



From pledges to action:

Why your organisation needs a transition plan.



Executive summary

Climate ambition has outpaced delivery. The world has shifted since net zero targets were set, with public sentiment softening, temperature projections worsening and voluntary alliances recently collapsed. Yet AASB S2 is now live, and regulators are actively enforcing greenwashing.

Many transition plans are no longer credible, and ambition without action is becoming a liability.

This paper makes the case for a reset and sets out what Australian leaders should do in the near term to establish credible transition plans.

01. There is a global decline in support for climate change and a slowdown in the expected pace of the energy transition.
02. Greenwashing remains a priority of regulators, and the financial sector remains in the spotlight.
03. This leaves many financial institutions in an uncomfortable position, holding at-risk targets which are dependent on value chain decarbonisation.
04. Transition planning is being adopted as a better way to communicate climate ambition and drive meaningful action in the race to reduce emissions.

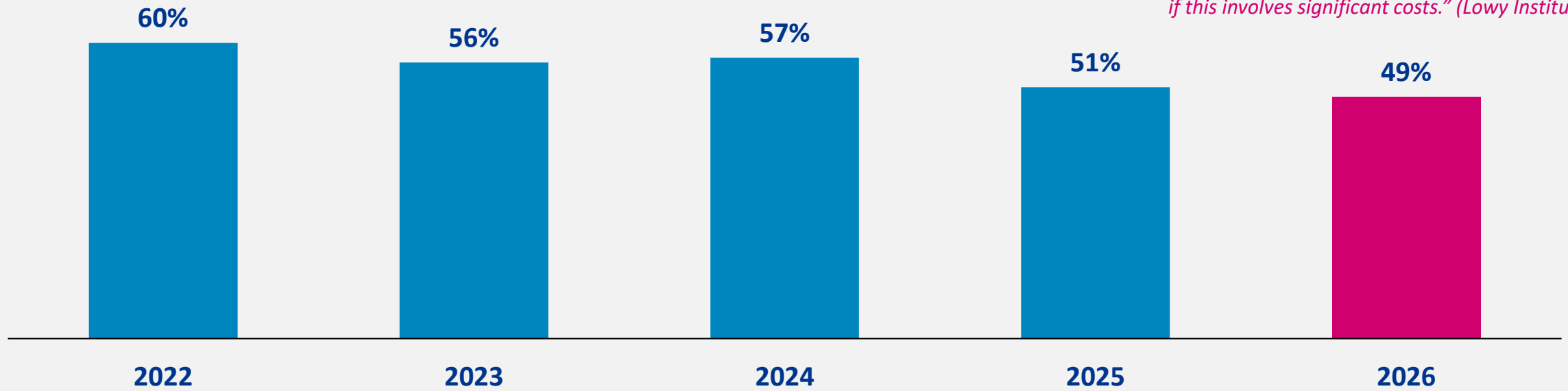
Public sentiment towards climate action has slowed in Australia

Appetite for climate action has been steadily declining over the past five years in Australia.

According to the Lowy Institute's 2026 poll, just under half of the population agree that global warming is a serious and pressing problem that should be addressed in the short term, despite associated costs.

During this time, the percentage of population believing that action should be paused until we are sure that global warming is a problem has risen from 10% to 16%.

Public sentiment to climate change in Australia



Source: [Lowy Institute Poll, 2026](#)

IEA scenarios show we are on track for a 2.5°C temperature rise

The Paris Agreement's 1.5°C threshold was exceeded for the first time as an annual average in 2024, with global temperatures reaching 1.6°C above pre-industrial levels.

The expected pace of the global climate transition continues to deteriorate, with expected temperature pathway increasing to 2.5°C by 2100 according to the International Energy Agency's (IEA) scenarios. In the face of shifting public attitudes an increasing support for right-wing parties, political momentum for climate action and future temperature pathways is likely to deteriorate further in the coming years.

Expected temperature rise, IEA STEPS scenario.



Source: Baringa Analysis, IEA World Energy Outlook 2025.

Greenwashing remains a key enforcement and compliance priority

Mandatory Australian Accounting Standards Board Standard S2 (AASB S2) reporting marks a step change in climate-related accountability and action. Sustainability disclosures are no longer standalone, now sitting alongside financial statements that must be audit-ready and defensible.

Simultaneously, Australian regulators have made greenwashing enforcement a top priority, raising potential legal and reputational risks for financial institutions making unsubstantiated climate claims. Institutions are most exposed where ambitious commitments are not supported by near-term action, where reliance on offsets exceeds absolute emissions or where financed emissions trajectories contradict their stated climate ambition.

Civil penalties in the previous year
secured by ASIC and ACCC

\$10 to **13m**
per case

Consumer and fair trading concerns
in relation to environmental claims
and sustainability, with a
focus on greenwashing.

ACCC enforcement and compliance priority, 2026-27

Source: [ASIC - 1](#) ; [ASIC - 2](#) ; [ASIC - 3](#); [ACCC strategy and priorities 2026-27](#)



Emissions reduction targets face scrutiny over potential greenwashing if they are not backed up with credible transition plans with clear actions, transparent governance, realistic milestones, and honest disclosure of dependencies and uncertainties.



**Geri McMahon,
Partner**



28% of banking financed emissions sector targets are at risk

Baringa’s analysis of the banking sector financed emissions targets reveals a gap between ambition and current trajectories. An industry review of financial institutions revealed that 28% of financed emissions sector targets set by major Australian and UK banks are currently off their required glidepath to 2030.

All 11 banks included in the analysis have at least one sector where emissions are above their planned trajectory. With temperature pathways deteriorating, it will become more difficult to achieve these targets without robust action plans in place.

Bank progress to financed emissions sector targets



Source: Baringa analysis, Company Annual and Sustainability Reports.

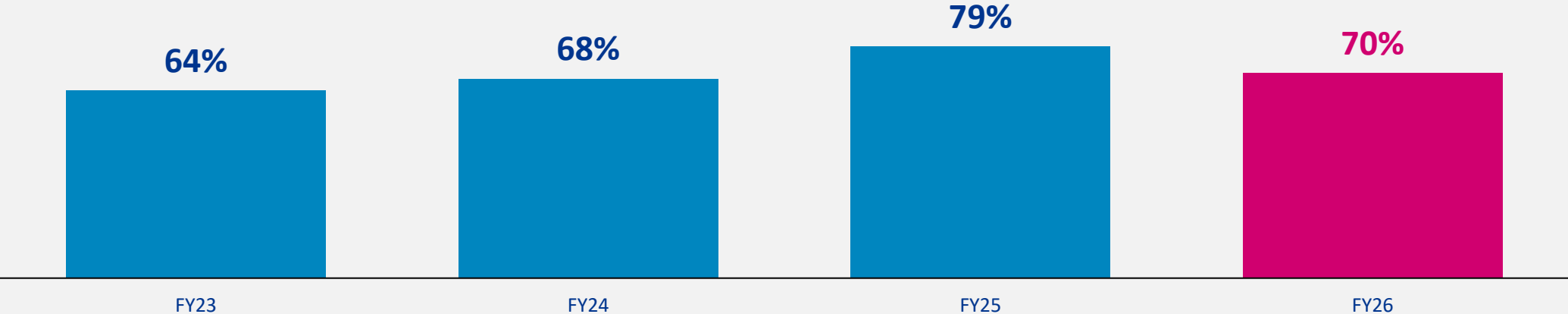
Investors in Australia are winding down their net zero commitments

In the context of increased regulatory scrutiny and a 1.5°C pathway looking less feasible, financial institutions are changing the way they set and communicate emissions targets. In many cases, institutions are reassessing or even rescinding financed emissions targets.

For investors in Australia and New Zealand, the proportion of Investor Group on Climate Change (IGCC) members with net zero targets on their investments has fallen from 79% to 70% in the 2026 financial year.

In many cases, financial institutions are mitigating greenwashing risk arising from maintaining net zero commitments that are becoming increasingly unlikely.

IGCC members with net zero targets



Source: [IGCC: The State of Net Zero Investment in Australia](#)

Transition Plan Taskforce guidance provides a structure to communicate climate ambitions

As target setting falls away, structured transition planning has emerged as the credible alternative.

The Transition Plan Taskforce (TPT), established by the UK Treasury in 2022, developed a gold standard disclosure framework that translates net zero ambition into accountable action through five core elements: foundations, implementation strategy, engagement strategy, metrics and targets, and governance.

Treasury guidance for consultation closely followed the TPT Guidance, set to be finalised in Australia in 2026.



The TPT was launched to develop good practice for transition plan disclosures for **finance and the **real economy**.**

Source: [Disclosure Framework TPT](#); [TPT Sector Summary](#)

Transition planning shifts the conversation from targets to action

As scrutiny of climate commitments increases, stakeholders and regulators are looking beyond emissions goals to understand how organisations intend to deliver them.

Robust transition plans bridge this gap, translating ambition into a clear program of strategic actions, investment decisions and accountability mechanisms that demonstrate progress towards a low-carbon future.

Transition plans are not a compliance exercise; they are strategic tools delivering measurable business value and establishing credible decarbonisation pathways.

There is an increased uptake in transition planning across sectors, a process that delivers measurable business value and enables organisations to establish credible decarbonisation pathways.

1 in 4 companies have a 1.5°C aligned transition plan in place, a **44% increase** from prior periods.

Companies **with a transition plan** are nearly **twice as likely** to identify short-term opportunities.

Companies with emissions reduction initiatives report **US\$54.4bn** in annual cost savings.

82% of companies report economic benefits from decarbonisation efforts, with nearly half achieving **>10% ROI** on climate-related investments.

Source: [CDP](#)

Four converging pressures make this the moment to act

Now is the moment to develop a credible climate transition plan. Disclosure expectations are intensifying, with stakeholders demanding transparent, decision-useful plans, not vague commitments. At the same time, regulators are moving from guidance to enforcement, increasing scrutiny and the consequences of inaction or weak positioning.

The runway to 2030 is closing fast, compressing timelines for meaningful emissions reductions and operational change. Against this backdrop, organisations that act early can secure a first-mover advantage, building capability ahead of peers and positioning themselves more advantageously.



Disclosure is live.

AASB S2 is now in effect. Climate claims must be evidenced, audit-ready and defensible.



Regulators are enforcing.

ASIC and ACCC have made greenwashing a top priority, with penalties up to \$13m per case.



2030 is approaching fast.

Most transition plans and interim targets are set to a 2030 horizon. The runway to course-correct is narrowing.



First-mover advantage.

The organisations that move first will define what "credible" looks like, those that delay will be reactive.

Actions leaders can take in the next 3 to 6 months

The window to develop or reset your transition plan is becoming more urgent. Leaders should start by reviewing existing climate commitments to identify where credibility gaps and greenwashing risks exist.

From there, transition plans need to be built or reset using the TPT framework or similar robust structure, anchored in what the organisation can control. Reviewing financed emissions data, assessing client transition plans, and implementing greenwashing controls will protect the organisation and build stakeholder confidence.

Above all, boards and executive leadership need to be engaged now, framing transition planning as both a strategic opportunity and a legal risk priority.

Six priorities to reset your transition plan

1

Understand your climate commitments

2

Develop or reset your transition plan

3

Review your emissions data

4

Assess client transition plans

5

Implement greenwashing controls

6

Engage your Board and Executives now

If your transition plan was built in a different world, it's time to reset.

Our multi-disciplinary team helps Australian organisations turn climate ambition into action, from net zero strategy and transition planning to climate risk, scenario analysis and sustainable finance.

We bring deep technical expertise and practical experience to deliver value, equip boards and executives with decision-useful insights, and build lasting capability.

As architects of global disclosure and transition planning standards, we bring that insight directly to our clients, helping you build transition plans that are credible, embedded and strategically advantageous.

Talk to our team



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