



UK-China Collaboration on Transition Finance and the Green Economy



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Contact information:

Felix Fouret: Felix.Fouret@lseg.com

Jaakko Kooroshy : Jaakko.Kooroshy@lseg.com

ZHAO Lijian: zhaolj@ifs.net.cn

YANG Jia: yangjia@ifs.net.cn

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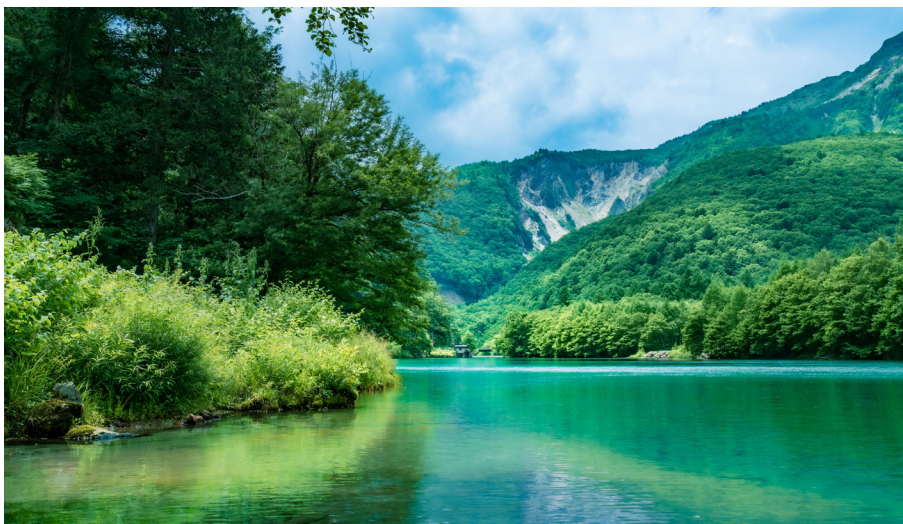
1. Executive summary

The UK and China are central to the global transition to a low-carbon economy. Both countries have recently signalled increased national climate ambition through new 2035 Nationally Determined Contributions (NDCs), signalling accelerating decarbonisation from different starting points.

At the same time, corporates in both jurisdictions are increasingly engaging in transition planning, supported by rapidly evolving climate disclosure and policy frameworks. China is piloting a landmark climate disclosure standard that aligns corporate targets and strategies with national objectives; while the UK government has published the final version of the Sustainability Reporting Standards (UK SRS) for voluntary use and the FCA is currently consulting on potential integration to listing rules.

The UK-China Green Finance Taskforce (GFT) is a bilateral platform for green finance collaboration, providing an important forum for members to exchange ideas and identify practical areas for cooperation; this report is a member-led contribution produced within the Transition Finance Workstream of the GFT.

As part of the activities of the UK-China GFT Transition Finance Workstream, this paper reviews the latest developments in governmental and corporate transition planning in China and the UK, explores green and transition finance practices and institutions in both countries, and identifies opportunities for enhanced collaboration.



The analysis shows that while the UK and China have adopted distinct approaches, there are complementary strengths and opportunities for synergies in scaling green and transition finance and broadening and deepening corporate transition planning – providing a strong basis for enhanced bilateral cooperation.

As China pilots its new corporate disclosure standards, the analysis identifies opportunities for the UK and China to share experience on disclosure expectations and transition planning, supporting greater consistency across transition finance frameworks and market practices. More granular climate disclosures and transition plans could, in particular, support the introduction of innovative approaches in equity markets – such as transition indexes – which so far have received less attention in China.

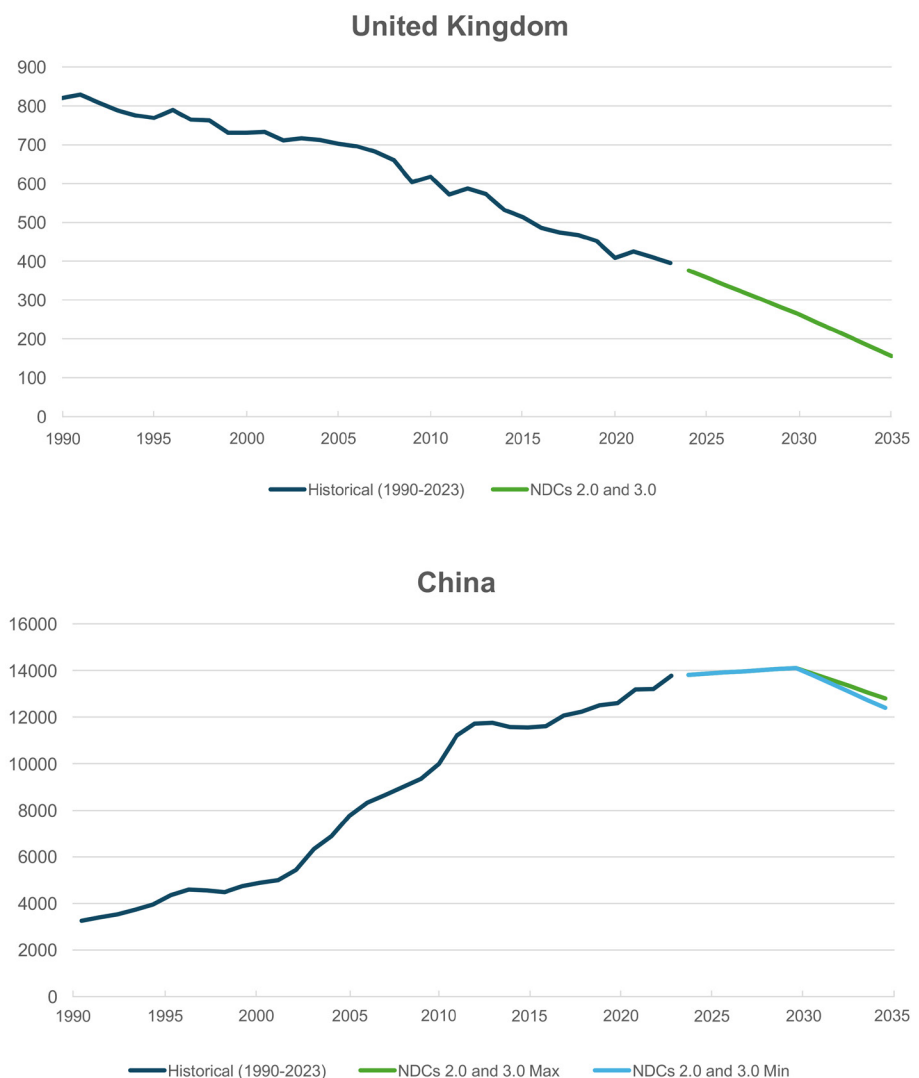
The paper highlights clear opportunities for enhanced bilateral collaboration, including mutual recognition of key transition finance frameworks, improved data and assessment capabilities, expanded capital-market solutions, and joint efforts to mobilise finance for hard-to-abate sectors and third-country transitions. Strengthening cooperation in these areas can help translate ambition into investment, reduce fragmentation, and support an orderly, large-scale transition in both economies.



2. New 2035 targets set the tone for the transition in China and the UK

Figure 1. Emissions trajectories (in MtCO₂e) implied by announced NDCs for the UK and China.

Source: LSEG data, 2026.



Under the Paris Agreement, the UK and China committed to a new ‘third generation’ of climate targets in 2025. These NDCs 3.0 – the next round of national climate commitments submitted to the United Nations Framework Convention on Climate Change (UNFCCC) – set out each country’s revised decarbonisation

pathway to 2035. Both signal accelerating decarbonisation efforts, but from very different starting points.

China has, for the first time, stated in its NDC an intention to move toward economy-wide, absolute GHG emission reductions.

In its NDC 3.0, Beijing has pledged to cut its 2035 emissions by 7-10% below peak levels and recommitted to peaking emissions before 2030, alongside its 2060 carbon-neutrality target. The new 2035 target can be seen as a floor, as it contains explicit language that China will be “striving to do better”.¹ China has also pledged, by 2035, to reach over 30% non-fossil energy in total consumption and to increase wind and solar capacity sixfold compared to 2020 levels.

These targets are supported by China establishing itself as a leading global manufacturer and deployer of low carbon technologies – accounting for over 60% of global renewable energy additions in 2025, and over 70% of global electric vehicle production in 2024 – as well as by the expansion of its national Emissions Trading Scheme (ETS) beyond power to cover steel, cement and aluminium. This brings coverage to around 60% of national emissions.^{2,3}

Box: Sub-national transition planning in China

To achieve its targets, China has been developing an innovative approach to transition finance, combining national guidance with extensive local experimentation. At the national level, the People’s Bank of China (PBoC) is leading efforts to define sector-specific transition finance standards for high-emitting industries such as steel, coal-fired power, building materials and agriculture. These are complemented by locally tailored taxonomies introduced by provincial and municipal governments, reflecting regional industrial structures and emissions profiles.

For example, Jiangsu province has supported the development of transition finance systems that integrate ESG-based assessment tools, digital platforms and a range of financial instruments, including mechanisms to guide credit screening and lending decisions.⁴ Similarly, Hebei – China’s largest steel-producing province – has developed targeted standards to support low-carbon upgrades in the steel sector, which alone accounts for around 15% of national emissions.⁵

1 UNFCCC, China’s 2035 National Determined Contributions, 2025 [UNFCCC]

2 IEA, Global Energy Review 2026, 2026 [IEA]

3 IEA, Global EV Outlook 2025, 2025 [IEA]

4 United Nations Environment Programme, Just Transition Finance: Case Studies from Banking and Insurance (Bank of Jiangsu, Scaling Inclusive Green Finance through Digital Innovation), 2026 [UNEP]

5 Climate Bonds Initiative, A Green Steel Decade for China, 2025 [HM Government]

During the 15th Five-Year Plan, China aims to develop around 100 zero-carbon industrial parks, while also incorporating progress on carbon peaking and neutrality into local government performance assessments. By the end of 2025, more than ten provinces and cities had issued over 20 local transition finance taxonomies covering a wide range of carbon-intensive sectors, including steel, coal power, chemicals and transport. Together, this combination of national standards, local innovation and integration into planning frameworks enables financial institutions to directly support decarbonisation across diverse sectors.

The UK's 2035 and 2040 GHG emissions targets represent significant ambition.

In the UK, carbon emissions have declined since their peak in the 1970s and are now more than 50% below 1990 levels. The UK's targets – an 81% reduction by 2035 and a recently announced 87% cut by 2040 – deepen an already steep trajectory and rank among the most ambitious decarbonisation targets in the world.^{6,7}

The last coal fired power station in the UK closed in 2024, and under government plans low carbon sources will account for 95% of power generation by 2030, with a fully decarbonised grid targeted by 2035.^{8,9} In parallel, the UK aims to phase out petrol and diesel car sales by 2030 and hybrids by 2035.¹⁰

The UK Emissions Trading System (UK ETS) is expanding beyond the heavy industry, power and aviation sectors to include the maritime and waste sectors from 2026 and 2028 respectively.¹¹ This is alongside tighter caps, declining free allowances and an extension of the scheme to 2040.

According to the Confederation of British Industry (CBI), green sectors are growing more than three times faster than the wider UK economy and in 2025 generated £105 billion in gross value added (GVA) and over one million jobs.¹²

6 HM Government, UK's 2035 Nationally Determined Contribution (NDC) emissions reduction target under the Paris Agreement, 2025 [HM Government]

7 HM Government, Energy security, jobs and investment boost through climate action, 2026 [HM Government]

8 HM Government, Clean Power 2030 Action Plan: A new era of clean electricity, 2024 [HM Government]

9 HM Government, Net Zero Strategy: Build Back Greener, 2021 [HM Government]

10 HM Government, Backing British business: Prime Minister unveils plan to support carmakers, 2025 [HM Government]

11 HM Government, Emissions Trading Scheme (UK ETS): policy overview, 2025 [HM Government]

12 HM Government, Energy security, jobs and investment boost through climate action, 2026 [HM Government]

Despite global decarbonisation efforts, rising physical climate risk is increasing the focus on adaptation and resilience.

Both the UK and China are forecast to face rising physical risk due to climate change. Analysis by LSEG suggests that in the UK, 8.3 million people and nearly 10% of GDP could be at high flood risk by 2050.^{13,14} In China, coastal megacities are projected to be highly exposed to multiple hazards, such as Shanghai (cyclones and heatwaves), Guangzhou (flooding), Tianjin (flooding), Hong Kong (heatwaves).⁹

Both the UK and China have published National Adaptation Plans (NAPs), supported by national climate risk assessments and monitoring and evaluation frameworks for tracking adaptation progress. The UK's most recent NAP (NAP3), sets out sector-specific actions across key areas such as infrastructure, the natural environment, and business and industry.¹⁵ China's National Climate Change Adaptation Strategy 2035 emphasises long-term resilience, disaster risk management, and integration into broader economic development planning, such as the Five-Year Plans.¹⁶



13 Under a high warming SSP5-8.5 scenario.

14 LSEG, COP30 Net Zero Atlas, 2025 [[LSEG](#)]

15 HM Government, The Third National Adaptation Programme (NAP3) and the Fourth Strategy for Climate Adaptation Reporting, 2023 [[HM Government](#)]

16 Government of the People's Republic of China, National Climate Change Adaptation Strategy 2035, 2022 [[Government of the People's Republic of China](#)]. English translation available [here](#).

3. Corporate climate disclosures and transition planning in China and the UK

Like their national governments, corporates in China and the UK are also engaging in increasingly sophisticated transition planning. The UK is a global leader in this area, and has an established climate disclosure and transition planning framework, reflecting over a decade of regulatory development since emissions reporting became mandatory in 2013 and the early adoption of TCFD-aligned disclosures.¹⁷ China, while at an earlier stage, is making rapid progress in recent years and has plans to establishing a unified national sustainability disclosure framework by 2030.

UK corporates are among the leaders globally in climate disclosures and transition planning in the world.¹⁸

Based on LSEG data, almost all listed companies now report their Scope 1 and 2 emissions (around 98% of FTSE 100 companies and approximately 88% of FTSE All-Share companies).

Emissions reduction targets are similarly common, with 96% of FTSE 100 firms and more than three quarters of UK All Share companies setting such targets. In many cases, these targets have also been externally validated through the Science-based Targets Initiative (SBTi).¹⁹ While UK regulations don't mandate such targets, they do require corporates to disclose them where they exist as part of their climate-related financial disclosures.^{20,21}

Since COP26 in Glasgow – and the subsequent formation of the Transition Plan Taskforce (TPT) in 2022 – the UK government has also encouraged corporates to engage in comprehensive transition planning. As of 2025, LSEG data shows that 83% of FTSE 100 companies and over half (54%) of FTSE All-Share companies have published such plans.

17 HM Government, The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, 2013 [[HM Government](#)]

18 The highest levels of disclosure quality were recorded in the UK (69%), South Korea (62%), Japan (61%) and Northern, Southern and Western Europe (61%). EY, Global Climate Action Barometer 2024, 2024 [[EY](#)]

19 Science Based Targets Initiative, SBTi Monitoring Report 2023, 2024 [[SBTi](#)]

20 HM Government, The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 [[HM Government](#)]

21 Financial Conduct Authority, Sustainability reporting requirements, 2021 [[FCA](#)]

The UK’s adoption of the International Sustainability Standards Board’s (ISSB) recommendations - which are in the process of being introduced for companies - will raise expectations for disclosures. For publicly listed companies, the Financial Conduct Authority (FCA) is currently consulting on integrating UK Sustainability Reporting Standards (SRS) into listing rules from 2027 onward.²² This would align UK climate disclosure requirements with the IFRS Sustainability Disclosure Standard S2.

Figure 2. Share of companies disclosing scope 1 & 2 and Scope 3 GHG emissions in FY2024.

Source: LSEG data (2026).

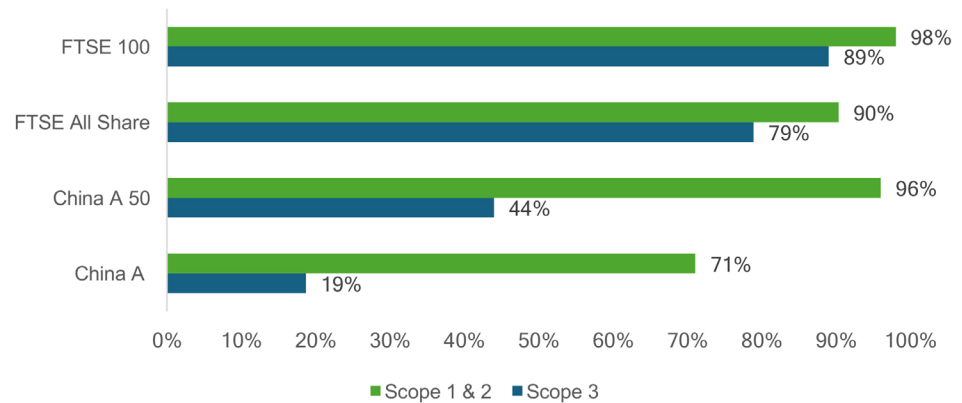
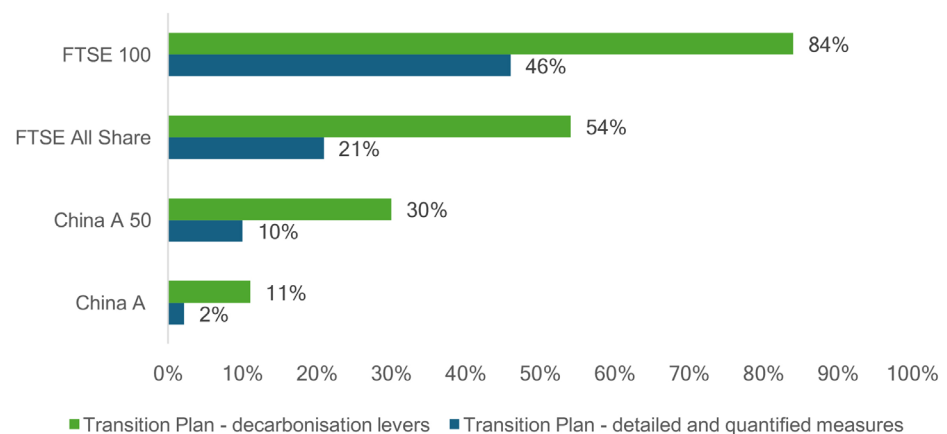


Figure 3. Share of companies identifying decarbonisation levers and quantifying transition measures as part of their disclosures in FY2024. Source: LSEG data, 2026.



22 Financial Conduct Authority, Consultation Paper CP26/5: Aligning listed issuers’ sustainability disclosures with international standards, 2026, [FCA]

China has indicated an ambition to develop a unified national disclosure system, aligned with IFRS S1/S2 (ISSB standards), by 2030.

Climate disclosures and transition planning among Chinese corporates remain at an earlier stage of development. However, both are evolving rapidly, with the Chinese government committing to “basically complete” a unified national sustainability disclosure standards system, aligned with IFRS S1 and IFRS S2, by 2030.²³

Led by the Chinese Ministry of Finance, China issued the first trial version of its Corporate Sustainability Standard for Climate in December 2025.²⁴ The standard is aligned with the ISSB framework and requires disclosures across four core areas: Governance; Strategy; Risk and Opportunity Management; and Metrics & Targets. Overall, China’s disclosure regimes show substantial alignment with core elements of the Transition Plan Taskforce (TPT) Disclosure Framework.²⁵

These national standards build on extensive, exchange-specific disclosure requirements issued in 2024 by the Shanghai, Beijing and Shenzhen exchanges, and separately by the Hong Kong Stock Exchange, which currently apply to the largest listed issuers in China.^{26, 27}

Together, these measures are driving rapid improvements in the availability and quality of climate disclosures among Chinese corporates. In 2025, more than two-thirds (71%) of large- and mid-sized China A Index constituents disclosed their Scope 1 and 2 emissions, up from just 38% in 2021.²⁸

Emission reduction targets are also increasing rapidly, with just over a quarter of companies in the China A Index now having set at least one long-term target according to LSEG data. Moreover, between 2024 and mid-2025, China recorded the fastest growth worldwide in companies adopting science-based targets, increasing from 137 to 450 companies.²⁹

Comprehensive transition planning is still less common across Chinese corporates, with only five of China’s 50 largest companies having disclosed a detailed transition plan according to LSEG analysis.³⁰ However, this is expected to increase rapidly as trial disclosures are becoming fully established and sector-specific guidance is increasingly developed.

23 Government of the People’s Republic of China, China charts path to unified sustainability disclosure by 2030, 2024 [[Government of People’s Republic of China](#)]

24 Government of the People’s Republic of China, Notice on the issuance of the Corporate Sustainability Disclosure Standard No. 1 - Climate (Trial), 2025 [[Government of People’s Republic of China](#)]

25 Transition Plan Taskforce, Disclosure Framework, 2023 [[IFRS](#)]

26 Hong Kong Exchanges and Clearing Limited, Exchange Publishes Conclusions on Climate Disclosure Requirements, 2024 [[HKEX](#)]

27 KPMG, China Stock Exchanges Finalised Mandatory Sustainability Reporting Requirements for Larger Listed Entities, 2024 [[KPMG](#)]

28 LSEG data, 2026

29 Science Based Targets Initiative, SBTi Trend Tracker, 2025 [[SBTi](#)]

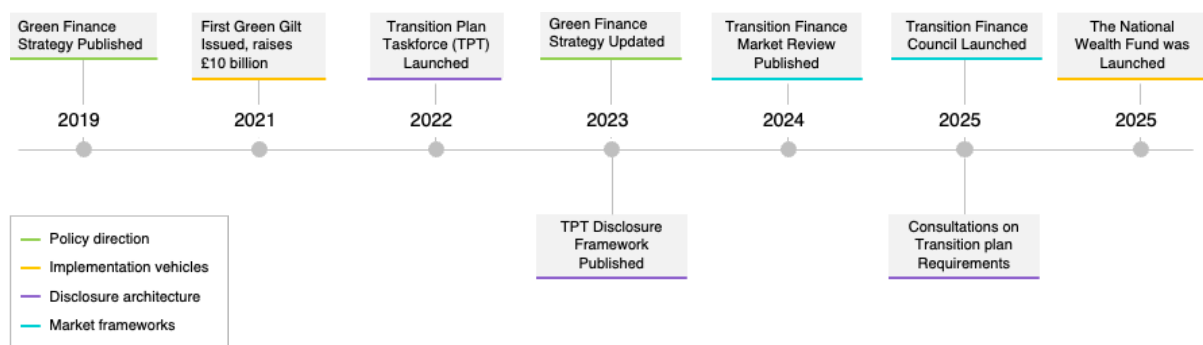
30 Based on LSEG transition plan data covering disclosures that include either quantified measures and milestones, or datapoints showing the breakdown of actions linked to overall GHG emissions targets.

4. Green and transition finance in China and the UK

The transition to a low carbon economy requires both transition finance, which supports the decarbonisation of carbon intensive sectors, and green finance, which directs capital towards climate solutions. Globally, this requires investments at a significant scale - with the IEA estimating that decarbonising existing carbon-intensive assets requires mobilising US\$4 to 5 trillion over the next decade alone.³¹ Based on LSEG data (Q1, 2026), the global green economy now exceeds US\$10 trillion in market capitalisation, accounting for almost 10% of the global listed equities market as of Q1 2026.³²

In this context, the UK and China are both developing increasingly sophisticated approaches to fast growing green and transition finance markets. This section assesses the current state in both countries, focusing on the development and uptake of financial instruments, standards, and supporting regulatory frameworks.

Figure 4. *The Evolution of Transition Frameworks in the UK. Source: Transition Finance Market Review.*



Green bond markets

Green bonds, where proceeds are earmarked for financing or refinancing projects with environmental benefits, are among the oldest and most developed green financing mechanisms. According to LSEG data, total outstanding tradeable

31 IEA, Net Zero by 2050, 2021 [IEA]

32 LSEG, Investing in the green economy, 2026 [LSEG]

green bonds exceeded US\$3.3 trillion by the end of 2025³³, with estimates of the cumulative issuance of labelled debt to date being more than twice the size.³⁴

China has been developing its green bond markets for over a decade. According to LSEG data, issuers from China have raised in excess of £50bn on the SBM across more than 60 transactions. In 2015, the People's Bank of China (PBoC) issued guidelines standardising criteria and categories for green bond projects – a critical step in establishing China's green financial system.³⁵ In its latest 2025 iteration, the *Catalogue of Projects Supported by Green Finance*, the catalogue establishes unified recognition standards for green financial products, including green bonds, green loans, and green insurance.³⁶

Issuance from corporates, multilateral institutions, central and local governments in China has grown rapidly, exceeding US\$124 billion in 2025 (see figure 5) – making China now the world's largest green bond market by cumulative issuance. In tandem, the transition bond market is quickly scaling up. Such bonds include transition-linked bonds, which tie terms to issuers' transition or emissions-reduction targets. By the end of 2025, the cumulative issuance of transition-related bonds had approached RMB 300 billion, with more than RMB 70 billion issued in 2025 alone, representing a year-on-year increase of 10%.³⁷

The London Stock Exchange launched the first dedicated green bond segment by any major exchange in 2015, later expanding it into the Sustainable Bond Market (SBM) in 2019.³⁸ LSEG analysis estimates that since its inception, the SBM has helped raise £359.2 billion through 967 issuances from over 190 entities.³⁹ The UK has also sought to develop a sovereign green bond market through green gilts. Since launch in 2021, the UK Government Green Financing Programme has raised more than £51 billion through green gilts and retail Green Savings Bonds to support the financing of clean transport, renewable energy, energy efficiency, nature protection and climate adaptation.⁴⁰

The UK has also become a key international hub for green bond listings. In April 2025, China issued its first overseas RMB-denominated sovereign green bond in London. The RMB 6 billion issuance was conducted under China's Sovereign Green Bond Framework, supporting RMB internationalisation and underscoring London's role as a bridge between China's green finance system and international investors.⁴¹

33 LSEG, Indexing impact bonds: insights into a growing and maturing market, 2026 [LSEG]

34 Climate Bond Initiative, Sustainable debt market reaches USD7tn, 2026 [Climate Bonds Initiative]

35 People's Bank of China, China Green Bond Endorsed Project Catalogue, 2015 [People's Bank of China]

36 People's Bank of China, China Green Bond Endorsed Project Catalogue, 2015 [LSEG]

37 Hou, M. Y. (2026, March 5). Dagong Global: 2025 annual transition bond market operation report. [Sina Finance]

38 LSEG, Sustainable Bond Market, [LSEG]

39 LSEG, Sustainable bonds on the London Stock Exchange – a decade of innovation, 2025 [LSEG]

40 HM Government, UK Government Green Financing Programme, 2025 [HM Government]

41 The State Council – The People's Republic of China, China issues first overseas RMB-denominated sovereign green bond in London, 2025 [The State Council – The People's Republic of China]

Figure 5. China green bond issuance has grown rapidly. Source: LSEG data (2026).

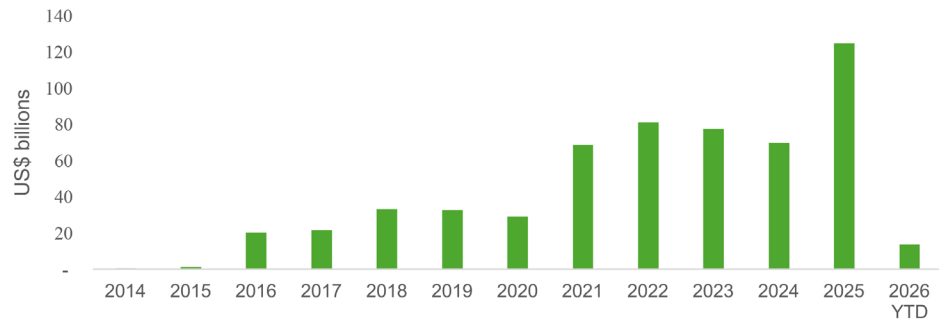
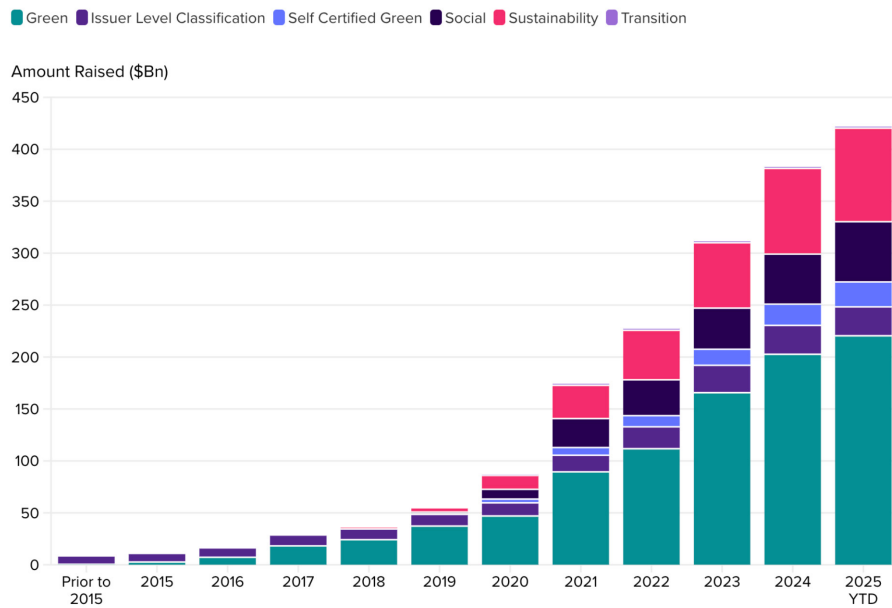


Figure 6. Cumulative issuance on London Stock Exchange's Sustainable Bond Market. Source: LSEG data (2026).⁴²



Source: London Stock Exchange, data as of 31 May 2025 • Note: The Self Certified Green Bond type includes Self-Certified Social, Green, and Sustainability bonds that do not have an external review. Issuer Level Classification includes both sustainability-linked bonds and Green Revenues bonds.

This growing cross-border activity is also reflected in the development of market tools supporting international investors' access to offshore RMB green debt. As part of the UK-China Green Finance collaboration, FTSE Russell and China Construction Bank have jointly launched the FTSE CCB Dim Sum (Offshore CNY) Green Bond Index. The index provides transparent benchmarking of the offshore RMB green bond universe and illustrates how UK-China partnerships can support the internationalisation and scalability of China's green finance market.

42 LSEG, Sustainable bonds on the London Stock Exchange - a decade of innovation, 2025 [LSEG]

Green loan markets

Bank lending plays a central role in China's financial system and in the allocation of capital to both green and transition activities. In recent years, policy attention has increasingly focused on developing transition lending to support emissions reductions in carbon intensive sectors.

Transition loans in China generally take three forms: use of proceeds loans financing specific projects; entity level loans supporting companies with credible transition plans; and performance linked loans where financing terms are tied to sustainability outcomes. By the end of July 2025, transition loans in pilot regions have been reported to exceed RMB 60 billion, signalling growing demand for financing that supports emissions reductions within existing industrial assets.⁴³

In practice, transition lending is closely integrated into banks' credit processes. Financial institutions assess borrower or activity eligibility under national or local transition finance taxonomies, evaluate transition plans including emissions reduction targets, technology pathways and use of proceeds, and may link loan pricing to agreed performance indicators while monitoring outcomes as part of post-lending management.

Green and transition investing in equity markets

Equity markets have also been an important vector for green and transition finance. Green listed equities globally have been growing strongly for over a decade with a CAGR of 18%.⁴⁴ Data based on to LSEG's Green Revenues Classification System (GRCS), which maps revenue flows from green products and services across listed companies and funds globally, indicates that 12% of the total listed market capitalisation in China and 5% in the UK can now be attributed to green products and services. Together, this accounts for c. US\$1 trillion in green market capitalisation in 2026 across both countries.⁴⁵

Enabling investors to better identify equities with exposure to green products and services across value chains can help to channel capital towards the green economy. To support this the London Stock Exchange introduced the Green Economy Mark in 2019, an identification tool designed to highlight listed companies and funds that derive 50% or more of their revenues from green products and services, as defined by the GRCS, which maps revenues of listed companies and funds to defined green activities, providing a granular view of green exposure. As of 2026, over 95 companies and funds listed on the

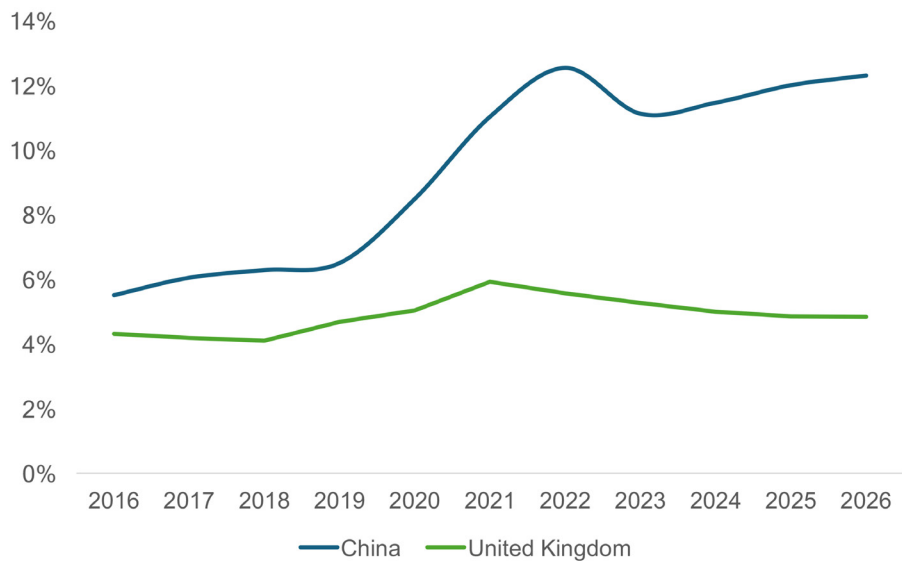
43 Lei, Y., & Li, D. S. (2025, September 25). Zhang Bei: Transition finance pilot loans exceed 60 billion yuan, supporting urban development. [21st Century Business Herald]

44 LSEG, Investing in the green economy, 2026 [LSEG] with following link: <https://www.lseg.com/en/insights/investing-in-the-green-economy-2026-resilience-and-reacceleration>

45 LSEG, Investing in the green economy, 2026 [LSEG] with following link: <https://www.lseg.com/en/insights/investing-in-the-green-economy-2026-resilience-and-reacceleration>

exchange, representing market capitalisation of over £180 billion have been provided the Mark.⁴⁶ This type of earmarking of equities with green products and services has also been facilitated by the emergence of green taxonomies around the world, such as the Common Ground Taxonomy (CGT).⁴⁷

Figure 7. Percentage of green market capitalisation of China and UK listed corporates (2016 - 2026).



Source: LSEG data (2026)

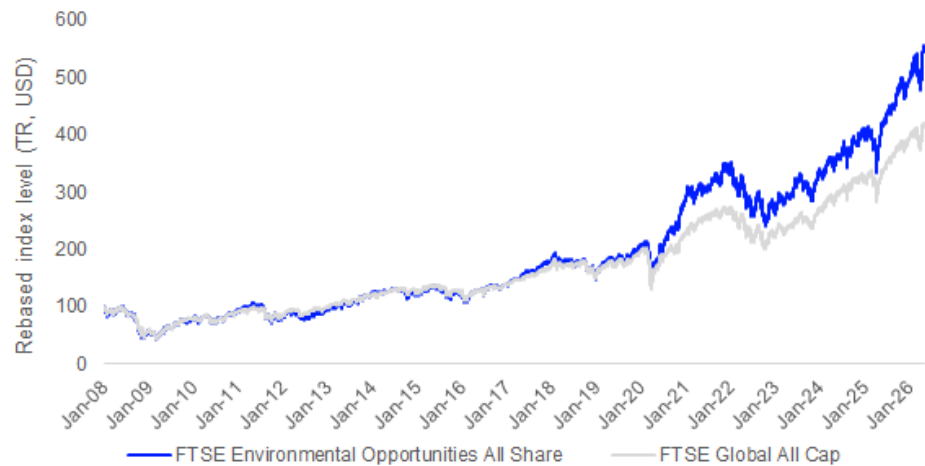
Investors have also benefited from approaches to help direct capital to carbon-intensive segments of the economy where businesses have begun to transition. Initiated by a group of UK asset owners in 2017 - and now supported by over 150 investors globally with over US\$90 trillion in assets under management and advice - the Transition Pathway Initiative (TPI), for example, assesses the carbon performance and climate management quality of listed corporates globally with a focus on 10 carbon intensive sectors.⁴⁸

46 LSEG, Green Economy Mark Report 2025. [LSEG]

47 International Platform on Sustainable Finance, Common Ground Taxonomy - Climate Change Mitigation, 2021 [European Commission]

48 TPI, State of the Corporate Transition 2025, 2025 [TPI]

Figure 8. Strong long term performance of the green economy vs market. Source: LSEG data (2026).



These datasets have been used by investors to direct corporate engagement efforts but also may serve as an input for investment decisions, including through transition index solutions. For example, FTSE Russell has incorporated TPI data and the UK Transition Finance Classification System into its climate indices, such as the FTSE TPI Climate Transition Index Series. As a result, index solutions leveraging TPI data have now grown to over US\$100 billion in assets under management.⁴⁹

In the UK, the development of green and sustainable finance has also been encouraged through the introduction of the UK Sustainability Disclosure Requirements (SDR) in 2023.⁵⁰ The UK SDR requires asset managers to provide detailed, product-level disclosures on sustainability characteristics of funds that make sustainability claims in their fund descriptions. It also introduces a set of voluntary sustainability labels, including Sustainable Focus, Sustainable Improvers, and Sustainable Impact, intended to capture both funds investing in already sustainable assets and those supporting the transition of companies and assets over time.

49 LSEG, Still tracking: analysing corporate decarbonisation intentions with TPI MQ scores, 2025 [LSEG]

50 Financial Conduct Authority (FCA), Sustainability Disclosure Requirements (SDR) and investment labels, 2023 [FCA]

Opportunities for China-UK collaboration on green and transition finance

As major economies engaged in the low-carbon transition, China and the UK share a strong interest in scaling green and transition finance. This creates strong opportunities for deeper bilateral and international collaboration, particularly in the lead up to the UK's G20 Presidency in 2027.

1. Enhance the interoperability of green and transition finance in China and the UK

Both the UK and China's disclosure frameworks are increasingly showing alignment with ISSB standards, facilitating comparability across jurisdictions and providing a shared baseline for climate related financial reporting and transition planning.

This creates a strong foundation for the UK and China to enhance interoperability in a limited number of high-impact areas, including climate disclosure expectations, transition plan assessment criteria, and green and transition finance criteria.

To support this, joint reference tools and a common-ground transition finance framework could reduce disclosure burdens for corporates and support investors in further scaling green and transition finance. In practice, such a framework would combine elements of credible transition plan requirements and industry taxonomies to facilitate cross-border transactions, including transition bonds.

2. Scale up corporate transition planning and link it with NDCs

Transition plans should be further embedded as a core tool for linking corporate strategy with financing needs. The UK and China should support the development, standardisation, and uptake of credible transition planning through capacity building, peer-to-peer learning and practical tools, including simplified approaches for SMEs. Strengthening the ability of financial institutions to assess these plans will be essential to unlocking financing demand.

Through its climate disclosure standards, China has started to encourage companies to communicate targets, transition strategies and scenario assumptions in a manner aligned with national climate objectives, including its NDC.⁵¹ The UK is consulting on similar requirements, including how credible corporate transition plans could be compared with its national net-zero commitments.⁵² Over time, clearer understanding of how corporate transition plans compare to national climate targets could

51 Government of the People's Republic of China, Notice on the issuance of the Corporate Sustainability Disclosure Standard No. 1 - Climate (Trial), 2025 [[Government of People's Republic of China](#)]

52 HM Government, Transition plan requirements: implementation routes, 2025 [[HM Government](#)]

improve transparency and comparability, and strengthen the link between public climate goals and private capital allocation.⁵³

3. Strengthen data and capabilities

Expanding the availability of high quality, comparable, firm level emissions and environmental data is critical to enabling credible green and transition finance. Both countries should prioritise the further development of robust climate data infrastructure, enhance verification and assurance frameworks, and improve the availability of decision useful, forward-looking information for market participants.

In parallel, there is a need to share best practice and strengthen institutional capabilities – including among regulators, financial institutions, and data providers – to assess transition-related risks and opportunities. Greater alignment with international benchmarks, alongside the systematic exchange of best practices, can improve data consistency and interoperability across jurisdictions, reducing information barriers and supporting more efficient cross-border investment.

4. Broaden green and transition finance markets

Transition finance markets should be expanded to include a wider range of asset classes and instruments such as private markets, insurance, and fund-based solutions. Developing capital market tools, including transition-related indices, can have an important signalling function for corporates, help mobilise institutional investment and deepen market participation. A more diverse product landscape will better match the varied risk and return profiles of transition activities.

5. Boost incentives and collaboration

Stronger incentives and risk-sharing mechanisms are needed to mobilise private capital, particularly for early-stage or hard-to-abate sectors. Public finance, blended finance structures, and targeted policy incentives can help improve project viability and crowd in investment. The UK and China should also strengthen cross-border collaboration, including pilot transactions and joint efforts in third countries, to scale practical deployment of transition finance.

53 IIGCC, Making NDCs investable – the investor perspective, 2024 [IIGCC]



About the City of London Corporation

The City of London Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK.

We aim to:

- Contribute to a flourishing society
- Support a thriving economy
- Shape outstanding environments

By strengthening the connections, capacity and character of the City, London and the UK for the benefit of people who live, work and visit here.

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