



IOSCO's Final Report on Transition Plans

February 2025

Transition plans represent a key element of information related to climate change, as they structure the strategic plans and risk management processes proposed by an entity to address the risks, opportunities and potential changes associated with the transition to a lower carbon economy. Entities increasingly consider such plans necessary to ensure appropriate access to capital markets. Moreover, publishing such transition plans allows investors to properly assess an entity's ability to manage risks and take advantage of opportunities related to climate change.

The Report of the International Organisation of Securities Commissions (IOSCO) on Transition Plans aims to establish an appropriate framework related to climatic transition plans that will significantly strengthen investor protection and market integrity. The Report analyses the regulatory and industry practices in place related to the transition plans developed by issuers and capital markets intermediaries. To carry out such analysis, IOSCO has collected relevant data through industry engagement in several roundtables with market participants, bilateral meetings with credit rating agencies and companies of the financial sector, as well as a survey among members of its Sustainable Finance Working Group.

IOSCO's approach in the development of this Report is based on a detailed analysis of the current regulatory frameworks and practices developed by financial sector participants in different countries.

What are the most relevant aspects of the transition plan according to those participating in IOSCO's consultation activities?

The five key elements of the transition plan identified through IOSCO's consultation are as follows:

1. **Ambition and goals:** This element describes the entity's general objective related to climate change, together with specific and measurable goals to guarantee the transition to a low carbon economy.
2. **Decarbonisation levers and action plan:** Specific strategies and actions suggested by the entity to achieve its goals related to the environment, including precise steps to reduce greenhouse gas emissions.
3. **Governance and supervision:** Planning the organisational structure, roles and responsibilities required to manage and monitor the implementation of the transition plan.
4. **Financial resources and human capital:** Details on the allocation of financial and human resources needed to effectively implement the transition plan.
5. **Financial implications:** Description of the estimated financial impact resulting from the implementation of the transition plan, including the risks and opportunities linked to a sustainable economy.

The Report highlights the need for the published information to be consistent and comparable, indicating that the lack of a shared definition for “transition plan” and the absence of specific guidelines or directives pose challenges for standardisation.

What are the main challenges mentioned in the Report regarding the disclosure of the transition plans?

The Report highlights several challenges related to the publishing of the transition plans.

Lack of a shared definition: The Report states that there is no widely accepted definition of transition plans, which may lead to inconsistencies and make the comparison of information across entities more complex.

Insufficient guidance on transition plan disclosure: The Report highlights the lack of specific overall guidance for the publication of the transition plans. While several jurisdictions are implementing regulations requiring the disclosure of information related to climate transition, the absence of a globally coordinated guide could lead to significant data gaps for investors.

Absence of relevant information: The Report brings light to important information gaps in the current transition plans. Such gaps include a wide range of information, such as the costs and obstacles associated with the transition, the challenges entities face, the methodologies applied and details on adaptation measures that contribute to improving resilience to the impact of climate change.

Lack of consistency and comparability: The Report highlights the lack of consistency and comparability of the data provided. The information currently provided is often more qualitative than quantitative, providing little detail on the financial impact of transition-related factors such as capital expenditure and operating costs.

Variations in level of detail and format: The Report indicates variations in the level of detail and presentation format of the information included in the transition plans. Some entities submit comprehensive plans, while others provide minimal information. Moreover, there is no consistent format to publish transition strategies and mechanisms, which makes comparisons across entities and sectors difficult.

Absence of external verification: The Report reflects the concerns surrounding the lack of an external verification system (assurance) of the information contained in transition plans, an issue raised by survey respondents and industry participants. The absence of independent verification gives way to doubts about the reliability and comparability of the information presented in the transition plans.

Publication of forward-looking information: The Report identifies uncertainty in relation to the publication of forward-looking information as a result of concerns about potential legal liability risks. This could prevent entities from providing detailed forward-looking information, despite its value to investors in assessing transition plans and climate strategies.

How does IOSCO plan to address these challenges?

IOSCO plans to address these challenges and promote the publication of transition plans through its efforts in the following four areas:

Promotion of consistency and comparability through the issue of guidelines: Acknowledging the current lack of standardisation and the proliferation of different regulatory and policy frameworks, IOSCO stresses the importance of more consistent and comparable information on transition plans. The Report notes that stakeholders have expressed an interest in greater alignment of requirements for published information, thus facilitating comparability across entities and jurisdictions. To such effects, IOSCO has welcomed the IFRS Foundation’s plan to develop educational material and guidelines to support the publication of high-quality information.

Fostering of data reliability: IOSCO stresses the importance of promoting external verification processes to increase the reliability of the information contained in transition plans. The Report states that verification by independent third parties can play a vital role in confirming the accuracy, rigour and consistency of published information, ultimately creating a sense of trustworthiness among investors and other stakeholders. IOSCO supports the timely completion of the international standards for external verification regarding sustainability and ethics currently being developed by the IAASB and IESBA.

Promote greater legal and regulatory clarity regarding supervision: Given the potential legal repercussions for entities publishing forward-looking information, IOSCO encourages supervisory bodies to provide clear guidelines on what constitutes forward-looking information in the context of transition plans.

Development of competencies: IOSCO acknowledges the need to establish and promote greater development of qualifications to support the effective implementation of frameworks and guidance applicable to the transition plans. The Report mentions that such initiatives should aim at improving the readiness of entities, independent verifiers and investors.

The aforementioned aspects highlight IOSCO's commitment to promoting transition plans that actively contribute to investor protection and market integrity. Lastly, the Report underlines the importance of collaboration between supervisors, issuers of international standards and market participants to address the challenges identified and to foster sound transition plans that contribute to a more sustainable financial system.

Link of interest:

[Final Report on Transition Plans](#)