

SUMMARY

Climate-related Transition Planning and Plans in Canada

Overview

To stay resilient and competitive amid growing uncertainty, businesses need to plan for a range of possible futures. Climate-related transition planning can help.

Planning for uncertainty allows businesses to assess risks and opportunities and to test the resilience of their business and governance models.

Transition planning is still an emerging practice. There is a limited understanding of what it entails, how it differs from disclosure and how to implement it.

This research backgrounder addresses this gap by explaining the core concepts, reviewing use cases and identifying barriers to adoption.

Why this research matters to Canada

Global transition-planning approaches will only work in Canada if they are tailored to the country's economic and regulatory landscape.

Drawing on international examples and emerging standards, this backgrounder helps translate global transition-planning developments to the Canadian context, setting the stage for credible implementation.

What this research contributes

- Clarifies the core concepts, definitions and use cases of climate-related transition planning and plans
- Positions transition planning in the [climate information architecture](#) and describes how it connects to a sustainable finance taxonomy, disclosures, scenario analysis
- Reviews global standards, frameworks and regulatory developments, and assesses Canada's position vis-à-vis our important trading partners
- Identifies key implementation barriers in Canada, including methodological, governance, data and firm-capacity challenges
- Sets out a future research agenda with the central question: What constitutes a credible climate-related transition plan in Canada.

Key takeaways

- Transition planning sits at the intersection of climate risk management, decarbonization strategy and forward-looking governance.
- It is a strategic process, not a standalone reporting exercise, and is crucial to forward-looking business decisions.
- Despite growing international momentum, transition planning is still uneven in Canada due to gaps in guidance, data, coordination and firm-level capacity.
- Transition plans can provide useful information, but their value depends on whether they are credible and comparable.
- Aligning Canada-specific transition planning approaches with emerging global standards will help Canadian businesses access global capital and reduce regulatory uncertainty.
- Defining what constitutes a credible transition plan in Canada is essential to improve transparency, comparability and investor confidence.

Key messages for decision-makers

Policymakers and regulators: Clearer guidance and stronger coordination across regulators are needed to define credible transition planning in Canada, support more comparable and credible practices, and ensure plans provide consistent, decision-useful information for oversight and policy design.

Industry and businesses: Businesses need to add transition planning to their governance, strategy and investment decisions. For firms that engage in it meaningfully, transition planning can support operational efficiency, access to capital, regulatory preparedness and sustained competitiveness.

Investors and financial institutions: Transition plans provide valuable insight into a businesses' long-term resilience and exposure to climate-related risks. This information is key to accurate risk assessment, sound investment decisions and prudent capital allocation.

Read *[Climate-related Transition Planning and Plans](#)* to explore how credible, science-aligned planning can prepare Canada's economy for an uncertain future.

This backgrounder is a product of our [Sustainable Finance research program](#). Our ongoing research has defined Canada-specific criteria for credible transition plans and examined how policy can reduce uncertainty, improve comparability and unlock investment at scale.

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