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IOSCO Publishes Report on Transition Plans Disclosures

Report explores how the related disclosures can support investor protection and market integrity objectives and sets out future considerations for key stakeholders

IOSCO has today published a [Report](#) on Transition Plans Disclosures. Developed by IOSCO's Sustainable Finance Taskforce (STF), the Report sets out how transition plans disclosures can support the objectives of investor protection and market integrity, shares challenges and key findings which point towards a series of coordinated actions for IOSCO and other stakeholders to consider in the future which concern four main aspects:

1. Where transition plans are published, encouraging consistency and comparability through guidance on transition plan disclosures,
2. promoting assurance of transition plan disclosures;
3. enhancing legal and regulatory clarity and oversight, and
4. building capacity.

On consistency and comparability, stakeholders suggested additional guidance on transition plans disclosures could clarify disclosure expectations and lead towards more standardized information. They see alignment of guidance on transition plans disclosures as key so that investors can understand and compare information across different jurisdictions, even though national transition plans requirements may differ.

IOSCO's Report therefore welcomes the IFRS Foundation's [plan](#) to develop educational material and, if needed, application guidance to support transition plans disclosures that provide investors with the information needed to make informed decisions about risks and opportunities. IOSCO encourages the International Sustainability Standards Board (ISSB) to maintain a high level of interoperability of the IFRS Sustainability Disclosure Standards with key jurisdictional standards as they develop this educational material.

To enhance clarity, IOSCO also encourages relevant standard setters to consider providing markers on what would constitute forward-looking information, in accordance with their standards and governance processes. This can support reporting entities in managing potential liability risks while disclosing much needed forward-looking, climate-related, information.

Jean-Paul Servais, Chair of IOSCO's Board and Chair of the Belgium Financial Services & Markets Authority (FSMA), said: *"Climate transition plans are becoming increasingly used by companies. To help investors and issuers, IOSCO publishes today a comprehensive report on transition plan disclosures. In this respect, IOSCO welcomes the ISSB's announcement on developing educational materials in this area and invites them to continue their efforts with regards to alignment of standards and guidance. We will continue to engage with the ISSB in this process."*

The Report highlights the five most useful components of transition plans disclosures that were suggested by market participants in IOSCO's outreach:

- 1) Ambition and targets;
- 2) Decarbonization levers and action plan;
- 3) Governance and oversight;
- 4) Financial resources and human capital, and;
- 5) Financial implications.

Rodrigo Buenaventura, Chair of IOSCO's Sustainable Finance Task Force, commented: *"Comparable, consistent and reliable disclosures of transition plans may have a positive effect on market participants' ability to make informed decisions, ultimately benefiting both investors and the integrity of the capital markets. High-quality transition plans are key to navigate the transition towards lower GHG emissions, a climate-resilient global economy and are relevant to all jurisdictions, entities and investors".*

IOSCO intends to continue its engagement with key stakeholders, including the IFRS Foundation, while promoting market integrity and mitigating greenwashing risks with regards to transition plans, thus supporting investors' informational needs and the ability of markets to price sustainability-related risks and opportunities and support capital allocation.

Notes to Editors

1. IOSCO is the leading international policy forum for securities regulators and the global standard setter for financial markets regulation. It develops, implements and promotes adherence to internationally recognized standards for financial markets regulation and works closely with other international organizations on the global regulatory reform agenda.

2. The organization's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions. By providing high quality technical assistance, education and training, IOSCO supports its members to come together to achieve the following three objectives.

- Enhance investor protection;
- Ensure markets are fair and efficient;
- Promote financial stability by reducing systemic risk.

3. The IOSCO Board is the governing and standard-setting body of IOSCO and is made up of 35 securities regulators. Mr. Jean-Paul Servais, the Chair of Belgium's Financial Services and Markets Authority (FSMA) is the Chair of the IOSCO Board. Mr. Shigeru Ariizumi, Vice Minister for International Affairs, Financial Services Agency, Japan, Dr. Mohamed Farid Saleh, Executive Chairman of the Financial Regulatory Authority, Egypt, and Mr. Rostin Behnam, Chair of the U.S. Commodity Futures Trading Commission, are the Vice-Chairs of IOSCO Board.

4. In July 2023, IOSCO endorsed the ISSB's Sustainability-related Financial Disclosures Standards <https://www.iosco.org/news/pdf/IOSCONEWS703.pdf>

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