

## TRANSITION FINANCE MARKET REVIEW CALL FOR EVIDENCE SHAREACTION RESPONSE 09.05.2024

Our response focuses on Chapters 2 and 3 of the TFMR Call for Evidence.

### Chapter 2 – Scope of Transition Finance

Q1) Do you consider there to be a lack of clarity around the scope of transition finance? Why / Why not?

**Strongly agree** / Agree / No view / Disagree / Strongly disagree

We consider that there is a lack of clarity around the scope of transition finance which could be highly detrimental. We agree that the net zero transition will change and evolve over time and transition finance will also need to change and evolve. We would be very concerned however if the Review does not propose a fixed definition or approach to transition finance. Pulling together various comments in the Call for Evidence, the implication is that transition finance could be available for almost anything:

- all sectors of the economy;
- all types of economic activity;
- all types of financial investments, products and services including general-purpose finance; and
- potentially no demarcation between transition finance and green finance.

The absence of an agreed core definition and scope for transition finance could indeed be a barrier to building confidence in the transition finance market. More importantly this could lead to funds for transition finance being used for activities other than transition, or which prolong the transition further, and could also jeopardise the prospects of an effective and just transition.

We broadly support the European Commission's definition of transition finance<sup>1</sup> and believe it would be helpful if the UK TMFR approach were to be similar.

*"Transition finance means financing of investments compatible with and contributing to the transition, that avoids lock-ins, including ..... investments in undertakings or economic activities with a credible transition plan at the level of the undertaking or at activity level".*

We note that a huge amount of carbon intensive debt is due to be refinanced in the coming years. The London Stock Exchange recently published a report<sup>2</sup> stating that over half (US\$3.2 trillion) of carbon-intensive debt is set to mature before the end of 2030. This is a vast amount of refinancing and financial institutions should ask companies to produce credible transition plans in advance of these refinancings being due. Such refinancing should not necessarily be eligible for transition finance: transition finance should be discrete and additional i.e. transition finance should finance activity that would not otherwise happen.

Q2) Have you faced challenges in accessing or deploying transition finance

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<sup>1</sup> European Commission Recommendation (EU) 2023/1425 of 27 June 2023 (L174/19) on facilitating finance for the transition to a sustainable economy – see section 2.2 for the full definition of Transition Finance <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023H1425#:~:text=Transition%20finance%20will%20be%20necessary,competitiveness%20of%20the%20EU%20economy>

<sup>2</sup> LSEG, March 2024, "Tracing carbon-intensive debt: Identifying and calibrating climate risks in corporate fixed income", see page 13 [https://www.lseg.com/content/dam/lseg/en\\_us/documents/sustainability/tracing-carbon-intensive-debt-lseg.pdf](https://www.lseg.com/content/dam/lseg/en_us/documents/sustainability/tracing-carbon-intensive-debt-lseg.pdf)

because of a lack of clarity around its scope?

Strongly agree / Agree / **No view** / Disagree / Strongly disagree

Not applicable to ShareAction

Q3) Do you agree with the approach that transition finance includes all sectors of the economy to the extent that it is part of a credible net zero transition? Why / Why not? If not, please specify which should be excluded and why.

Strongly agree / Agree / No view / **Disagree** / Strongly disagree

Transition finance should be targeted at high carbon and/or hard to abate sectors to carry out activities necessary for a credible net zero transition which do not jeopardise other sustainability goals such as the preservation of nature and biodiversity.

Whether fossil fuel companies can reinvent themselves within a transitioned economy (for instance, as owners of renewable energy capacity) is a matter of some debate. There are reasons for desiring that some fossil fuel companies continue as going concerns, replacing their hydrocarbon activities with other revenue sources. This could support their role as dependable, declining suppliers of fossil fuel within the energy demand mix. It could also reduce their incentive to compete with renewable capacity down to marginal cost, disrupting renewable economics and orderly transition. Mobilising the excess cash generation these companies can produce towards transition would make a significant contribution to the investment needed to de-carbonise the global economy. However, whether or not some fossil fuel companies can in theory reinvent themselves in a transitioned economy, in practice they are making little progress in that direction. 2022 was an exceptional year for cash generation by fossil fuel companies, due to elevated prices as a result of Russia's aggression toward Ukraine, yet according to the IEA less than 3% of investment by the fossil fuel sector went into clean energy. Fossil fuel companies are mostly planning to increase production over the coming few years which is in direct opposition to what is required for transition. Transition finance must not be made available to fossil fuel companies in a way which would allow them to develop new fossil fuel infrastructure and 'lock-in' decades-worth of climate-warming emissions.

Q4) Do you agree that the primary focus of transition finance should be on a credible net zero transition in hard to abate and high emitting areas of the economy? Why / Why not?

Strongly agree / **Agree** / No view / Disagree / Strongly disagree

We believe that the focus should be on hard to abate and high emitting areas of the economy where transition finance would otherwise be difficult to obtain and particularly where significant capital expenditure may be required.

The highest priority should be to mobilise transition finance for high emitting sectors where clean energy technology already exists. It is also important that capital goes to hard-to-abate sectors but the technologies are generally nascent and in such circumstances the economics and scalability do not yet exist. Financing for technologies like carbon capture and storage (CCS) that are currently more expensive and unproven at scale should not be prioritised in sectors where clean energy alternatives exist.

Effective guardrails must be in place to ensure that transition finance is not used for purposes contrary to transition e.g. general purpose funding that could be used by Big Oil for continued exploration or by private equity firms to expand fossil fuel companies within their portfolios.

Q5) Do you agree with the approach that transition finance includes all types of economic activity that are compatible with a credible net zero transition? Why?/Why not? If not, please specify which should be excluded and why.

Strongly agree / Agree / No view / **Disagree** / Strongly disagree

Transition finance should be directed to where it is most needed. Some activities are or will be aligned with a credible net zero transition but may still require a lot of transition finance in order to become aligned. Economic activities that are already at or close to net zero should not be eligible for transition finance as there is little or no future transition activity required. Other activities may be 'compatible with' a credible net zero transition but could pose significant risks to other sustainability goals such as biodiversity.

Transitional finance should be **additional** i.e. a company would not otherwise be able to make those transition investments without access to that capital. In other words, transition finance should be facilitating investments that a company could not otherwise make. If a company could finance its transition to net zero through its cash flow or its retained earnings or by not paying dividends it should not be automatically ineligible for transition finance but it should be a lower priority.

Perhaps most importantly, transition finance must be used for transition. Unless adequate key performance indicators (KPIs) and sustainability performance targets are defined and the right guardrails are in place, companies receiving transition finance such as sustainability-linked finance won't necessarily use the funds to develop green assets or transition at the pace needed. Worse, the financing could potentially enable the development of harmful assets. Such a situation would also lead to accusations of greenwashing and undermine trust in transition finance generally and in the transition to net zero more broadly. Transition finance should be prioritised for assets and companies that are credibly and demonstrably transitioning.

It would be an excellent outcome if Transition finance is also made available to collaborative activities to drive more environmentally sustainable products and services. Collaboration is a critical component in effectively addressing the complex challenges of transition and accelerating progress, through leveraging knowledge and sharing best practice. The UK's Competition and Markets Authority's new Green Agreements Guidance<sup>3</sup> gives practical guidance to help businesses understand how they can collaborate on environmental sustainability agreements (including agreements which combat or mitigate climate change) without breaking the law.

Q6) Do you agree with the approach to not demarcate between 'transition finance' economic activities and 'green finance' economic activities? Why?/Why not?

Strongly agree / Agree / No view / Disagree / **Strongly disagree**

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<sup>3</sup> CMA Green Agreement Guidance, October 2023 <https://www.gov.uk/government/news/cma-launches-green-agreements-guidance-to-help-businesses-co-operate-on-environmental-goals>

ShareAction strongly advises a clear demarcation between ‘transition finance’ and ‘green finance’. ShareAction’s recent research paper on European banks<sup>4</sup> shows that at present banks often combine ‘green finance’ with ‘transition finance’ with at least two potentially harmful results:

- aggregating green and transition financing can lead banks to make misleading claims; and
- disclosures made often fall short of what is required to enable stakeholders to assess what is being achieved.

Moreover, most sustainability-linked loans and bonds are not currently fit for purpose. To highlight just a few examples:

- In its review of the Sustainability-Linked Loans (SLL) Market published in June 2023<sup>5</sup> the FCA highlighted potential market integrity concerns including “weak incentives, potential conflicts of interest, and suggestions of low ambition and poor design in some SLLs’ Sustainable Performance Targets (SPTs) and Key Performance Indicators (KPIs)”.
- BloombergNEF recently conducted a study of sustainability linked bonds<sup>6</sup> and found that some of the largest SLBs have coupon payment dates that are years after sustainability target observation dates; around 70% of these bonds are callable, meaning they can be paid off before interest rates are increased; and among the largest SLBs covering 50% of the market, the average interest rate step-up is only 25 basis points if the company misses its target.
- PRI research into sustainability-linked loans<sup>7</sup> concluded that “The widespread use of general-purpose loans that are designed to incentivise firms across industries to improve their overall sustainability profiles, rather than achieve narrower objectives tied to specific projects, helps to democratise ESG contingent financing.” However this research also concluded that such financing risks being a vehicle for greenwashing unless there is increased public scrutiny and more established disclosure rules.
- Green bonds have also faced accusations of greenwashing. The first green bond was issued in 2007 and green bonds now amount to over \$2 trillion of lending, however assurances over their green credentials are currently provided only by voluntary standards which are full of loopholes.<sup>8</sup> Money raised as part of a green bond has frequently been used for non-green activities and/or with vague reporting of green versus non-green activities. Lessons must be learned from that experience, particularly with the increased regulatory focus on greenwashing (including the new anti-greenwashing rule from the FCA).

As sustainability-linked instruments suffer from important limitations and can lead to accusations of greenwashing, ShareAction strongly recommends differentiating truly ‘green’ finance (e.g. direct financing of a green asset) from other forms of transition finance in disclosures. Most importantly, each type of finance should be used for its intended purpose and not for any other purposes i.e. green finance should be used to finance green activities such as renewable energy and transition finance should be used to finance transition for high emitting and hard to abate areas of the economy.

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<sup>4</sup> ShareAction European banks report, November 2023 <https://shareaction.org/reports/green-ambitions-grey-realities-european-banks-journey-from-pledges-to-practice>

<sup>5</sup> FCA, June 2023, Review of the Sustainability-Linked Loans (SLL) Market. <https://www.fca.org.uk/publication/correspondence/sll-letter-june-2023.pdf>

<sup>6</sup> BloombergNEF July 2023, “Sustainability-linked bonds have a long road to drive impact”

<https://about.bnef.com/blog/sustainability-linked-bonds-have-long-road-to-drive-impact/>

<sup>7</sup> PRI blog July 2022 “Sustainability-linked loans: a strong ESG commitment or a vehicle for greenwashing?”

<https://www.unpri.org/pri-blog/sustainability-linked-loans-a-strong-esg-commitment-or-a-vehicle-for-greenwashing/10243.article>

<sup>8</sup> FT April 2023, “New standards keep the greenwash off green bonds” <https://www.ft.com/content/e8d0976e-e67e-46bb-89d3-9ae7efe99ec8>

Q7) Do you agree that transition finance includes all types of financial products and services that support a credible net zero transition? Why?/ Why not? If not, please specify which should be excluded and why.

Strongly agree / Agree / No view / **Disagree** / Strongly disagree

General-purpose financing that is not tied to sustainability metrics should be excluded from transition finance. General-purpose financing is not tied to specific activities and could be used for anything, including activities that are in direct contravention of net zero goals. General corporate purpose finance intended for transition should be made available to companies with credible transition plans and that are credibly transitioning (i.e. demonstrating progress).

As stated in response to question 5, transition finance should be **additional**. That doesn't mean transition finance can't be general purpose finance, but there should be robust conditions that mean the company does have to pursue the transition activity the bonds were raised to facilitate.

Q8) Please describe any concerns you have with the application of transition finance through certain types of financial products or services?

Strongly agree / **Agree** / No view / Disagree / Strongly disagree

We have concerns in relation to general-purpose finance as stated in response to question 7.

Q9) Do you agree with the approach that non-emissions-based and non-climate-based considerations are included in the scope of transition finance? Why?/ Why not?

**Strongly agree** / Agree / No view / Disagree / Strongly disagree

We agree that key components of a credible net zero transition include biodiversity protection, nature-based solutions, adaptation and resilience building, and ensuring a just transition.

It would be beneficial if such considerations could be incorporated within transition finance so that transition finance does not enable activities that would jeopardise other sustainability goals. The crucial factor however is that transition finance is used for transition.

It is likely to be challenging to incorporate the achievement of other sustainability goals within transition finance but it should be possible to develop minimum standards and to assess these as part of the due diligence process for the provision of transition finance.

We would advocate for financial institutions setting clear and granular targets for specific themes (e.g. green, social, biodiversity, etc.) and sectors (e.g. renewable energy), and provide detailed progress reports. We agree that transition finance should include non-emissions activities but as our research reports have demonstrated banks tend to blend many things under the same sustainable finance target and stakeholders are not able to assess intent as a result.

An example of nature being built into transition finance transactions was given in UBS' Sustainability Report 2022<sup>9</sup> where UBS stated that "Nature can be built into transition finance transactions, particularly those that impact the physical environment. As an example of this, UBS contributed to

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<sup>9</sup> UBS Sustainability Report 2022 <https://www.ubs.com/content/dam/assets/cc/sustainability-and-impact/doc/2022/ubs-sustainability-report-2022.pdf>

the development of the Nant de Drance power station .... This innovative “water battery” is designed to help balance the renewable electricity grid not only in Switzerland but also Europe ... UBS was part of several bond financings needed to provide the financial support for its construction ... One of the priorities in the construction of Nant de Drance, as agreed with the licensing authorities, was reducing its environmental impact ... Most of the projects aim to recreate specific biotopes locally, especially wetlands, in order to encourage recolonization of the area by certain rare or endangered animal and plant species in Switzerland.”

We note that adaptation and resilience building are vitally important to mitigate the physical impact of climate change. There is a significant funding gap for adaptation and resilience building, especially in poorer countries, and this should be taken into consideration if the UK is going to genuinely attempt to become a global leader in transition finance.

### **Chapter 3 – Ensuring the Credibility and Integrity of Transition Finance**

Q10) Do you agree there is a significant role for good quality transition plans aligned with the TPT Disclosure Framework in the provision of transition finance? Why/ Why not? If yes, please describe this role?

**Strongly agree** / Agree / No view / Disagree / Strongly disagree

A credible transition plan should be a pre-requisite for the provision of transition finance in a similar way that a credible business plan is needed to obtain a loan. Any transition plan that is not properly costed and has not identified how these costs will be funded risks being wishful thinking.

Transition finance based on a credible transition plan would facilitate the due diligence process for obtaining transition finance, enable the provision of transition finance to be tied to the achievement of the transition plan, and facilitate future assessment of compliance with the transition plan. It would also minimise the administrative burden for both applicant companies and finance firms, as opposed to a situation in which there is an additional set of plans, disclosure and assessment. We strongly recommend that the Transition Finance Market Review builds on the work conducted by the Transition Plan Taskforce, including in particular in relation to the disclosures required and the outputs needed for ISSB, GFANZ and TPT.

ShareAction has previously provided input to the UK’s Transition Plan Taskforce and to the definition of transition plans. In our view, disclosures relating to an entity’s transition plan must provide information about how the plan will be financed as this will be critical to the credibility of transition plans. Transition plans can only be credible if financing is also appropriately planned and stress tested and transition plan disclosures must also include details of financing to be useful to investors.

ShareAction believes that time is of the essence when it comes to developing and implementing Transition Plans; that transition plans should be implemented to start ambitiously transitioning as quickly as possible; and that entities should be encouraged to back up their targets with rigorous and credible near-term actions. In the context of strategic plans typically taking years from conception to execution to results, halving emissions by 2030 requires urgent action and longer term planning. We recommend that transition plans include actionable short-, medium- and long-term steps that the entity plans to take to achieve its strategic ambition alongside detail on how those steps will be financed.

Care must be taken with the wording of transition plans and the terms under which transition finance is made available. We note that TPT documentation includes numerous references to issues and tasks that companies 'may consider' as part of their transition planning. We consider that much of what is listed as optional i.e. 'may consider' in the TPT frameworks to be essential components of good transition plans and should be included (e.g. the comment 'may consider' in the statement "Financial institutions may consider assessing their opportunities to support the transition to net zero via the four financing strategies set out by GFANZ" is not sufficiently directive.

Consideration must also be given to the different implications of breaching any of the above and what the sanctions should be for different types of financial instrument.

It should be noted that there may be circumstances in which it is appropriate to provide transition finance to an entity that does not have, and may not ever have, a credible transition plan. A hypothetical example would be transition finance to accelerate the early retirement of a coal-fired power plant owned by a fossil fuel company that will be wound up.

The key requirement is that the recipients of transition finance put these commitments into action. Worryingly, the research by PRI cited above<sup>10</sup> showed that financing agreements increasingly take ESG factors into account but that borrower ESG scores *deteriorate* after sustainable loan issuance, particularly for loans where the disclosure of ESG-contingent contractual details is poor. PRI states "This is consistent with greenwashing – large borrowers and global lenders that both have reputational incentives use their lending relationships to enter into sustainable loan contracts and signal their ESG commitments, without putting these commitments to action."

Moreover, one of the primary outcomes of transition plans should be to enable governments (and also other stakeholders such as investors and the general public) to understand how well specific sectors, as well as the economy, are transitioning and whether further action is needed. So it is vital that transition finance is linked to the TPT framework and that transition plans are mandatory and there is sufficiently detailed disclosure (it is difficult to gauge progress on transition if only some entities are disclosing plans).

Q11) Which core transition principles, such as transition plan disclosures, sciencebased targets, and capital allocation plans, and other key metrics and tools for assessing the credibility and integrity of transition finance do you consider essential for its success? Please describe these in detail.

Strongly agree / Agree / No view / Disagree / Strongly disagree

We strongly recommend that the Transition Finance Market Review aligns with the work of the Transition Plan Taskforce.

We are concerned that page 5 of the Call for Evidence states that the UK will need to "strike the right balance" between being ambitious (limiting temperature increase to well below 2 and preferably 1.5 degrees Celsius) and being fit-for-purpose. We recognise that 1.5 degrees is now a stretch goal but now is not the time to let it drop. We would like to see the aim of the TFMR to be to make the UK a global hub for transition finance in the context of needing to take steps to keep 1.5C within reach, as agreed at COP26 in Glasgow.

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<sup>10</sup> PRI blog July 2022 "Sustainability-linked loans: a strong ESG commitment or a vehicle for greenwashing?"  
<https://www.unpri.org/pri-blog/sustainability-linked-loans-a-strong-esg-commitment-or-a-vehicle-for-greenwashing/10243.article>



We are surprised to see that the Call for Evidence did not seek comments on the different financing requirements for operational expenditure versus capital expenditure. It is possible that many companies will be able to finance OPEX from their usual cashflow so the focus may need to be on CAPEX and how transition CAPEX differs from business-as-usual CAPEX.

Although the Call for Evidence included a question on barriers and disincentives it does not include a question seeking comments on incentives. Mobilising transition finance to deliver net zero requires appropriate incentives for the providers of transition finance and for the companies who would like to apply for transition finance. This should not be undermined by incentives that undermine this, for example bank bonuses based on the value of transition finance provided with no regard to its effectiveness in enabling recipients of those funds to achieve net zero.

We are concerned that the Call for Evidence does not mention systemic risks or stranded assets as these are crucial factors in transition and in the financial planning for transition. Systemic risks should be identified and mitigated by banks and insurers as providers of transition finance and risk cover. Banks and insurers should identify the risks and financial exposure of financing activities that can drive stranded asset risk, for example financing the expansion of upstream activities which can drive stranded asset risk for midstream oil and gas sector.

Q12) Which standards, frameworks, guidance or tools are you using to guide your approach to transition finance and why? If your approach varies between jurisdictions, please explain why.

Strongly agree / Agree / No view / Disagree / Strongly disagree

Q13) Do you consider current guidance for transition finance to have credibility and demonstrate integrity from an economic, environmental and a broader sustainability perspective? Why / Why not?

Strongly agree / Agree / No view / Disagree / **Strongly disagree**

As commented above we have significant concerns in relation to the lack of clarity around the scope of transition finance (questions 1-9) and the credibility and integrity of transition finance (questions 10-19).

Q14) Do you consider there to be a role for regional or national pathways to be incorporated in transition finance standards, frameworks or guidance? Why / Why not? Please describe any international examples.

Strongly agree / **Agree** / No view / Disagree / Strongly disagree

Pages 17-18 of the Call for Evidence included a summary of the GFANZ key transition financing strategies when disclosing financial metrics and targets used to monitor alignment of capital allocation across four financing strategies (Climate Solutions, Aligned, Aligning, managed-phase-out). The classification in itself makes sense but how they are defined can be problematic (e.g. "aligning" merely means setting a target).

In relation to UK pathways for transition finance, this depends on the credibility and integrity of plans that may be put in place by future governments. Given the turbulent nature of UK politics and government in the last 10 years and given that the TFMR wants to establish the UK as a global hub



for transition finance we suggest that standards, frameworks and guidance for transition finance are independent of national politics and there is as much long-term policy certainty as possible.

More generally we consider that transition finance and transition plans should be aligned and that transition plans should be aligned with the emissions reduction targets enshrined in the latest international agreement on climate change and/or jurisdictional commitments. For firms based in the UK, transition plan targets should be informed by the UK's legal commitment under the Climate Change Act 2008 to reducing greenhouse gas emissions by at least 100% of 1990 levels (net zero) by 2050 and the UK government's Carbon Budget Delivery Plan<sup>11</sup> which disaggregates carbon budgets by sector so that firms (based on their size within their sector) should have a sense of how fast they will need to transition.

Q15) Do you consider there to be a role for taxonomies in the provision of transition finance? Why / Why not? If yes, please describe this role and consider any interaction with the role of transition plans?

Strongly agree / **Agree** / No view / Disagree / Strongly disagree

Taxonomies are likely to be very helpful in assessing whether a particular activity is aligned with a credible net zero transition and taxonomies would therefore be useful for directing investment to where it is needed most and driving transparency, credibility and integrity.

The EU has made significant progress in the development of its EU taxonomy for sustainable activities, including via its 'extended taxonomy'. This builds on the green taxonomy, which classifies which economic activities can be considered sustainable ('green'). Adding a transition ('amber') and harmful ('red') category, the extended taxonomy will provide a framework for investors to identify areas for urgent action in their portfolios and boost transition finance.

We consider it would be highly beneficial if the UK were to adopt its own taxonomy, and one which is aligned as closely as possible with other jurisdictions. We are very disappointed with the delays to the UK's own taxonomy and we would urge the UK government to expedite its long-awaited consultation on a UK Green Taxonomy.

Q16) What are the specific challenges in ensuring both the credibility and integrity of transition finance, whilst addressing the contextual needs of local decarbonisation pathways? What can the UK market for financial and professional services do to address these challenges?

Strongly agree / Agree / No view / Disagree / Strongly disagree

We think that a better time to respond to this question is at the point at which there is more detail on the definition of transition finance and proposals to ensure credibility and integrity.

Q17) Do you think there is a need for different approaches to transition finance across different jurisdictions, considering they may have different transition pathways?

Strongly agree / Agree / No view / Disagree / Strongly disagree

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<sup>11</sup> HM Government Carbon Budget Delivery Plan, March 2023  
<https://assets.publishing.service.gov.uk/media/6424b2d760a35e000c0cb135/carbon-budget-delivery-plan.pdf>

Our answers to this Call for Evidence have focused on the UK as we want to ensure that transition finance is available in an appropriate manner to UK-domiciled companies.

Q18) What principles, considerations and common approaches are needed to ensure both flexibility and environmental credibility and integrity across diverse jurisdictions and sectors with varying transition pathways, ensuring global coherence and effectiveness?

Strongly agree / Agree / No view / Disagree / Strongly disagree

We consider that a key factor in the success of the UK as a global centre for transition finance is the extent to which the system demonstrably has, and is recognised to have, credibility and integrity.

Q19) Are there any unintended consequences of scaling up transition finance in the UK or internationally that you are concerned about? If so, what can be done to avoid or mitigate them?

Strongly agree / **Agree** / No view / Disagree / Strongly disagree

Successful transition will require a huge amount of capital. Emissions cannot be reduced unless “clean” capacity is created to replace “dirty” capacity, which requires significant investment.

Transition finance is vital to ensure that companies can and do transition and remain commercially viable. It is essential that the markets for climate and transition finance scale at speed. It is also highly desirable that the markets for climate and transition finance scale with credibility and integrity - if not, we risk a situation similar to fraudulent covid loans.

Our concerns about unintended consequences have been noted above. We urge the TFMR to consider how to ensure that transition finance flows to where it is most needed and that it is actually used to ensure a successful transition.