

To: Corporate Reporting - Investments & Sustainable Finance WG
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Subject: IFRS Foundation publishes guidance on disclosures about transition plans

Summary

On 23 June, the IFRS Foundation published a new guidance document titled "*Disclosing information about an entity's climate-related transition, including information about transition plans, in accordance with IFRS S2*", reinforcing its commitment to supporting implementation of the IFRS Sustainability Disclosure Standards (ISSB Standards): [here](#).

The [guidance](#) supports entities in applying IFRS S2 Climate-related Disclosures, helps them provide high-quality information on their climate-related transitions, and covers disclosures related to any transition plan, including both mitigation and adaptation strategies.

While IFRS S2 does not require entities to have a transition plan, it does require disclosure of material information about sustainability-related risks and opportunities that could reasonably affect an entity's prospects. This includes information about how the entity addresses climate-related transition and physical risks.

Key points from the guidance:

- It defines a climate-related transition as a strategic process through which an entity sets targets, takes action, and allocates resources to respond to climate-related risks and opportunities.
- It clarifies the information entities should disclose under IFRS S2 if they have a strategy to transition to a lower-carbon and/or climate-resilient economy—such as reducing GHG emissions or adapting business models.
- It complements existing jurisdictional frameworks that may set out more detailed requirements or recommendations for transition plans.

Next Steps

This guidance does not alter the requirements of IFRS S2. The IFRS Foundation will continue monitoring disclosures and assess whether further application guidance is needed. Any amendments to IFRS S2 will follow the Foundation's standard due process, including public consultation.