

**A&O SHEARMAN**

## **Roadmap to climate resilience: a legal steer on transition planning**

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Businesses operate in a world needing to transition to a net zero economy. It is increasingly necessary to consider the implications of the transition for your organisation's overall strategy, business model and value chain. To that end, the development and disclosure of credible, comprehensive and comparable transition plans are widely acknowledged to be critical for achieving an orderly net zero transition.

Mandatory disclosure of transition plans (or information about them) will become the new normal across a growing number of jurisdictions. As those requirements rapidly emerge, global norms for transition plan disclosures are crystallising. In a significant move to harmonise transition plan disclosures, the International Financial Reporting Standards (IFRS) Foundation announced that it will assume responsibility for the disclosure-related materials developed by the UK Transition Plan Taskforce (TPT), including the TPT Disclosure Framework.

To promote standardised best practice in transition plan disclosures internationally, the TPT Disclosure Framework has been crafted for global applicability. It complements and builds on the requirements of the International Sustainability Standards Board (ISSB) and the Task Force on Climate-related Financial Disclosures (TCFD) and is aligned with the transition plan guidance of the Glasgow Finance Alliance for Net Zero (GFANZ). It is poised to become an influential gold standard for businesses to disclose robust and credible transition plans in the UK and beyond.

In this article, we highlight critical developments and key considerations for businesses looking to adopt, update and disclose transition plans. Specifically, we explain:

1. the key drivers for developing and disclosing a transition plan;
2. the trend towards mandatory adoption and/or disclosure of transition plans; and
3. key questions to consider when developing a transition plan in view of the TPT Disclosure Framework.

We help businesses with transition planning, including by providing strategic advice on streamlining transition plan disclosures with sustainability reporting, assessing transition plans to mitigate legal risks, as well as pre-empting and managing complex legal risks associated with carbon credits.

To request for a copy of our article, please [click here](#).

We are delighted to support the Transition Finance Market Review as the Secretariat's legal advisor. The market-led review, commissioned by the UK government, will issue a final report in autumn 2024 with recommendations for scaling transition finance.

