
Stakeholder event—disclosures about transition plans

Date	25 February 2025
Time	Morning session 9:30 – 11:30 GMT Afternoon session: 14:00 – 16:00 GMT
Location	Video Conference

This paper has been prepared for discussion at a stakeholder event to inform the work of the IFRS Foundation. This paper does not represent the views of the International Sustainability Standards Board (ISSB) or any individual ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the *ISSB Update*.

Introduction and purpose of the event

IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* (ISSB Standards) require an entity to disclose information about its sustainability and climate-related risks and opportunities that is useful for users of general purpose financial reports in making decision relating to providing resources to the entity.

Disclosures on an entity's plans to address any targets it has in place to transition to a lower-carbon economy—often called transition plans—are a growing proportion of corporate climate-related disclosures.

IFRS S2 requires that information be disclosed if an entity has such a plan. To reduce fragmentation and the related cost and complexity for preparers seeking to comply with transition plan disclosure requirements, the IFRS Foundation is developing a guidance document to support application of these requirements (IFRS guidance document). This guidance document will build on the disclosure-specific materials authored by the Transition Plan Taskforce (TPT) for which the IFRS Foundation is now responsible and are now housed on the [IFRS Sustainability Knowledge Hub \(TPT materials\)](#).

The IFRS guidance document will build on the TPT materials, tailoring these materials as needed to ensure global applicability and to deliver full compatibility with the ISSB global baseline and IFRS S2's focus on *disclosures* of the climate-related risks and opportunities affecting an entity's prospects, to meet the needs of investors and the capital markets. While transition plans are an important mechanism to enable entities to establish and meet climate-related targets and can be effective as a policy tool to achieve policy objectives, the ISSB Standards are policy-neutral. As educational material, the IFRS guidance document cannot add to or change the requirements in ISSB Standards.

The IFRS Foundation has organised this event to obtain information from stakeholders to support the ISSB in its work to tailor the TPT materials.

About the Transition Plan Taskforce (TPT)

The TPT was established by the UK Government at COP 26 to develop a framework for transition plan disclosures.

The TPT began its work in Spring 2022 and published its disclosure framework in October 2023, informed by feedback from regulators and multilateral bodies internationally.

In April 2024 the TPT published final sector-specific materials, including deep dive transition plan guidance materials for seven sectors.

The IFRS Foundation has assumed responsibility only for the TPT's disclosure-specific materials (13 documents). Other legacy TPT content—including guidance on the transition planning process—has been assumed by the International Transition Plan Network.

TPT materials for which the IFRS Foundation has assumed responsibility

- 1 - *TPT Disclosure Framework*
- 2 - *Explore the Disclosure Recommendations*
- 3 - *Sector Summary*
- 4 - *Asset Managers Sector Guidance*
- 5 - *Asset Owners Sector Guidance*
- 6 - *Banks Sector Guidance*
- 7 - *Electric Utilities & Power Generators Sector Guidance*
- 8 - *Food & Beverage Sector Guidance*
- 9 - *Metals & Mining Sector Guidance*
- 10 - *Oil & Gas Sector Guidance*
- 11 - *TCFD Recommendations and Guidance—TPT Disclosure Framework Technical Mapping*
- 12 - *IFRS S2 Climate-related Disclosures—TPT Disclosure Framework Technical Mapping*
- 13 - *TPT Disclosure Framework—European Sustainability Reporting Standards Comparison*

These 13 documents are available on the [IFRS Sustainability Knowledge Hub](#).

Topics to cover at this event

At this event, we expect to cover the following topic areas:

Topic 1 – Relationship between IFRS S2 and the TPT Disclosure Framework

Topic 2 – Differences between IFRS S2 and the TPT materials: normative statements beyond disclosure

Topic 3 – Differences between IFRS S2 and the TPT materials: policy-oriented or jurisdiction-specific statements

Topic 4 – Differences between IFRS S2 and the TPT materials: disclosure outside the ISSB's remit

We will allow some time for other discussion points, such as next steps in the development of the IFRS guidance document.

Topic 1 – Relationship between IFRS S2 and the TPT Disclosure Framework

The TPT Disclosure Framework is designed to complement, and build on, wider climate-related disclosure requirements in IFRS S1 and IFRS S2. The TPT Disclosure Framework uses the definitions in ISSB Standards for:

- a climate-related transition plan (Appendix A of IFRS S2 states that a climate related transition plan is 'an aspect of an entity's overall strategy that lays out the entity's targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions'); and
- material information (Appendix A of IFRS S1 states that 'in the context of sustainability-related financial disclosures, information is material if omitting, misstating, or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity).

IFRS S2 includes several requirements that are relevant to transition plans but does not require an entity to have a transition plan.

For example:

- paragraph 9(c) of IFRS S2 requires an entity to disclose the effects on the entity's strategy and decision-making of climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects, including information about its climate-related transition plan; and

- paragraph 14(a)(iv) of IFRS S2 requires disclosure of any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies.

The TPT Disclosure Framework provides recommendations on what a good practice climate transition plan should cover. The TPT considers that its recommendations can be used as guidance to help entities to report more effectively on the transition plan-related aspects of IFRS S2 as part of wider sustainability-related reporting.

The TPT has developed a technical mapping which sets out the main requirements in IFRS S2 that contain disclosure requirements relevant to transition plans. For each requirement, the TPT has identified the recommendations in the TPT Disclosure Framework that an entity may wish to consider as a source of additional guidance when making its disclosures (refer to TPT document 12 - [IFRS S2 Climate-related Disclosures—TPT Disclosure Framework Technical Mapping](#)).

Main discussion points

- Whether the IFRS guidance document can provide recommendations on what a good practice climate transition plan should cover, complementing IFRS S2 without changing the requirements in IFRS S2 and its focus on improving *disclosures* about transition plans.

Topic 2 – Differences between IFRS S2 and the TPT materials: normative statements beyond disclosure

The TPT Disclosure Framework includes different sections, which serve different purposes. The first part of the TPT Disclosure Framework provides context for the TPT initiative and three guiding principles: (a) ambition, (b) action and (c) accountability. The TPT Disclosure Framework is organised across five elements, which are detailed in 19 sub-elements. Each sub-element is supported by a series of disclosure recommendations, which the TPT views as relevant for all good practice transition plans, subject to materiality assessment, and examples of disclosures that an entity may consider, but may not be relevant to all entities.

In some places, the TPT materials make statements of a normative nature, suggesting expectations or prescriptions about how an entity should manage its business, particularly in the first part of the TPT Disclosure Framework. Such statements fall outside the purview of the IFRS Foundation and the ISSB. IFRS S2 does not include such statements.

For example, in some places, the TPT materials make statements about how an entity should prepare its transition plan rather than focusing solely on what information the entity should disclose about that plan.

The document says, for example, that the TPT ‘has been tasked to engage with non-UK governments and regulatory networks to support conversations on how to build *‘common baselines and principles for transition planning.’* [emphasis added]. The TPT Disclosure Framework also refers to ‘The Transition Planning Cycle,’ in which the TPT provides guidance to entities on developing and iterating their transition plans.

Similarly, the TPT Disclosure Framework recommends that, in designing its transition plan, an entity consider three factors:

- decarbonising the entity;
- responding to the entity’s climate-related risks and opportunities; and
- contributing to an economy-wide transition.

The document explains that entities should not ‘pursue a strategy of “paper decarbonisation” – that is, greening the entity’s own balance sheet in a way that may not necessarily contribute to greening the economy,’ describing such an approach as ‘counter-productive.’ Similarly, in the context of particular industries, the TPT materials frame corporate performance in the context of broader macroeconomic goals and societal objectives. For example, they suggest that ‘the [Electric Utilities and Power Generators] sector needs to be among the first sectors to decarbonize.’ Elsewhere, the TPT materials say that ‘the Metals & Mining sector must ensure that provisions and retraining are put in place for those working on and living near these GHG-intensive operations, so that no-one is left behind in the transition.’

In another section, the TPT Disclosure Framework refers to and elaborates on ‘defining a good practice transition plan’. To define ‘good practice,’ the document cites a range of characteristics, including a transition plan that ‘avoids adverse impacts for stakeholders and society’ and covers the ‘entity’s strategic approach to supporting an economy-wide transition.’ The document also suggests that ‘good practice’ in transition planning reflects the ‘urgency to act’ and aims to ‘protect and enhance long-term value for stakeholders, society, economy, and natural environment’.

The TPT Disclosure Framework also makes several normative statements around ‘good practice’ in preparing a transition plan, noting that the TPT Disclosure Recommendations seek to set out ‘additional recommendations on what a good practice climate transition plan should cover.’ For example, it says, ‘Good practice transition plans should consider Scope 1, 2, and 3 emissions and should prioritise decarbonisation through direct abatement over purchasing carbon credits.’

Main discussion points

- Whether this type of normative statements beyond disclosure included in the TPT materials need to be omitted from the IFRS guidance document to ensure that the IFRS guidance document focus only on disclosure about transition plans consistent with the focus of IFRS S2.
- Whether there are additional examples of such normative statements that would need to be omitted from the IFRS guidance document to ensure that the IFRS guidance document focus only on disclosure about transition plans consistent with the focus of IFRS S2.

Topic 3 – Differences between IFRS S2 and the TPT materials: policy-oriented or jurisdiction-specific statements

The TPT materials make policy-oriented or jurisdiction-specific statements that could be inconsistent with the ISSB’s international purview and policy-neutral position.

For example, when referring to disclosures that an entity may consider, but may not be relevant to all entities, the TPT materials refer to using the UK Green Taxonomy to classify products and services in transition plan disclosures and to the UK Stewardship Code for disclosing information about engagement activities. The sector guidance materials, which include examples of resources that entities might find helpful, refer to UK-specific laws, regulations and other instruments, including the UK’s Nationally Determined Contribution to the Paris Agreement, Climate Change Act, Sixth Carbon Budget, Adaptation Reporting Power, Adaptation Monitoring Framework, Climate Change Committee and Food Data Transparency Partnership, Energy UK’s Climate Change Risks and Adaptation Responses for UK Electricity Generation, the Courtauld Commitment 2030, and the UK Critical Mineral List. Specific policy and regulatory references such as those cited could create challenges for entities in other jurisdictions.

In the document’s introduction, the TPT Disclosure Framework refers to both the Paris Agreement and the Convention on Biological Diversity, citing ‘the need to pursue their goals.’ Elsewhere, the document states that a ‘good practice’ climate transition plan should ‘respond to relevant national and international commitments by governments such as Nationally Determined Contributions (NDCs) in the Paris Agreement.’

The TPT materials also refer to broader policy-related objectives in the context of particular sectors—for example, where they state that ‘the role of [several sectors] is critical in achieving the Sustainable Development Goals.’ To meet such goals, the materials say that ‘a fundamental transformation in business and finance is required.’

Main discussion points

- Whether this type of policy-oriented or jurisdiction-specific statements in the TPT materials need to be omitted from the IFRS guidance document.
- Whether there are additional examples of policy-oriented or jurisdiction-specific statements included in the TPT materials that would need to be omitted from the IFRS guidance document.

Topic 4 – Differences between IFRS S2 and the TPT materials: disclosure outside the ISSB’s remit

The TPT materials recommend some disclosures that fall outside the remit of the ISSB. These disclosures include, for example, disclosures intended to meet the information needs of a range of users with various objectives and disclosures focused on an entity’s contributions to social, political or macroeconomic aims.

For example, in providing general context for the TPT initiative, the first part of the TPT Disclosure Framework states that a transition plan has ‘many users’ and ‘can serve many purposes.’ The document lists seven such purposes, with only some that align with the ISSB’s remit—that is, those focused on meeting the common information needs of investors, lenders, capital markets and preparers themselves. However, the remaining stated purposes fall outside the ISSB’s remit, including those focused on the needs of policymakers and regulators, financial supervisors and regulators, stakeholders at large, and climate finance instruments and products.

The same idea is expressed elsewhere in the document. For example, the TPT Disclosure Framework says ‘In addition to including transition plan disclosures as part of its general purpose financial reports,¹ the TPT regards it as *good practice* for an entity to publish its transition plan in a single standalone document that sits alongside its general purpose financial reports,’ noting that in such a standalone report, the entity ‘may also consider including some information ... that may not be material to users of its general purpose financial reports, but may nevertheless be decision-useful to other stakeholders’.

¹ ISSB Standards require an entity to provide sustainability-related financial information as part of its general purpose financial reports.

Among the TPT's recommended disclosures themselves, some items extend beyond what the ISSB might contemplate, including disclosures about:

- An entity's contribution to the economy-wide transition

For example, recommendation 1.1 (for the TPT sub-element Strategic Ambition) calls for the disclosure of information about how an entity is 'using the levers and capabilities it has available to embed and accelerate a transition to a low-GHG emissions climate-resilient economy.'

- An entity's 'responsible retirement' of GHG-intensive assets

However, recommendation 2.1 (for the TPT sub-element Business operations) does not define what is meant by 'responsible,' or to whom the responsibility is owed.

- Metrics and targets related to GHG removals

For example, recommendation 4.3 (for the TPT sub-element GHG metrics and targets) provides for the disclosure of 'information about GHG removals from activities such as land use, land use change, bioenergy, and carbon removal technologies.' In the disclosure considerations section of the recommendation, the TPT suggests that entities prepare such disclosures by following the Greenhouse Gas Protocol Land Sector and Removals [Draft] Guidance and the recommendations of the SBTi's Forest, Land and Agriculture Guidance.

- Use of carbon credits²

For example, recommendation 4.4 (for the TPT sub-element Carbon credits) calls for the disclosure of 'an explanation of why the entity is employing carbon credits,' and 'whether and how the entity identifies and manages the impacts and dependencies of carbon credits on its stakeholders, society, the economy.' In the disclosure considerations section of the recommendation, the TPT suggests that this disclosure may include, for example, 'information about whether and how the project contributes to the sustainable development of the host country' [...] proof that the principle of Free, Prior and Informed Consent (FPIC) and Do No Harm were respected with local communities where the project is situated; and, where appropriate, proof that projects respect, and ideally enhance, the rights of Indigenous peoples and local communities (IPLCs).'

The TPT Disclosure Framework also notes that, 'the TPT views these as relevant disclosures for all good practice transition plans, subject to a materiality assessment.'

² IFRS S2 requires an entity to disclose information about its planned use of carbon credits.

Main discussion points

- Whether this type of *good practice* additional disclosures need to be omitted from the IFRS guidance document.
- Whether there are additional examples of disclosures outside the ISSB's remit included in the TPT materials that would need to be omitted from the IFRS guidance document.