
Stakeholder event— Disclosures about transition plans

25 February 2025

Participants

- IFRS Foundation staff
- Two ISSB members (for each session)
- Jurisdictional authorities
- Regulators
- Standard setters
- Representative bodies
- Initiatives interested in disclosures about transition plans

Moderator



Roberta Ravelli
Technical staff
IFRS Foundation



Luz Gomez
Technical Market Engagement Manager
IFRS Foundation

Purpose of this event

- IFRS S2 *Climate-related Disclosures* 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.
- 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 Foundation has organised this event to obtain information from stakeholders to support the ISSB in its work to tailor the TPT materials

Approach to incorporate the TPT materials into IFRS guidance document

Objective

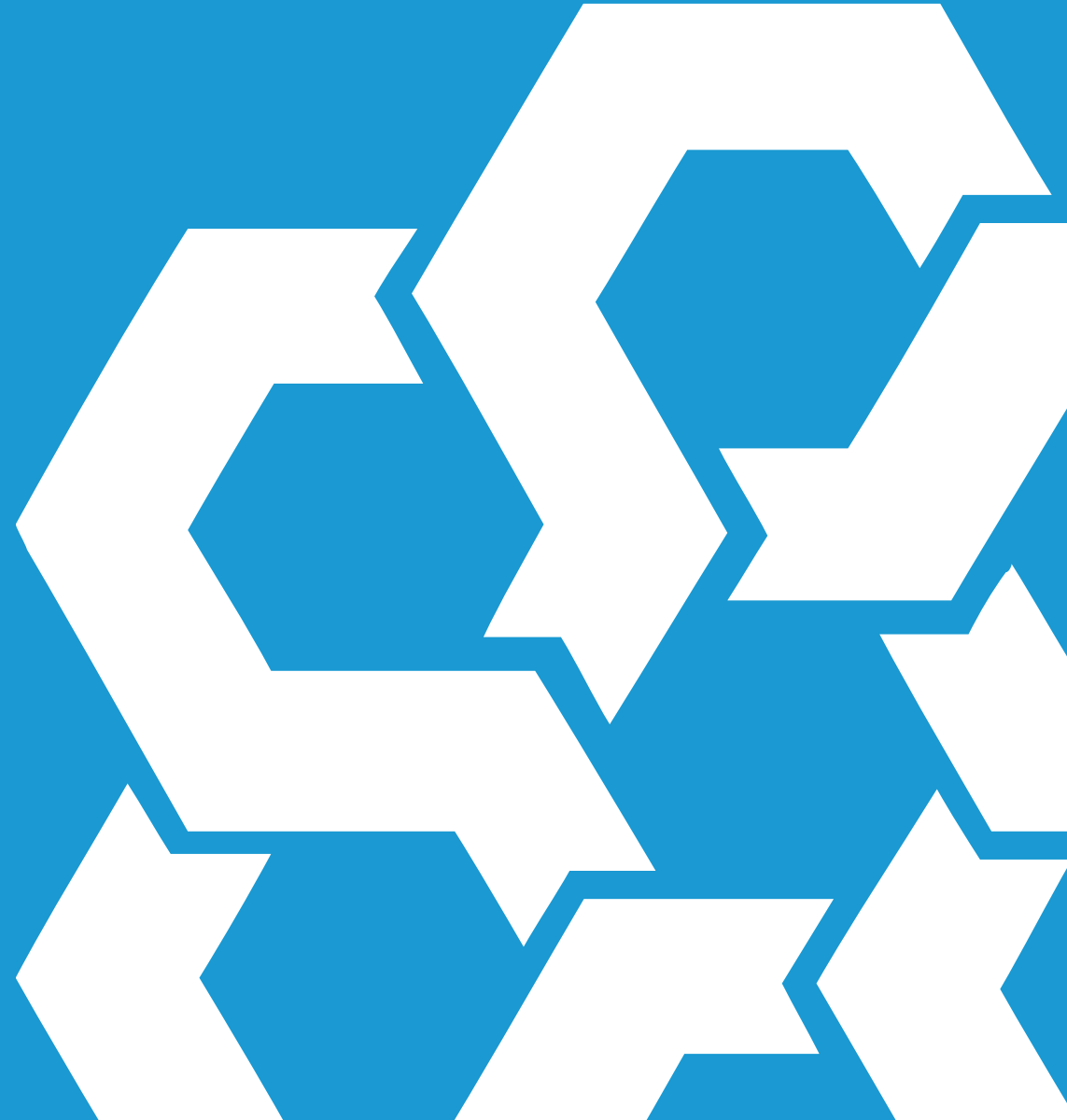
Tailor the TPT materials:

- 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

Areas of focus of differences between TPT materials and IFRS S2

- Normative statements beyond disclosure
- Policy-oriented or jurisdiction-specific statements
- Disclosure outside the ISSB's remit

1 - Relationship between IFRS S2 and the TPT Disclosure Framework



What is a transition plan and what does IFRS S2 require?

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:

- how the entity has responded to, and plans to respond to, climate-related risks and opportunities;
- how its business model is changing, or is expected to change;
- what direct or indirect adaptation or mitigation efforts it is undertaking or planning to undertake;
- any plan the entity has to transition towards a lower-carbon economy, including the key assumptions and dependencies on which the plan relies;
- how the entity plans to achieve its climate-related targets, including any GHG targets;
- how the entity is resourcing, or plans to resource, its response to climate-related risks and opportunities; and
- any progress against its previously reported plans.

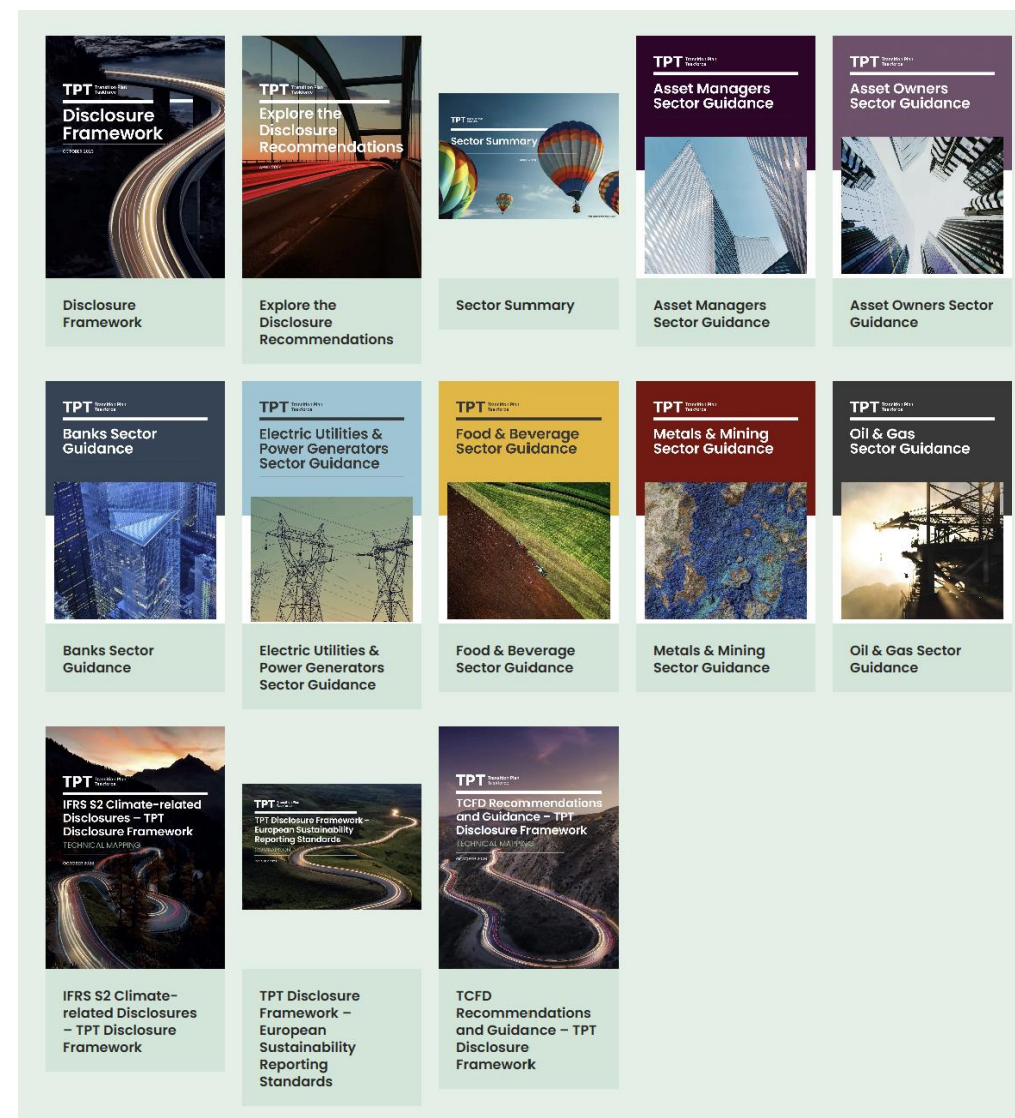
(see paragraph 14 of IFRS S2)

‘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.’

(Defined term in Appendix A of IFRS S2)

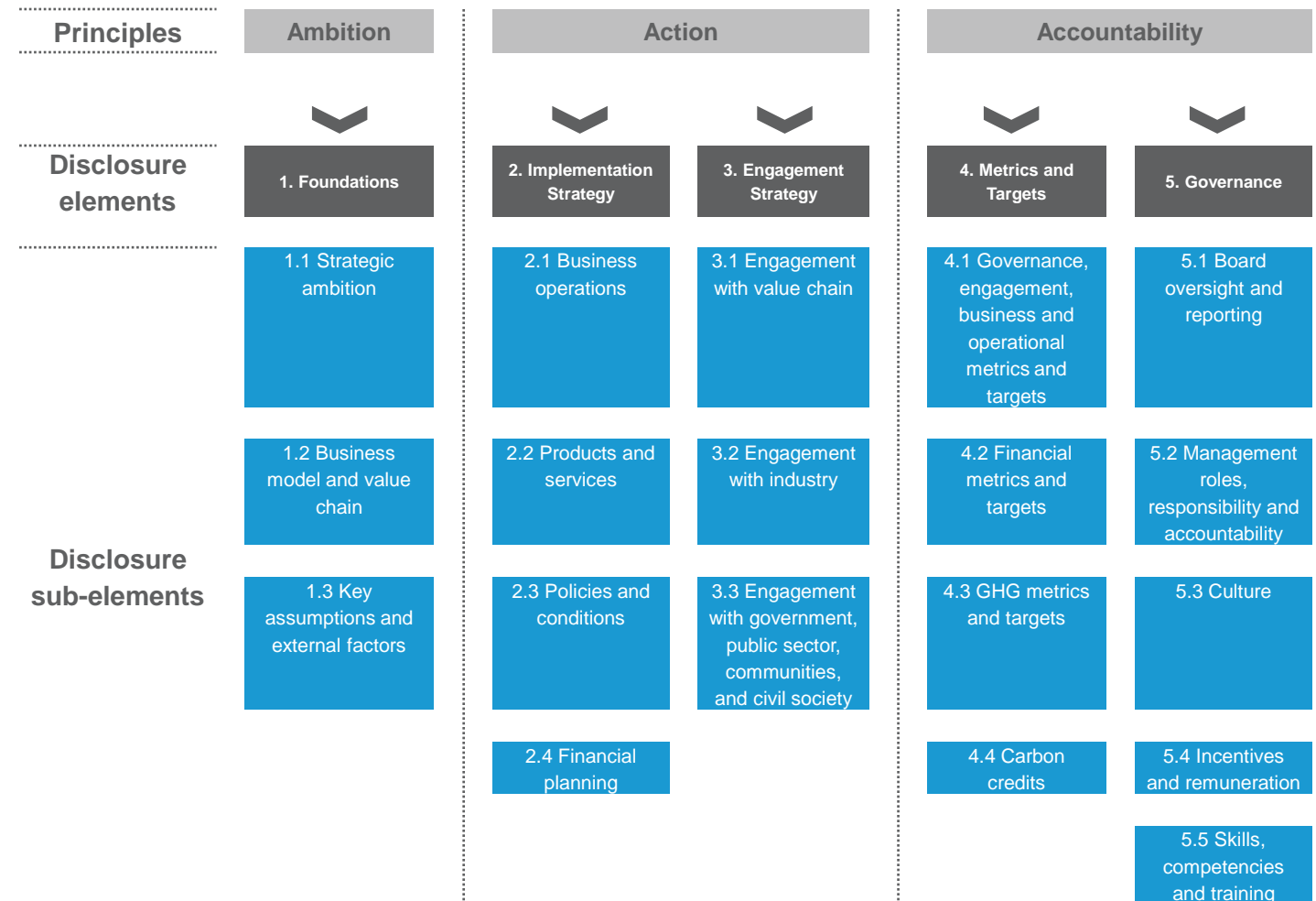
TPT materials

- The TPT was established by the UK Government at COP 26 to develop a framework for transition plan disclosures
- It 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 Disclosure Framework: structure

- The TPT Disclosure Framework has three guiding principles:
 - ambition
 - action
 - accountability
- It is organised across five elements, which are detailed in 19 sub-elements.
- Each sub-element is supported by a series of disclosure recommendations.
- [*IFRS S2 Climate-related Disclosures–TPT Disclosure Framework Technical Mapping*](#) provides a mapping between the requirements in IFRS S2 relevant to transition planning and the recommendations in the TPT Framework that the TPT considered as a source of additional guidance for entities when making disclosures.



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

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



Normative statements beyond disclosure

- In some places, the TPT materials make statements of a normative nature, suggesting expectations or prescriptions about how an entity should manage its business - for example, about how an entity should prepare its transition plan rather than focusing solely on what information the entity should disclose about that plan.
- IFRS S2 does not include such statements.

Examples of normative statements beyond disclosure included in the TPT materials

‘the [Electric Utilities and Power Generators] sector needs to be among the first sectors to decarbonize.’

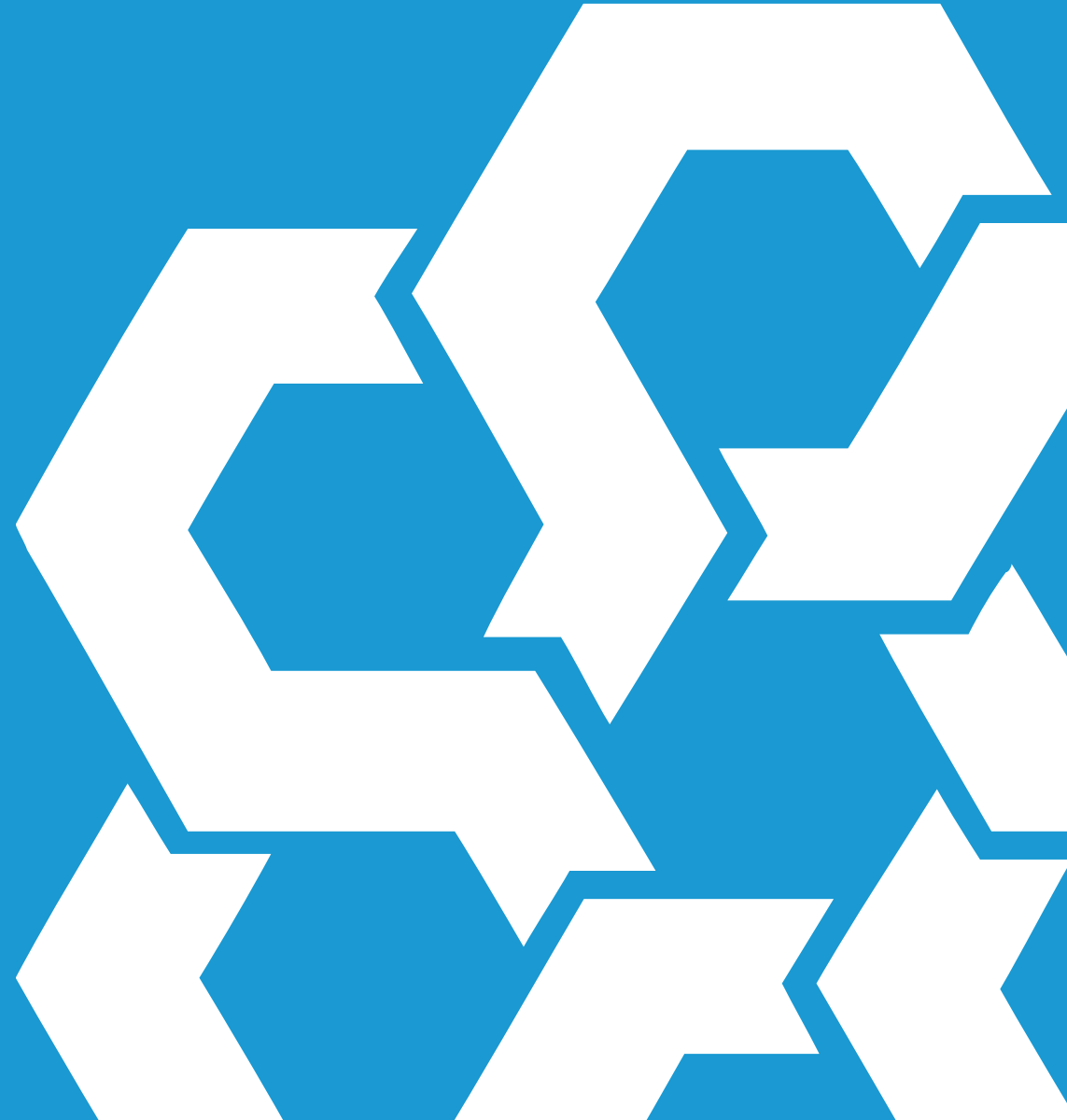
‘the Metals & Mining sector must ensure that provisions and retraining are put in place for those working on and living near these GHG-intensive operations, so that no-one is left behind in the transition.’

‘Good practice transition plans should consider Scope 1, 2, and 3 emissions and should prioritise decarbonisation through direct abatement over purchasing carbon credits.’

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.

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



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.
- The sector guidance materials refers to UK-specific laws, regulations and other instruments that could create challenges for entities in other jurisdictions.¹

Examples of policy-oriented or jurisdiction-specific statements included in the TPT materials

“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 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.”

¹ Examples of UK-specific laws referred to in the TPT materials include: 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, the UK Critical Mineral List.

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.

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



Disclosure outside the ISSB's remit

- The TPT materials recommend some disclosures that fall outside of the remit of the ISSB. For example, disclosures intended to meet the information needs of a range of users, 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.

Examples of disclosure outside the ISSB's remit included in the TPT materials

'[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.'

'[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.'

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.

Closing



Next steps

- Continued engagement with IFRS stakeholders, including with corporates
- Drafting of IFRS guidance document
- Expected publication in Q2 2025

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