy (Conigrave, 2023), particularly in oil and gas and heavy industry, plans must align with sector-specific decarbonization pathways and account for regionally differentiated policy regimes.

Commitment to advancing Indigenous rights and inclusion

Canada's commitments to advancing Indigenous rights and inclusion (e.g., sec. 35 of the Constitution, esp. Free, Prior, and Informed Consent (FPIC); UNDRIP compliance; Truth and Reconciliation Commission calls to action) require transition plans that demonstrate meaningful engagement, shared governance and Indigenous ownership or benefit-sharing in climate-related projects.

Heavy reliance on nature and ecosystem services

Canada's economy is deeply reliant on nature and ecosystem services, from forestry and fisheries to agriculture and water-intensive industries (Natural Resources Canada, 2023). As such, credible transition planning must go beyond climate risk to consider nature-related dependencies and risks, integrating biodiversity, land-use and water considerations into forward-looking scenarios, investment decisions and resilience strategies. Together, these dimensions reflect a distinctly Canadian credibility threshold that cannot be met by generic or globally templated transition plans alone.

Canadian federalism

Authority over financial market regulation is shared between the federal and provincial governments, resulting in a complex mix of federal and sub-national jurisdictional responsibilities. This decentralized federal structure complicates coordinated progress on climate-related disclosure and transition planning. Rules and timelines evolve unevenly across jurisdictions. As such, credible transition plans must explicitly account for these jurisdictional differences and navigate the fragmented governance landscape in which Canadian firms operate.

SME capacity and inclusion

Finally, to support credible transition planning across the broader economy, not just among large publicly listed firms, Canada will also need targeted strategies to build climate-nature intelligence among SMEs. As larger entities increasingly become transition-aligned, more Canadian SMEs operating in relevant supply chains will need transition plan, but often lack the data, tools and internal capacity to assess and act on climate and nature-related risks (SFAC 2021). Without meaningful SME inclusion, the credibility and effectiveness of transition planning across sectors and regions will remain uneven.

The path forward is not achieving perfection from the start but gradually increasing ambition, taking initial strategic steps, enhancing institutional capacity and learning by doing. As a critical next step, this brief calls on Canadian stakeholders to converge on a shared benchmark for credibility—a Canadian "North Star"—informed by our synthesis of global best practices and adapted to Canada's institutional and economic context.

Our analysis reveals that some elements, most notably scenario analysis and Indigenous rights and inclusion, will remain particularly demanding tests of credibility because they expose dilemmas that no single actor can resolve. Both depend on alignment across multiple layers of authority: firms, regulators, Indigenous governments and international frameworks. For example, scenario analysis requires firms to produce rigorous, transparent modelling, while regulators must set expectations that standardize assumptions, enhance comparability and provide liability protections. Without both, outcomes risk being opaque or legally precarious.

Likewise, advancing Indigenous rights and inclusion requires firm-level commitments to FPIC, equitable benefit-sharing and Indigenous ownership or participation in governance, supported by frameworks that uphold constitutional obligations, operationalize UNDRIP, and respect Indigenous sovereignty. Without reciprocal integrity on both sides, credibility risks devolving into procedural compliance rather than substantive change. Getting this right will require an early and coordinated effort.

By continuously updating these benchmarks, Canadian regulators and government can ensure that Canadian companies' transition plans remain adaptable, decision-useful and effective in steering companies and the economy towards a competitive, low-carbon and nature-positive future. These updates should reflect advancements in data, assurance infrastructure and scenario and modelling capabilities, and involve steadily establishing consistent classification and alignment mechanisms.

Achieving this vision demands more than just regulatory alignment or corporate compliance. It depends on agile governance and coordinated institutional learning—an ongoing system that tests, refines and validates credibility criteria based on real-world performance (Kaiser & McCarney, 2021). As the transition-planning landscape evolves, Canada must develop an empirical, evidence base to identify what works, uncover unintended consequences, and keep plans ambitious yet achievable. This involves producing Canada-specific insights through applied research and collaboration with Indigenous governments, industry, academia and civil society.

Conclusion and future research

Canada's journey toward credible, economy-wide transition planning is ongoing. This brief offers an analytical and conceptual foundation for establishing a practical credibility benchmark in Canada's economic, constitutional and Reconciliation context. Equally important, the brief surfaces the live areas of debate and uncertainty that must be resolved if credibility is to move from principle to practice.

Canada cannot afford to defer the hard work of alignment, because the longer these foundational tests of credibility remain unresolved, the harder and more costly it will be to address them.

Future SPI work will focus on designing and establishing governance pathways to refine and implement a "Canadian North Star" for credible transition plans. This includes clarifying potential institutional roles, accountability mechanisms and coordination structures to embed credibility across the financial system and the real economy.

We invite policymakers, regulators, industry leaders, Indigenous rights-holders, investors, researchers and civil society organizations to collaborate on this effort. By refining benchmarks, testing approaches and closing the most pressing knowledge and practice gaps, Canada can converge on a common standard of credibility and position itself as a global leader—one that advances climate integrity, economic resilience and public trust in equal measure.

References

Amin A et al. (2025). *State of the Corporate Transition 2025*. London: TPI Global Climate Transition Centre, London School of Economics and Political Science. https://www.transitionpathwayinitiative.org/publications/uploads/2025-state-of-the-corporate-transition-2025.pdf

Arnold, J., Beugin, D., Hastings-Simon, S., Smith, R., & Nicholson, P. (2023, September 20). *Canada's oil and gas sector: The road to net zero and regional fairness.* Canadian Climate Institute. https://climateinstitute.ca/publications/canadas-oil-and-gas-sector-the-road-to-net-zero-and-regional-fairness/

Bechtold, S.M. et al. (2025). *Synthesizing Emerging Best Practices for Forward-Looking Corporate Climate-Related Disclosure: Implications for Canada.* Canadian Public Policy, Volume 51(S2). https://doi.org/10.3138/cpp.2025-018

Bingler, *J.A. et al. (2024). How cheap talk in climate disclosures relates to climate initiatives, corporate emissions, and reputation risk*. Journal of Banking & Finance, Volume 164:107191. https://doi.org/10.1016/j.jbankfin.2024.107191

Business Future Pathways. (2025). *Pathways To Competitiveness: How transition plans can help Canadian businesses compete and grow.* https://www.businessfuturepathways.ca/wp-content/uploads/2025/10/BFP-landscape-report-EN-FINAL-2.pdf

Cambridge Institute for Sustainability Leadership (CISL). (2019). *Physical risk framework: Understanding the impacts of climate change on real estate lending and investment portfolios*. https://www.tcfdhub.org/wp-content/uploads/2019/07/CISL-Climate-Wise-Physical-Risk-Framework-Report.pdf

Cambridge Institute for Sustainability Leadership. (2019b). *Transition risk framework: Managing the impacts of the low-carbon transition on infrastructure investments*. https://www.tcfdhub.org/wp-content/uploads/2019/07/CISL-Climate-Wise-Transition-Risk-Framework-Report.pdf

Canadian Sustainability Standards Board (CSSB). (2024). *Canadian Sustainability Disclosure Standard (CSDS) 1: General Requirements for Disclosure of Sustainability-related Financial Information*. CPA Canada Handbook – Sustainability. https://www.frascanada.ca/en/cssb/news-listings/csds1_csds2_launch

Carbon Brief. (2023). Analysis: How some of the world's largest companies rely on carbon offsets to 'reach net-zero.' https://interactive.carbonbrief.org/carbon-offsets-2023/companies.html

CDP. (2025). *From plans to capital: Unlocking credible transition financing at scale*. https://images.ctfassets.net/v7uy4j80khf8/6GJaTzrLVfZjfA0RqyQBRj/60245181a21f84e367b11b43aa118de7/From_Plans_to_Capital.pdf

CSSB. (2024). *Canadian Sustainability Disclosure Standard (CSDS) 2: Climate-related Disclosures*. CPA Canada Handbook – Sustainability. https://www.frascanada.ca/en/cssb/news-listings/csds1_csds2_launch

CDP. (2024). *CDP technical note: Reporting on climate transition plans.* https://www.cdp.net/en/guidance/guidance-for-companies/climate-transition-plans

CDP. (2021). *Climate Transition Plan: Discussion Paper*. https://www.cdp.net

CDP. (2024). *Technical Note on Scenario Analysis.* https://www.cdp.net

Ceres, Inc. (2018). *Disclose What Matters: Bridging the Gap Between Investors' Needs and Company Disclosure on Sustainability*. White Paper. https://www.ceres.org/resources

CFA Institute. (2014). *Forward-looking information: A necessary consideration in the SEC's review of Disclosure Effectiveness*. Accessed from https://rpc.cfainstitute.org/sites/default/files/-/media/documents/article/position-paper/forward-looking-information-a-necessary-consideration-in-sec-review.pdf

Cheung, J., Nowak, C., Fillare, C., Gonzalez-Wertz, C., Orrell, G., & Peterson, S. (2022, April 7). *Balancing sustainability and profitability: How businesses can protect people, planet, and the bottom line*. IBM. https://www.ibm.com/thought-leadership/institute-business-value/report/2022-sustainability-consumer-research

Climate Action 100+. (2023). *Net zero company benchmark: Assessing company ambition and action in addressing climate change.* https://www.climateaction100.org/progress/net-zero-company-benchmark

Climate Action 100+. (n.d.). Climate Action 100+. https://www.climateaction100.org/

Climate Arc. (n.d.). Tools. https://www.climatearc.org/tools/

Climate Bonds Initiative. (2023). *Guidance to assess transition plans.* https://www.climatebonds.net/resources/reports/guidance-assess-transition-plans

Climateworks Centre. (2025). *The ClimateWorks Centre Guide to Credibility for Corporate Climate Transition Plans.* https://www.climateworkscentre.org/wp-content/uploads/2025/07/Guide-to-credibility-for-corporate-climate-transition-plans-Climateworks-Centre-July-2025.pdf

Climate Governance Initiative & Carbon-Climate Litigation Initiative. (2022). *Quarterly Update 1: Climate Change Litigation.* https://climate-governance.org/wp-content/uploads/2022/06/CGI-CCLI-Quarterly-Update-1-Climate-Change-Litigation.pdf

Coalition of Finance Ministers for Climate Action. (2025). *How Ministries of Finance Can Build Capabilities for Economic Analysis and Modeling to Drive Green and Resilient Transitions: Taking stock of challenges, strategies, and lessons learned.* Report for the HP4 initiative 'Economic Analysis for Green and Resilient Transitions'. https://www.financeministersforclimate.org/sites/default/files/2025-10/Coalition%20Capabilities%20report_Final.pdf

CO2 AI & BCG. (2023). *Carbon Emissions Survey Report 2023.* https://www.bcg.com/publications/2023/why-some-companies-are-ahead-in-the-race-to-net-zero-and-reducing-emissions?utm_source=nyt&utm_medium=cpc&utm_campaign=cop28&utm_description=display&utm_topic=cli&utm_geo=global&utm_content=cop28

Commonwealth Climate and Law Initiative & Climate Governance Initiative. (2022, June). *Climate change litigation: What board directors need to know — CCLI/CGI Quarterly Update #1.* https://climate-governance.org/wp-content/uploads/2022/06/CGI-CCLI-Quarterly-Update-1-Climate-Change-Litigation.pdf

Competition Bureau of Canada. (2024). *Penalties and remedies for non-compliance: Summary of civil and criminal consequences.* https://competition-bureau.canada.ca/en/deceptive-marketing-practices/types-deceptive-marketing-practices/penalties-and-remedies-non-compliance

Connell, A. (2025). *Indigenous Data Sovereignty (DDN3-A11).* Canada School of Public Service. https://www.csps-efpc.gc.ca/tools/articles/indigenous-data-sovereignty-eng.aspx

Conigrave, B. (2023). *Canada's transition to net-zero emissions*. OECD Economics Department Working Papers No. 1760. https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/05/canada-s-transition-to-net-zero-emissions_ae0aa32d/efc1f36a-en.pdf

Corporate Finance Institute. (n.d.). Earnings guidance – Overview, sources, and reliability. https://corporatefinanceinstitute.com/resources/valuation/earnings-guidance/

Department for Business, Energy & Industrial Strategy. (2022). The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. Statutory Instrument 2022 No. 31. https://www.legislation.gov.uk/uksi/2022/31/contents/made

Department of Justice Canada. (2024). Fourth annual progress report on the implementation of the United Nations Declaration on the Rights of Indigenous Peoples Act. https://www.justice.gc.ca/eng/declaration/report-rapport/2024/p6.html

EU Platform on Sustainable Finance. (2025). *Building trust in transition: Core elements for assessing corporate transition plans*. European Commission. https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-platform-sustainable-finance_en

European Central Bank. (2024, January 23). *"Failing to plan is planning to fail" – why transition planning is essential for banks*. ECB Banking Supervision. https://www.bankingsupervision.europa.eu/press/blog/2024/html/ssm.blog240123~5471c5f63e.en.html

European Commission. (2023). Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards. *Official Journal of the European Union* L 322: 15–284. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R2772

European Union (EU). (2022). Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting. *Official Journal of the European Union* L 322: 15–80. https://eur-lex.europa.eu/eli/dir/2022/2464/oj/eng

EU. (2024). Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive

(EU) 2019/1937 and Regulation (EU) 2023/2859. *Official Journal of the European Union L* 176:5–65. https://eur-lex.europa.eu/eli/dir/2024/1760/oj/eng

Financial Stability Board (FSB). (2023). FSB roadmap for addressing climate-related financial risks: 2023 progress report. https://www.fsb.org/2023/07/fsb-roadmap-for-addressing-climate-related-financial-risks-2023-progress-report/

FSB. (2025). *The relevance of transition plans for financial stability*. https://www.fsb.org/uploads/P140125.pdf

Gambetta, G. (2025, October 9). *APG warns of divergence on Paris-alignment standards used for corporate disclosures*. Responsible Investor. https://www.responsible-investor.com/apg-warns-of-divergence-on-paris-alignment-standards-used-for-corporate-disclosures

Glasgow Financial Alliance for Net Zero (GFANZ). (2022). *Financial Institution Net-Zero Transition Plans: Fundamentals, Recommendations, and Guidance.* GFANZ. https://assets.bbhub.io/company/sites/63/2022/09/Recommendations-and-Guidance-on-Financial-Institution-Net-zero-Transition-Plans-November-2022.pdf

Global Reporting Initiative (GRI). (2021). *GRI Universal Standards.* https://www.globalreporting.org/standards/standards-development/universal-standards/

Goud, B. (2023, Oct. 11). AI will be an important tool for assessing transition plans against the growing range of frameworks. *Medium.* https://sharingrisk.medium.com/ai-will-be-an-important-tool-for-assessing-transition-plans-against-the-growing-range-of-frameworks-eb70c251441a

Greenhouse Gas Protocol. (2011). *Corporate value chain (Scope 3) accounting and reporting standard.* World Resources Institute & World Business Council for Sustainable Development. https://ghgprotocol.org/standards/scope-3-standard

GRI. (2024). *GRI Sector Standards Project for Financial Services – Banking Exposure Draft.* Global Sustainability Standards Board. https://www.globalreporting.org/media/1v4jpb4x/gri-sector-standard-project-for-financial-services-explanatory-memorandum-to-the-exposure-drafts-for-banking-capital-markets-and-insurance.pdf

Howlett, M. (2009). Policy analytical capacity and evidence-based policy-making: Lessons from Canada. *Canadian public administration*, 52(2), 153–175. https://doi.org/10.1111/j.1754-7121.2009.00070_1.x

Howlett, M. (2015). Policy analytical capacity: The supply and demand for policy analysis in government. *Policy and Society*, 34(3-4), 173–182. https://doi.org/10.1016/j.polsoc.2015.09.002

IFRS Foundation. (2023). ISSB issues IFRS S1 and IFRS S2 to establish a global baseline for sustainability disclosures. International Sustainability Standards Board. https://www.ifrs.org/news-and-events/news/2023/06/issb-issues-ifrs-s1-ifrs-s2/

Institutional Investors Group on Climate Change. (2022). *Corporate climate transition plans: A guide to investor expectations.* https://www.iigcc.org/resource/corporate-climate-transition-plans-a-guide-to-investor-expectations/

Institutional Investors Group on Climate Change. (2025). *Investor Expectations of Corporate Transition Plans: From A to Zero*. https://www.iigcc.org/hubfs/Past%20resource%20uploads/IIGCC_Investor-expectations-of-corporate-transition-plans_Final.pdf

International Financial Reporting Standards (IFRS). (2022). ISSB receives global response on proposed sustainability disclosure standards. https://www.ifrs.org/news-and-events/news/2022/08/issb-receives-global-response-on-proposed-sustainability-disclosure-standards/

International Sustainability Standards Board (ISSB). (2023). *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.* IFRS Foundation. https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/

Intergovernmental Panel on Climate Change (IPCC). (2022). *Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change* (P. R. Shukla, J. Skea, R. Slade, A. Al Khourdajie, R. van Diemen, D. McCollum, M. Pathak, S. Some, P. Vyas, R. Fradera, M. Belkacemi, A. Hasija, G. Lis, & J. Malley [Eds.]). Cambridge University Press. https://doi.org/10.1017/9781009157926

ISSB. (2023). *IFRS S2 Climate-related Disclosures.* IFRS Foundation. https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards-issb/english/2023/issued/part-a/issb-2023-a-ifrs-s2-climate-related-disclosures.pdf

Islam, A., Kaiser, C. & Winstanley, M. (2025). *Aligning Canada's Evolving Climate Information Architecture.*

https://institute.smartprosperity.ca/sites/default/files/SPI_Comms-IG-Climate info architecture brief_updated-2025-07-16.pdf

Kaiser, C., & McCarney, G. (2021). *Agile regulation for clean energy innovation: Examining the early experience of two Canadian institutions***.** Energy Regulation Quarterly, 9**(**4). https://energyregulationquarterly.ca/articles/agile-regulation-for-clean-energy-innovation-examining-the-early-experience-of-two-canadian-institutions#sthash.zGuUNcEW.dpbs

Kaiser, C., Miedzinski, M., McDowall, W., & McCarney, G. R. (2024). Reflective appraisal of transformative innovation policy: Development of the sustainability transition and innovation review (STIR) approach and application to Canada. *Sustainability*, 16(12), 5106. https://doi.org/10.3390/su16125106

King, H. & Paternak, S. (2018). Canada's Emerging Indigenous Rights Framework: A Critical Analysis. Yellowhead Institute. https://yellowheadinstitute.org/wp-content/uploads/2018/06/yi-rights-report-june-2018-final-5.4.pdf

KPMG. (2025). *From policy to practice: Insights from KPMG ESG Law—One year of greenwashing legal risk assessments.* KPMG Canada. https://kpmg.com/ca/en/home/insights/2025/09/from-policy-to-practice.html

Leippold, M. et al. (2024). *Automated fact-checking of climate change claims with large language models.* Swiss Finance Institute Research Paper No. 24-93. arXiv preprint arXiv:2401.12566.

Leung, K. (2025, December 2). *UK transition plans: A chance to drive sustainable finance at scale*. Institute for Energy Economics & Financial Analysis. https://ieefa.org/resources/uk-transition-plans-chance-drive-sustainable-finance-scale

Levin, K., Cashore, B., Bernstein, S., & Auld, G. (2009). Playing it forward: Path dependency, progressive incrementalism, and the" Super Wicked" problem of global climate change. In *IOP Conference Series. Earth and Environmental Science* (Vol. 6, No. 50). IOP Publishing.

Maher, H. et al. (2022). *AI for the planet: How artificial intelligence can support environmental sustainability.* Boston Consulting Group. https://web-assets.bcg.com/ff/d7/90b70d9f405fa2b67c8498ed39f3/ai-for-the-planet-bcg-report-july-2022.pdf

Malich, J., & Husi, A. (2024). *MSCI ESG ratings and cost of capital*. MSCI. https://www.msci.com/research-and-insights/paper/msci-esg-ratings-and-cost-of-capital

Mehling, M. (2025). *Good Spillover, Bad Spillover: Industrial Policy, Trade, and the Political Economy of Decarbonization*. MIT Center for Energy. https://ceepr.mit.edu/wp-content/uploads/2025/01/MIT-CEEPR-WP-2025-01.pdf

Natural Resources Canada. (2023). 10 Key Facts on Canada's Natural Resources – 2023. Government of Canada. https://natural-resources.canada.ca/science-data/data-analysis/10-key-facts-canada-s-natural-resources-2023

Naxis CIB & Sustainability Hub. (2025). Investors' Take on Transition Planning. https://home.cib.natixis.com/investors-take-on-transition-planning

Network for Greening the Financial System (NGFS). (2021). *Stocktake on financial institutions' transition plans and their relevance to micro-prudential authorities.* https://www.ngfs.net/sites/default/files/medias/documents/stocktake_on_financial_institutions_transition_plans.pdf

NGFS. (2023). *NGFS Scenarios for Central Banks and Supervisors.* https://www.ngfs.net/ngfs-scenarios-portal/

NGFS. (2024). *Credible Transition Plans: The micro-prudential perspective.* https://www.ngfs.net/system/files/import/ngfs/media/2024/04/17/ngfs_credible_transition_plans.pdf

NGFS. (2024). *NGFS Transition Plan Package.* https://www.ngfs.net/system/files/import/ngfs/medias/documents/ngfs_transition_plan_package.pdf

NGFS. (2024a). *Guide on climate-related disclosure for central banks* (Second Edition). https://www.ngfs.net/sites/default/files/medias/documents/ngfs_guide_on_climate-related_disclosure_for_central_banks_-_second_edition.pdf

Ni, J. et al. (2024). ChatReport: Democratizing Sustainability Disclosure Analysis through LLM-based tools. Swiss Finance Institute Research Paper No. 23-111. DOI: 10.48550/arXiv.2307.15770

O'Brien, I. (2024, September 15). Data centre emissions probably 662% higher than big tech claims. Can it keep up the ruse? *The Guardian.* https://www.theguardian.com/technology/2024/sep/15/data-center-gas-emissions-tech

OECD. (2022). *Policy guidance on market practices to strengthen ESG investing and finance a climate transition*. OECD Business and Finance Policy Papers, No. 13. OECD Publishing, Paris. https://doi.org/10.1787/2c5b535c-en

OECD. (2024). *Financing SMEs and entrepreneurs 2024: An OECD scoreboard*. OECD, Paris. https://www.oecd.org/en/publications/2024/03/financing-smes-and-entrepreneurs-2024_015c0c26.html

OECD. (2025). *OECD Economic Surveys: Canada 2025*. OECD Publishing, Paris. https://doi.org/10.1787/28f9e02c-en

Office of the Auditor General of Canada. (2025). Follow-up audit: Services for First Nations. https://www.oag-bvg.gc.ca/internet/English/parl_oag_202510_05_e_44721.html

Office of the Superintendent of Financial Institutions (OSFI) and Bank of Canada (BoC). (2021). *Using scenario analysis to assess climate transition risk.* https://www.bankofcanada.ca/wp-content/uploads/2021/11/BoC-OSFI-Using-Scenario-Analysis-to-Assess-Climate-Transition-Risk.pdf

OSFI. (2023). *Standardized climate scenario exercise.* Government of Canada. https://www.osfi-bsif.gc.ca/en/data-forms/reporting-returns/standardized-climate-scenario-exercise

OSFI. (2025). *Guideline B-15: Climate risk management*. Government of Canada. https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/climate-risk-management

Policy Horizons Canada. (2016). Horizons Foresight Methods: Module 1 – Introduction to Foresight. https://horizons.service.canada.ca/resources/wp-content/uploads/2018/12/2016-271-presentation-notes-eng_0.pdf

PwC. (2022, May 24). *Survey of over 52,000 workers indicates the Great Resignation is set to continue as pressure on pay mounts*. https://www.pwc.com/gx/en/news-room/press-releases/2022/global-workforce-hopes-and-fears-survey-2022.html

Reclaim Finance. (2024). *Targeting Net Zero: The need to redesign bank decarbonisation targets.* https://reclaimfinance.org/site/wp-content/uploads/2024/09/Targeting-Net-Zero-Report.pdf

Science-Based Targets Initiative (SBTi). (2025). Corporate Net-Zero Standard: Version 1.3. https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf

Science-Based Targets Initiative (SBTi). (2024). *Financial Institutions Net-Zero Standard: Consultation Draft V0.1.* https://sciencebasedtargets.org/resources/files/FINZ-Consultation-Draft.pdf

Shirai, S. (2023). *Enhancing the credibility of corporate climate pledges: Bringing climate transition plans and climate scenario analysis into the mainstream* (ADBI

Working Paper No. 1415). Asian Development Bank Institute. https://doi.org/10.56506/EYOM7797

Sustainable Finance Action Council (SFAC). 2021-2024. https://www.canada.ca/en/department-finance/programs/financial-sector-policy/sustainable-finance/sustainable-finance-action-council.html

SFAC. (2021). *Summary Report of Private Sector Perspectives on Enhanced Climate-Related Financial Disclosures.* https://www.canada.ca/en/department-finance/programs/financial-sector-policy/sustainable-finance/sustainable-finance-action-council/summary-report-private-sector-perspectives.html#4-0-market-readiness

Sustainable Finance Action Council (2023). *Taxonomy Roadmap Report: Mobilizing Finance for Sustainable Growth by Defining Green and Transition Investments*. https://www.canada.ca/content/dam/fin/publications/sfac-camfd/2022/09/2022-09-eng.pdf

Sustainable Stock Exchange Initiative. (2025). *Model Guidance on Climate Transition Plans A template for stock exchange*. https://sseinitiative.org/sites/sseinitiative/files/publications-files/un-sse-model-guidance-climate-transition-plans.pdf

Stolz, N. & Probst, B.S. (2025). *The negligible role of carbon offsetting in corporate climate strategies.* Nature Communications, 16, Article 7963. https://doi.org/10.1038/s41467-025-62970-w

Task Force on Climate-related Financial Disclosures (TCFD). (2017). *Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities.* https://assets.bbhub.io/company/sites/60/2020/10/FINAL-TCFD-Technical-Supplement-062917.pdf?utm

TCFD. (2017). *Recommendations of the Task Force on Climate-related Financial Disclosures.* Financial Stability Board. https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD

TCFD. (2021). Guidance on Metrics, Targets, and Transition Plans. https://assets.bbhub.io/company/sites/60/2021/05/2021-TCFD-Metrics_Targets_Guidance.pdf

TNFD. (2023). *Recommendations of the Taskforce on Nature-related Financial Disclosures.* https://tnfd.global/wp-content/uploads/2023/08/Recommendations_of_the_Taskforce_on_Nature-related_Financial_Disclosures_September_2023.pdf

Thurton, D. (2025, Nov. 23). Greenwashing laws are changing. Businesses are relieved, but environmentalists have concerns. https://www.cbc.ca/news/politics/greenwashing-law-canada-industry-business-environment-9.6988612

Tollefson J. (2025). Heatwaves linked to carbon emissions from specific companies. *Nature*, 10.1038/d41586-025-02915-x. Advance online publication. https://doi.org/10.1038/d41586-025-02915-x

Toronto Stock Exchange. (2025). *A climate of change: Canadian investor perspectives*. https://www.tsx.com/en/resource/3409/

Transition Pathway Initiative (TPI). (2022). *An Investor-Led Framework of Indicators to Assess Banks' Transition to Net Zero*. Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science. https://www.transitionpathwayinitiative.org

Transition Pathways Initiative. (2022). Carbon performance assessment of airlines: Note on methodology. https://www.transitionpathwayinitiative.org/publications/uploads/2022-carbon-performance-assessment-of-airlines-note-on-methodology

Transition Plan Taskforce (TPT). (2023). *TPT Disclosure Framework.* https://itpn.global/disclosure-framework/

Trottier, Sonia li. (2025), August 7). From commitment to credibility: Why governance and executive leadership are critical to corporate climate transition plans. Canada Climate Law Initiative. https://ccli.ubc.ca/governance-and-executive-leadership-are-critical-to-corporate-climate-transition-plans/

TPT. (2024). *Asset Managers Sector Guidance*. https://itpn.global/asset-managers-sector-guidance/

TPT. (2024). *Asset Owners Sector Guidance*. https://itpn.global/asset-owners-sector-guidance/

TPT. (2024). *Banks Sector Guidance*. https://itpn.global/banks-sector-guidance/

TPT. (2024). *TPT Sector Summary*. https://itpn.global/sector-summary/

U.S. Environmental Protection Agency. (N.d.). Toxics Release Inventory (TRI) program. https://www.epa.gov/toxics-release-inventory-tri-program

U.S. Securities and Exchange Commission (SEC). (2024). *The enhancement and standardization of climate-related disclosures for investors (Final Rule).* Federal Register. https://www.sec.gov/rules/final/2024

United Nations Environment Programme Finance Initiative (UNEP FI). (2019). *Changing Course: A Comprehensive Investor Guide to Scenario-Based Methods for Climate Risk Assessment.* https://www.unepfi.org/wordpress/wp-content/uploads/2019/05/TCFD-Changing-Course-Oct-19.pdf

UNEP FI. (2023). *A Tool for Developing Credible Transition Plans: Public Edition for Asset Owner Pilot-Testing.* https://www.unepfi.org/wordpress/wp-content/uploads/2023/12/NZAOA_A-Tool-for-Developing-Credible-Transition-Plans.pdf

UNEP FI. (2024). *A Practical Guide to 1.5°C Scenarios for Financial Users*. https://www.unepfi.org/wordpress/wp-content/uploads/2025/01/A-practical-guide-to-1.5C-scenarios-5.pdf

UNEP FI. (2024). *Closing the Gap: The Emerging Global Agenda of Transition Plans and the Need for Insurance-Specific Guidance.* https://www.unepfi.org/wordpress/wp-content/uploads/2024/11/Inaugural-FIT-report-Closing-the-gap-final.pdf

United Nations Human Rights Council. (2018). Free, Prior and Informed Consent: A Human Rights-Based Approach—Study of the Expert Mechanism on the Rights of Indigenous Peoples (A/HRC/39/62). United Nations Human Rights Council. https://www.ohchr.org/en/documents/thematic-reports/free-prior-and-informed-consent-human-rights-based-approach-study-expert

Wang, X., Malich, J. and Husi, A. (2024). The Financial Materiality of Sustainability Risk in Credit Markets: A Decade of Evidence. MSCI Institute. https://www.msci.com/research-and-insights/paper/the-financial-materiality-of-sustainability-risk-in-credit-markets-a-decade-of-evidence

Zhou, X., Williams, R., & Shrimali, G. (2024). *Corporate net zero transition and financing cost: Evidence of impact from global energy and utilities sectors*. SSRN. https://doi.org/10.2139/ssrn.4957523

Appendix A: Key international frameworks for corporate climate disclosure

Selected for comparison with Canada

Purposive selection parameters:

1. Forward-looking relevance. Specifically, we prioritized those that included a climate or net-zero transition plan and coverage of climate scenario analysis.
2. Regulatory environment similarities. We prioritized those which are globally recognized for credibility and demonstrate a commitment to regulatory progress; those with a foundation in the TCFD/ISSB and which are therefore aligned with potential mandates by Canadian Securities Regulators (CSA) based on the CSSB recommendations; and those which are already referenced or endorsed by Canadian regulations (e.g., OSFI's Guideline B-15) and FIs (e.g., the OSFI-BoC 2021 pilot participants).
3. Comparable financial market needs. We prioritized those applying to similarly large, developed economies (e.g., G7/G20), scanning for comparable dependence on resources and industries key to Canada (e.g., energy, mining, manufacturing, financial services), as well as those with comparable investor demands.
4. Evidence of sustainability prioritization. We prioritized those developed in conjunction with the Paris Agreement-aligned goal of limiting global warming to well below 2 °C, as per the IPCC Special Report on Global Warming of 1.5 °C (2018).

1. CBI's Guidance to Assess Transition Plans (2023)
2. CDP Climate Transition Plan: Discussion Paper (2021)
3. CDP Technical Note on Scenario Analysis (2024)
4. CDP's CDP Technical Note: Reporting on Climate Transition Plans (2024)
5. Climate Action 100+ Benchmark Framework (2024)
6. ESRS CSRD
7. GFANZ's Final Report: Financial Institution Net-zero Transition Plans: Fundamentals, Recommendations, and Guidance (2022)
8. GRI Sector Standard Project for Financial Services – Explanatory Memorandum to the exposure drafts for Banking, Capital Markets, and Insurance (2024)
9. GRI's Universal Standards (2021)

10. ISSB's IFRS S2 (2023)
11. NGFS report Credible Transition Plans: The micro-prudential Perspective (2024)
12. NGFS Scenarios for central banks and supervisors (2023)
13. NGFS Transition Plan Package (2024)
14. OSFI Guideline B-15 (updated Mar 7 2025)
15. SBTi's Consultation Draft: Financial Institutions Net-Zero Standard (2024)
16. SBTi's Corporate Net-Zero Standard (2021)
17. TCFD Guidance on Metrics, Targets, and Transition Plans (2021)
18. TCFD technical supplement The Use of Scenario Analysis in Disclosure of Climate-Related Risk and Opportunities (2017)
19. TPI's An investor-led framework of indicators to assess banks' transition to net zero (2022)
20. UK TPT Asset Managers Sector Guidance (2024)
21. UK TPT Asset Owners Sector Guidance (2024)
22. UK TPT Banks Sector Guidance (2024)
23. UK TPT Disclosure Framework (2023)
24. UK TPT Sector Summary (2024)
25. UNEP FI A Practical Guide to 1.5 °C Scenarios for Financial Users (2025)
26. UNEP FI Changing Course: A Comprehensive Investor Guide to Scenario-Based Methods for Climate Risk Assessment (2019)
27. UNEP FI: A Tool for Developing Credible Transition Plans: Public edition for asset owner pilot-testing (2023)
28. UNEP FI's Closing the Gap: The merging global agenda of transition plans and the need for insurance-specific guidance (2024)

Note: also considered but excluded for this study: World Resources Institute (*WRI) (actively engaging with guidance but more with less recent and comprehensive frameworks by others have emerged); UN Race to Zero Initiative (which published minimum criteria for participation including credible net-zero commitments, but whose significant output for this study were its support of sector-specific alliances whose guidance is already accounted for in this table); OECD (which integrates climate considerations into its standards (e.g., responsible business conduct) but which has not issued stand-alone framework exclusively for climate-related financial disclosures, supporting TCFD); Moody's Net Zero Assessment (NZA) tool (which offers an independent evaluation tool to assess the strength of entity transition plans but is more focused on evaluation than development guidance).*

Appendix B: Core dimensions of credibility

Understanding the Defining Features of Credibility from International Frameworks (Bechtold, Kaiser, Saravade, Elgie and McCarney 2025).

Dimensions of synthesis	Thematic indicators	Actionable sub-indicators
Ambition	Corporate culture	• Coherence of vision/mission, strategy and embedded governance • Board-level endorsement • Clear lines of internal advocacy throughout the organizational chart • Executive compensation linked to climate performance
	Continuous improvement	• Iteration mechanisms like regular progress reviews, subsequent adjustments, incorporation of technological and other developments • Feedback loop that includes impact measurements
Specificity	Quantitative alignment with ISSB strategic core elements	• Foundations: objectives, priorities, strategy to achieve, opportunities and risks, implications, key assumptions • Implementation strategy: future actions within operations, policies to support strategy, implications for financials • Engagement strategy: with value chain, industry peers, government, public sector, communities, civil society • Metrics & targets: future operational, financial, GHG emissions, use of carbon credits • Governance: embedding of transition plan within governance structures
	Beyond-climate considerations	• Consideration of future equity and justice issues and impact

Comparability	Alignment with global standards	• ISSB (voluntary global baseline) • Jurisdictional mandates
	Alignment with sector-specific international frameworks	• Financial sector: TCFD sector supplements, GRI sector standards for financial services, PCAF (carbon accounting), GFANZ including NZBA (banks) and NZAOA (asset owners) and NZIA (insurance), CFRF (UK), UNEP-FI's PRB (banks), PRI, Bank of England's PRA, and sustainable finance frameworks like the CSRD, EU Taxonomy, SFDR
Resilience	Quality use of scenario analysis	• Includes physical and transition risk scenarios • Captures opportunities • Risk assessment accounts for the lifetime of assets and activities and avoids unaddressed extension • Includes methodologies and assumptions relied upon • Diverse range of scenarios utilized • Scenarios of high relevance to the entity, sector, region and jurisdiction
	Use of scenario analysis alternatives	• Sensitivity analysis, stress testing, benchmarking, forecasting, trend analysis
Resource allocation	Financial planning & investment	• Portfolio distribution: percentage to climate categories over time • No lock-in of carbon-intensive assets, products or technologies • Funding strategies for CapEx, OpEx, R&D, ROI evaluation to increasingly align with climate targets
	Renewable energy investment	• Investment into the development, integration and use of energy from renewable sources • Disclosed reduced reliance on fossil fuels

	Energy-efficiency measures	• Disclosed strategies, measures and actions to reduce energy used (e.g., buildings, equipment upgrades, energy management systems, employee engagement, operational improvements)
	Capacity building	• Internal expertise and resource availability or engagement with specialized consultants
Decision-usefulness	Disclosure	• Publicly available (annually) • Comprehensive, including targets, progress, methodologies and assumptions used • Demonstrative of progress and iteration • Verification by third-party assurance provider
	Taxonomical alignment	• Taxonomy-eligible opportunities (net-zero commitment, transition plan, disclosure, Do No Significant Harm)
	Investor-grade output	• Temporal scope (short/medium/long-term) • Financial implications • Uncertainty management: included and estimated/quantified • Data quality: low number of gaps, avoids vagueness • Data accessibility: disclosed and clear, user-friendly • High degree of associated accountability, including third-party verification

[i] Bechtold, S. M., Saravade, V., Kaiser, C. (Ollie), Elgie, S., & McCarney, G. (2025). Synthesizing Emerging Best Practices for Forward-Looking Corporate Climate-Related Disclosure: Implications for Canada. *Canadian Public Policy*, *51*(S1), 64–92. https://doi.org/10.3138/cpp.2025-018