

28 February 2023

By email to: [secretariat@transitiontaskforce.net](mailto:secretariat@transitiontaskforce.net)

Dear TPT Secretariat,

## **Transition Plan Taskforce (TPT) – Response to the consultation on the proposed TPT Disclosure Framework and Implementation Guidance**

We welcome the opportunity to comment on this paper. Deloitte UK has over 20,000 professionals across our Audit and Assurance, Consulting, Financial Advisory, Risk Advisory and Tax & Legal practices. Our responses to the consultation questions draw on our breadth and depth of expertise and we would be keen to meet with members of the TPT to discuss our perspectives in more detail.

We support the valuable and timely work being carried out by the TPT. Producing guidance on the development of transition plans and establishing a robust disclosure framework will support companies in producing high-quality disclosures. In turn, these disclosures will enable investors and other stakeholders to assess companies' progress and performance against their climate-related commitments.

Our engagement with clients and wider stakeholders indicates that many organisations are at a very early stage of developing transition plans and continue to struggle with setting realistic climate-related targets. As such, and in line with our response to the TPT's Call for Evidence in 2022, we believe the most pressing need is for guidance on how to develop a high-quality transition plan. Whilst the TPT Implementation Guidance does so to a certain extent, we believe it could go significantly further in supporting companies if its primary focus was on how to put in place a credible transition plan, rather than how to implement disclosure requirements. The Task Force on Climate-related Financial Disclosures (TCFD) Knowledge Hub can provide as a useful model of how to galvanise best practice and help accelerate action, having acted as a convener of knowledge, resources, and good practice to support implementation of the TCFD recommendations.

We strongly support adoption of the International Sustainability Standards Board's (ISSB) sustainability standards in the UK as a critical step towards achieving a global baseline of sustainability information. While the Framework is consistent in purpose with the TCFD and ISSB proposed standards, it is not fully aligned. Given the UK Government's intention to endorse the ISSB's new sustainability standards (expected to be published in final form before the end of June 2023), we strongly encourage the TPT to fully adopt the ISSB definitions and relevant disclosure requirements with any further disclosures that are

deemed necessary to meet the UK's ambition for the gold standard of reporting on transition plans, clearly signposted as an add-on to the ISSB baseline.

We encourage TPT to engage with legislators and regulators on how the TPT disclosures are brought into the UK regulatory framework. We recommend that any legal requirements are narrowly defined with the ISSB standards identified as the applicable reporting standards and the TPT Disclosure Framework as additional application guidance on how to report with sufficient granularity. This approach would provide the flexibility necessary to allow companies to develop transition plans while learning from good practice, and to introduce the TPT disclosure recommendations more formally over time.

The appendix below sets out our detailed responses to the questions. Please do not hesitate to get in touch with any queries.

Yours sincerely

A handwritten signature in grey ink, appearing to read 'V Poole', with a stylized, flowing script.

Veronica Poole  
**Vice-Chair and UK National Head of Accounting and Corporate Reporting**

## Appendix

### Background information

Which of the following best describes your organisation? Please select ONE only.

- Other: Professional services

Please select the option that best describes the financial sub-sector in which you work. Please select ONE only.

- Professional services (including assurance providers, consultants, legal practitioners, and other professional service providers)

Are you a transition plan preparer, a user of other entities' transition plans or both a user and a preparer?

- I both prepare and use transition plans

### Definition

1. The TPT Framework includes a definition of a transition plan. How would you describe this definition?

- b) Overall, the definition provides a sound basis for transition planning, but there are relevant omissions.

As the definition currently stands, it is not fully aligned with the definition of a transition plan used by the International Sustainability Standards Board (ISSB) and Taskforce on Climate-related Financial Disclosures (TCFD). As referred to in our covering letter, we believe full alignment of wording is critical to achieving a global baseline for reporting.

As per the definition of a transition plan used by the ISSB and TCFD, a company must set out targets and actions to reduce its own emissions; the end goal is defined by the company, can be clearly articulated, and measured. The company can assess its progress against its baseline data and targets, and report accordingly.

A key feature of both the definition used by the ISSB and TCFD is the use of metrics and targets as a means of setting ambition and monitoring progress. To ensure metrics and targets are regarded as a key component of a transition plan, and related disclosures, we encourage the TPT to reference metrics and targets within the headline definition.

The TPT's broader definition requires a company to consider how it might *"contribute to a rapid global transition towards a low GHG-emissions economy."* This is consistent with the TPT Disclosure Framework's guiding principle of 'Ambition' which calls for transition plans to set out how the company will *"contribute to and prepare for a rapid and orderly economy-wide net zero transition."* As there is currently no consensus view on what constitutes a broader 'economy-wide' transition, each company will be required to interpret the definition for themselves, before considering how to apply it to their company. This adds a layer of complexity for companies that are still struggling with how to make realistic commitments to reduce their emissions. We recommend the Disclosure Framework should clearly set out what is meant by an 'economy-wide transition', including how this should be interpreted at a company level, to provide better context for preparing the transition plan.

Given the points raised above, we strongly recommend the TPT should align its definition of a transition plan with that used by the ISSB and TCFD and consider a different approach to encourage entities to think about an 'economy-wide' transition. For example, the TPT could request a company to disclose the extent to which it has had regard to the 'economy-wide' transition when preparing its own transition plan. Such an approach would be similar to the Section 172 of the UK Companies Act, which requires a company to disclose how its directors have fulfilled their duty to promote the success of the company while having regard to six specific factors, including the impact of the company's operations on the community and the environment.

## Where & how to disclose: Preparer and User Feedback

2. If your entity has prepared a transition plan, or is planning to prepare a transition plan: to what extent do you agree with the recommendation to:
- a) Publish a standalone transition plan

- Agree

Given the number of disclosures required under the proposed TPT Disclosure Framework, we support the proposal for the detailed transition plan to be contained in a standalone report, alongside annual progress updates as part of annual TCFD- or ISSB-aligned disclosures in general purpose financial reporting (i.e., the annual report).

Clear cross-referencing between the annual report (e.g., disclosures made consistent with the TCFD recommendations) and the standalone report will be important to ensure users can navigate and make connections between the different disclosures. To this point, we also encourage the TPT to explicitly state that in the years a standalone report is published, it should be done in advance of, or at the same time as, but never later than the annual report. This will ensure users of the annual report are able to cross-refer to the most relevant transition plan information.

Consideration needs to be given as to how the requirement to produce a standalone report will fit within the current requirements to include climate-related disclosures in an annual report. Our presumption is the standalone report is meant to be more forward-looking and strategic, albeit with commentary on progress against targets, and that disclosures should be cross-referenced and linked to the annual report where possible, rather than duplicated. Further guidance is needed to clarify which disclosures would be expected in the standalone report or in the annual report, or in both. Please also see our comments on materiality and interdependent issues in our responses to questions 5 and 6.

We encourage the TPT to be mindful of the time and resource commitment that will be required to develop a transition plan for internal use and prepare a standalone report for external publication. Also, to consider this in the context of other reporting requirements that are due to come into effect, e.g., Resilience Statement requirements and the UK Green Taxonomy.

The extent to which the time and resource commitment is an issue will depend on the maturity of a company's thinking around transition planning. We encourage TPT to engage with policy makers and regulators and work with companies to facilitate improvement in the quality and consistency of transition plans over time.

We also encourage policy makers and regulators to ensure that a proportionate approach is used in any move to mandate the TPT Disclosure Framework to reflect differences in companies' size (e.g., SMEs), level of maturity and industry sector impact on climate change. Without this, the likely outcome will be

boilerplate disclosures, resulting from a fear of litigation and lack of reporting capacity, which would be counterproductive to the TPT's intended objectives.

## b) Update the standalone transition plan at least every three years

### ▪ Agree

We agree with the approach of publishing a standalone report once every three years (or more frequently where there are significant changes to the transition plan) – this would be consistent with the setting of, and tracking of progress against, short-term targets.

Further guidance on what might constitute a substantive change and thus require an earlier revision of a transition plan would be helpful. Examples would help to clarify that changes might be driven by internal or external factors, such as changes in stakeholder expectations or government policy.

Such guidance would also play an important role in providing clear parameters to those who might not otherwise be incentivised to prepare a standalone report in interim years. The TPT might consider whether a requirement for boards to state positively in the annual report that there have been no substantive changes to the transition plan in interim years, would help in this regard.

Again, we recommend the TPT adopt a proportionate approach for SMEs in the level of detail required every three years, given it could be resource intensive.

On page 12 of the Framework, with reference to the location of reporting, the Framework states *"in the interim years (Years 1 and 2 in Figure 2 below), progress against the plan and all other content in the plan that is deemed to be material to investors should be reported on an annual basis as part of TCFD- or ISSB-aligned disclosures in general purpose financial reporting (i.e., the Annual Financial Report)."* We have the following comments on this point:

- Given the importance of transition plan information to investors, there is a risk that the recommendation to include 'all other content in the plan that is deemed to be material to investors' is interpreted as reporting most of the information included in the standalone report in general purpose financial reporting every year. We recommend these words are deleted from this paragraph so that the focus is placed on reporting annual disclosures in compliance with ISSB/TCFD requirements, alongside progress against the plan to date.
- From this wording and the diagram, it is unclear whether material information for investors should be reported within the annual report in years when a standalone report is published, i.e., every third year. We recommend the wording (and diagram) be amended to clarify that companies should provide an update on progress against its transition plan, in its annual report, as part of TCFD or ISSB climate-related disclosures, every year.
- We also note that the reference to Figure 2 (as per the Framework extract above) is incorrect and should refer to Figure 3.

## c) Report progress against the plan and all other material content, consistent with corporate reporting norms, as part of annual TCFD- or ISSB-aligned disclosures

### ▪ Strongly agree

We strongly agree progress against the plan be included as part of annual TCFD- or ISSB-aligned disclosures.

Given users are already familiar with the location and language of climate-related financial disclosures in an annual report, including information on transition planning as part of these disclosures is appropriate and helpful. Clear linkage and cross referencing between the annual report and standalone report will be essential for the user to easily reconcile information between the documents.

Assessing the costs and benefits of extracting material information for inclusion in general purpose financial reporting could be more readily determined if the TPT Disclosure Framework clearly identifies which of its disclosures are required above and beyond those set out by the TCFD and ISSB, e.g., by highlighting specific text rather than discussing differences in broad terms, as is currently done in the Technical Annex.

## Where & how to disclose: Reporting Norms

### 3. Reporting Boundaries

- a) The guidance is useful in supporting effective disclosure and is sufficiently detailed.

The guidance is consistent with paragraph 37 of IFRS S1. Given this consistency, we do not believe that any further guidance is required.

### 4. Links between climate-related disclosures and financial statements

- b) The guidance is useful in supporting effective disclosure but lacks sufficient detail.

As previously stated, we agree there should be clear links between transition plan disclosures and climate-related disclosures made in line with TCFD/ISSB requirements. Further guidance and examples are needed to clarify when disclosures are required in the standalone report or in the annual report, or in both, to avoid the risk of unnecessary duplication, particularly as companies integrate sustainability more into their corporate strategy. See also comments on materiality and interdependent issues in questions 5 and 6.

Adopting a 'fair and balanced' approach to disclosing information is essential. For example, the transition plan should not be biased towards business units that are simpler to report on or that appear 'greener' than others. With this in mind, disclosing transition plans on a similar reporting basis to the general purpose financial reporting is appropriate. However, a company's ability to disaggregate data in the transition plan in the same manner as it does in the general purpose financial reporting will depend on the complexity of the business. In some cases, the work effort required to disaggregate the data may outweigh the benefits to the user of obtaining the information. In such circumstances, we would recommend flexibility be given to allow the company to explain why a similar reporting basis has not been used. There are provisions in IFRS S1 that would assist here.

The guidance also states, "*an entity should explain how the implementation of its transition plan is expected to impact its financial planning and reflect this in its financial statements.*" Financial planning does not always have an immediate impact on financial statements. As such, we would suggest amending this sentence to "*...explain impact on its financial statements, when applicable.*"

### 5. Materiality

- b) The guidance is useful in supporting effective disclosure but lacks sufficient detail.

We agree with the TPT's recommendation that "*an entity should approach materiality in the same way in its transition plan, as it does within its general purpose financial reporting.*" This approach is aligned with

the ISSB, and given the UK's commitment to adopt ISSB standards, taking a consistent approach to materiality will be important.

However, the guidance could usefully clarify that “*general purpose financial reporting*” in this context refers to the annual report (as we believe the TPT intends). An explicit statement that the preparer should consider materiality in the same way as applied in a UK reporting framework, with reference to section 5 of the FRC's Guidance on the Strategic Report, would help clarify this further.

We would further encourage the TPT to include a specific provision that a company need not disclose information that is required in the Framework if it has assessed the information resulting from that disclosure as not material.

## 6. Incorporation of interdependent issues such as social impacts, nature and adaptation

b) The guidance is useful in supporting effective disclosure but lacks sufficient detail.

We agree with the principle that consideration of interdependent issues within the transition plan is appropriate. However, we would suggest amending the way in which the TPT guidance currently addresses this matter.

The guidance states “*To mirror the approach taken in the ISSB Exposure draft, an entity should incorporate interdependencies on other sustainability-related issues, such as natural environment, workforce, supply-chains, communities or customers into its transition plan where they are likely to be material for the entity in the short, medium or long-term.*”

As drafted, the reader might infer the ISSB views the transition plan as the starting point for thinking through these considerations. However, the paragraph to which the TPT guidance refers (IFRS S1 Paragraph 17) appropriately discusses interdependent issues in the context of the company's strategy. We recommend, therefore, that the guidance is clarified to explain that interdependent issues should be considered at a strategic level (consistent with the ISSB), and the transition plan is then developed and updated as relevant in consideration of those related matters, with cross-references to the strategic report so companies do not need to duplicate content. For example, if and when there is a change to the reporting requirements on diversity and inclusion following the FCA's and the PRA's stated intention to consult on this, companies should not be expected to duplicate data in a standalone transition report when a cross-reference to the strategic report would suffice.

## 7. Treatment of Uncertainty

b) The guidance is useful in supporting effective disclosure but lacks sufficient detail.

We recommend the guidance specifically reference IFRS S1 and S2 requirements and guidance on disclosure of uncertainties, assumptions, dependencies, estimates and methodologies.

## The Framework: Overall

### 8. In the TPT Disclosure Framework we set out recommendations for entities to report against five elements and 19 sub-elements of a transition plan. Do you agree with the overall framework?

b) Yes, I broadly agree with the overall framework, but I have comments or suggestions.

As referred to in our covering letter, we strongly support adoption of the ISSB sustainability standards in the UK as a critical step towards achieving a global baseline of climate and sustainability reporting. Given the UK government's intention to endorse the ISSB's new sustainability standards, we strongly encourage the TPT to adopt in full the ISSB's definitions and proposals, and only add further disclosures deemed necessary to meet the UK's ambition for the gold standard of reporting on transition plans. Additional TPT disclosures should be clearly identifiable within the TPT Disclosure Framework to assist entities already accustomed to preparing TCFD-aligned disclosures and preparing for disclosures under the new ISSB standards. This approach would also help the user as they navigate the different disclosures.

We note Figure 5 in the Implementation Guidance already indicates how alignment could be achieved by mapping the TCFD pillars to the five elements in the TPT Disclosure Framework.

We make specific comments on alignment of elements and sub-elements in our answer to question 9.

## The Framework and Implementation Guidance: Preparer and User feedback

In this section we provide our responses to the consultation questions on the sub-elements of the disclosure framework from both a user and preparer perspective.

We are broadly supportive of the content within the Disclosure Framework so only draw attention to specific areas where we believe improvements could be made, particularly considering our earlier comments on the importance of achieving a global baseline of sustainability reporting and alignment with the ISSB/TCFD.

### 9. For each of the following disclosure sub-elements, answer the following:

- a) please assess the expected level of difficulty of implementing each sub-element (*preparer*)
- b) please assess the extent to which you expect disclosures in line with our recommendations to be useful for informing your decisions (*user*)
- c) where relevant, how would you suggest we change the disclosure recommendation?

## Foundations

### 1.1 Objectives and Priorities

The TPT Disclosure Framework goes beyond the ISSB's requirements by asking for plans "*for responding and contributing to an early and orderly whole-of-economy transition.*"

Please see our comments in our response to question 1 on using the ISSB/TCFD definition of a transition plan and how to incorporate the reference to an "*orderly whole-of-economy transition.*"

### 1.2 Business model implications

One of the recommendations is to disclose "*material interdependencies of the changing strategy to a low-carbon transition, including significant risks to and opportunities for the natural environment and stakeholders such as an entity's workforce, suppliers, impacted communities, and customers.*"



Given cross-over between UK s172 reporting requirements and this recommended disclosure is likely, it would be helpful to preparers and users if the connection and differences were explained in the Implementation Guidance.

## Implementation Strategy

### 2.1 Business Planning and Operations

No specific comments.

### 2.2 Products and Services

No specific comments.

### 2.3 Policies and Conditions

No specific comments.

### 2.4 Financial Planning

No specific comments.

### 2.5 Sensitivity Analysis

The ISSB has a comprehensive requirement on scenario analysis in its section 'Climate resilience' (IFRS S2 paragraph 18), including assumptions about the way the transition to low-carbon economy will affect the company.

Further information in this section is necessary to explain how the TPT recommendations add to/ inter-relate with the ISSB requirements.

## Engagement Strategy

### 3.1 Engagement with Value Chain

A UK company in scope of s172 reporting is required to explain how its directors have fulfilled their duty to promote the success of the company while having regard to six specific factors which include *"the need to foster the company's business relationships with suppliers, customers and others"* and *"the impact of the company's operations on the community and the environment."*

Given cross-over between s172 reporting requirements and the recommended disclosures in sub-element 3.1 is likely, we believe that the connection and differences should be explained in the Implementation Guidance.

We also note there is no mention of engagement with shareholders in any of the sub-elements on 'Engagement Strategy'. As a key stakeholder group, we recommend the TPT consider further how shareholder engagement is addressed within the Disclosure Framework and Implementation Guidance.

### 3.2 Engagement with Industry

See our comments on sub-element 3.1.

### 3.3 Engagement with Government, Public Sector and Civil Society

See our comments on sub-element 3.1.

## Metrics and Targets

### 4.1 Governance, Business and Operational Metrics and Targets

TPT should fully-align its recommendations with the ISSB and TCFD requirements and only add on further recommendations on top of that baseline. For example, it is not clear to us why the following differences are introduced:

- The TPT Disclosure Framework has separate categories for metrics: governance, business and operational; financial; and GHG emissions. The ISSB does not make this distinction in types of metrics.
- The TPT Disclosure Framework does not include the metrics categories specified by IFRS S2 paragraph 21 and in the TCFD (i.e., GHG emissions; transition risks; physical risks; opportunities; capital deployment; internal carbon price; remuneration).
- The TPT Disclosure Framework does not require disclosure against the ISSB/TCFD metrics categories that are relevant to transition plans.
- The TPT has derived its requirement on the disclosure of targets from IFRS S2 paragraph 23 but does not replicate the requirements in full.

### 4.2 Financial Metrics and Targets

No specific comments.

### 4.3 GHG emissions Metrics and Targets

TPT should fully-align its recommendations with the ISSB and TCFD requirements and only add on further recommendations on top of that baseline. For example, it is not clear to us why the following differences are introduced:

- The disclosures on Scope 1 and 2 are largely consistent with the ISSB. On targets, as per our response to 4.1 above, IFRS S2 paragraph 23 is not replicated in full.
- On Scope 3, the TPT Disclosure Framework differs from the ISSB. The ISSB asks for disclosure of which categories are included or excluded but does not ask for a disclosure as to why categories are not included. Rather, it asks about omissions from measurements in the value chain (e.g., because a faithful measure cannot be obtained) – IFRS S2 paragraph 21 (a)(vi)(4).
- The ISSB have also established a series of reliefs, e.g., a one-year temporary exemption on making Scope 3 emissions disclosures to support companies in addressing some of the challenges with estimating and obtaining consistent data from the value chain.

### 4.4 Carbon Credits

The wording on disclosure on carbon credits is derived from IFRS S2 paragraph 13(b) and could readily be included verbatim. We strongly encourage the TPT to fully align its requirements in this regard.

## Governance

### 5.1 Board Oversight and Reporting

The ISSB includes a requirement to disclose how the board (or relevant body) oversees the setting of targets related to significant climate-related risks and opportunities, and monitor progress towards them, which is not specified in the TPT Disclosure Framework.

The TPT Disclosure Framework should be aligned with the ISSB requirements and should include an explicit reference to boards' responsibilities for overseeing the targets-setting, in addition to existing recommendation to review targets.

Given cross-over between the UK Corporate Governance Code and recommended governance disclosures is likely the connection and differences should be explained in the Implementation Guidance.

## 5.2 Roles, Responsibility and Accountability

No specific comments.

## 5.3 Culture

No specific comments.

## 5.4 Incentives and Remuneration

No specific comments.

## 5.5 Skills, Competencies and Training

No specific comments.

## The Guidance: Interpreting the Sub-Elements

### 10. Do you agree with the content of the interpretative guidance for each sub-element? Please consider the granularity of the information requested when you consider the overall content.

- I broadly agree with the content of the interpretive guidance but would like to provide comments

We are broadly supportive of the content within the Implementation Guidance. Any specific comments are included with our feedback on the sub-elements of the Disclosure Framework in question 9.

## The Guidance: The Four Stages

### 11. Do you agree with the content of the Implementation Guidance for each stage?

#### Stage 1: Baseline current position

- I broadly agree with the content of the guidance but would like to provide comments

It would be helpful to include more tangible examples within this section on 'Analysing interdependencies.' The section refers to conducting a nature impact materiality assessment, and assessing risks and opportunities to broader stakeholders, such as workers and suppliers, but does not provide the detail on how to assess interdependencies or how a transition plan could be impacted.

The guidance in the 'Decarbonisation lever assessment' section reflects the four Glasgow Financial Alliance for Net Zero (GFANZ) aspects of transition finance (i.e., climate solutions, aligned, in the process of aligning, managed phaseout of high-emitting assets). While this section refers to potential strategies to decarbonise, it does not provide guidance on how to implement these strategies. We recommend the guidance is expanded here to include such practical considerations, for example, in the same way that GFANZ has provided further guidance on [managing the phase out of high emitting assets](#).

## Stage 2: Setting Ambition

- I broadly agree with the content of the guidance but would like to provide comments

There is a case for the section on 'Decarbonisation levers assessment' to be combined with the 'Developing a decarbonisation prioritisation', given the former feeds directly into the latter. Added guidance on how to practically do this, i.e., performing the assessment of the levers available and using it to prioritise the chosen levers, would be useful. Tangible examples from best practice would also be helpful.

## Stage 3: Developing an Action Plan

- I broadly agree with the content of the guidance but would like to provide comments

We believe the sections 'Designing a strategic roadmap' and 'Designing a change-management programme' are the two largest pieces of work companies will have to undertake to meet the ambition set out by the disclosure standard. However, they currently only occupy two paragraphs in the implementation guidance; the lack of guidance could see companies adopting a diverse range of approaches. We suggest more guidance is needed in these two sections detailing what is to be expected. It would also be helpful to focus the roadmap and the change-management programme on critical functions and explain which functions are generally expected to be included, or included at a minimum, e.g., whether the action plan is expected to cover functions such as tax, marketing and PR, etc.

The section on 'Considering material interdependencies' is very brief and it is unclear how it relates to 'Analysing interdependencies' in stage 1. We suggest some additional detail may be needed in this section.

## Stage 4: Ensuring Accountability for Delivery

- I broadly agree with the content of the guidance but would like to provide comments

We recommend the section 'Defining roles and responsibilities' should appear earlier in the guidance since it relates to governance. We also suggest additional reference to governance in stages 2 and 3, i.e., when setting out strategic priorities and designing a strategic roadmap to meet them, who is accountable for overseeing this should be defined at that point, rather than waiting for stage 4.

## The Guidance: The Four Stages – Part 2

### 12. Is this guidance sufficiently granular?

#### Stage 1: Baseline current position

- No, the guidance is not sufficiently granular

We suggest more detailed examples of expectations and best practice across the four stages should be included, e.g., similar to the way best practice was included by GFANZ.

More guidance on how the four stages interact, with guidance on transition plans from other companies, would also be valuable.

## Stage 2: Setting Ambition

- No, the guidance is not sufficiently granular

Please see our comments to explain our selection to Stage 1.

## Stage 3: Developing an Action Plan

- No, the guidance is not sufficiently granular

Please see our comments to explain our selection to Stage 1.

## Stage 4: Ensuring Accountability for Delivery

- No, the guidance is not sufficiently granular

Please see our comments to explain our selection to Stage 1.

The Guidance: Additional comments

### 13. Are there any other comments that you would like to provide on the TPT Implementation Guidance?

**Audit:** Given common misconceptions about the scope of the statutory audit of the financial statements, we are pleased to note the Implementation Guidance clarifies the auditor's responsibilities for transition plan disclosures included in the annual report. The guidance explains the auditors' responsibilities are limited to identifying material inconsistencies between "*other information*" and financial statements, and knowledge obtained during the audit (as per International Standards of Auditing (ISA) 720, The auditor's responsibilities relating to other information).

**Assurance:** We welcome the reference to external assurance within the Disclosure Framework and, specifically, the recommendation that entities be "*transparent about the degree to which transition plans are subject to external verification or assurance.*"

We observe that companies are increasingly seeking external assurance over their sustainability disclosures to enhance confidence and trust in reported information. Some jurisdictions are introducing mandatory assurance of sustainability disclosures. We therefore strongly encourage the TPT to engage with the International Accounting and Assurance Standard Board (IAASB) to ensure the TPT recommendations are developed with a view to provide suitable criteria for the purposes of assurance engagements in accordance with the characteristics of suitable criteria set out in the International Standard on Assurance Engagements 3000 Revised (ISAE 3000).