

Submission – Climate-related Transition Planning Guidance

24 September 2025

Overview

The Responsible Investment Association Australasia (RIAA) thanks Treasury for the opportunity to respond to the Climate-related Transition Planning Guidance (TP guidance) [consultation paper](#).

RIAA strongly supports the Government progressing this commitment from the Government's [Sustainable Finance Roadmap](#) released in June 2024. As stated in the consultation paper, “credible and robust transition plans can support a wide range of potential users who may rely on them to guide investment and lending decisions, and understand economy-wide transition levers and pathways.”

RIAA has long supported robust and credible transition planning and disclosure of transition plans, including transparency around offsets, target setting and mitigation strategies. These should be consistent with emerging international transition planning requirements and include information on how the entity's capital expenditure and investment commitments support the transition. This would provide a solid foundation for credible transition planning and target setting and increases transparency, allowing capital markets and investors to make better-informed decisions.

A just energy transition is best supported by integrated thinking, decision-making and reporting due to the wide range of investors and companies involved in the transformation to net zero. In addition, given the substantial intersection between climate/biodiversity and other sustainability issues (including social elements), the transition planning expectations should expand over time to incorporate these issues.

RIAA's response has been informed by the input of RIAA members and outlines whole-of-government solutions to address the concerns outlined in the discussion paper. RIAA thanks those RIAA members who contributed to the development of this response.

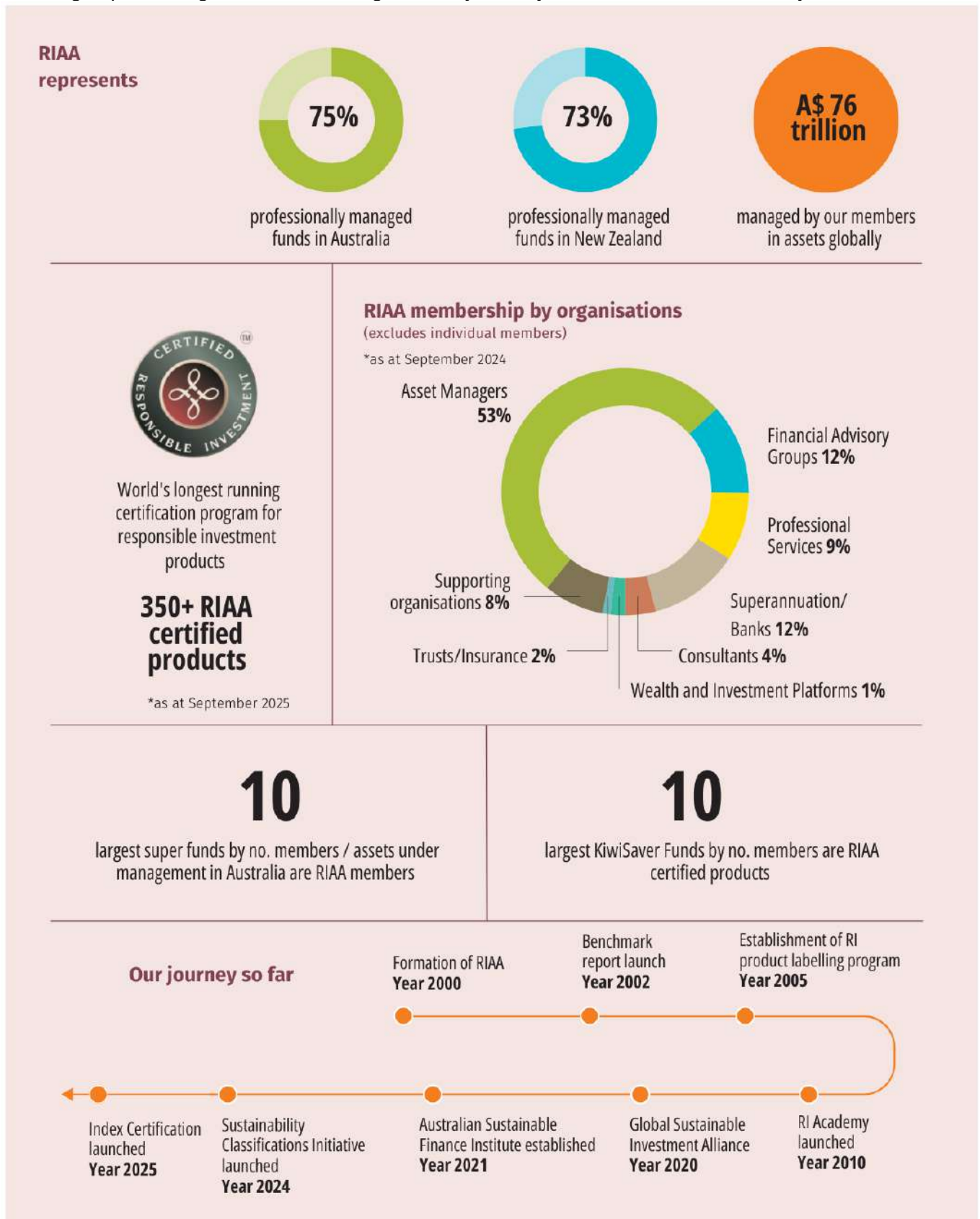
Collaboration with industry

RIAA has been an active participant in the Transition Planning Working Group convened by the Climateworks Centre and the Energy Efficiency Council (EEC). The group brings together a range of representatives across a range of industries with a common purpose to support credible transition plans. We have welcomed the opportunity, through this forum, to engage with Treasury to assist with the next stages of development of the guidance. This Working Group, including RIAA, provided input into the 2025 publication by Climateworks of its [Guide to credibility for corporate climate transition plans](#), drawing on and consolidating 34 global best practice resources.

RIAA supports the submissions of the members of the Transition Planning Working Group.

About RIAA

Established in 2000, the Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and Aotearoa New Zealand. It is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.



General recommendations

Clearly distinguish between ‘transition planning’ and ‘transition plans’

The consultation paper states:

Transition planning is the ongoing strategic process for identifying and responding to climate-related risks and opportunities, including setting climate ambitions and targets, and developing implementation approaches with supporting governance and reporting arrangements. ***Transition plans*** are an output of the transition planning process in a strategic document which outlines an organisation’s targets, actions and resources for a transition towards a lower-carbon economy. (emphasis added)

However, RIAA considers that the guidance provided does not clearly distinguish between guidance for transition planning and guidance for transition plans. In addition, the objective of the TP Guidance is unclear.

- The title, *Climate-related Transition Planning Guidance*, indicates that the intention is to provide guidance to support the strategic process of transition planning c.f. the disclosure requirements for the output of the planning process (i.e. transition plans).
- However, much of the TP Guidance focuses on disclosure of transition plans without sufficient practical, operational guidance provided to the planning process.
- In RIAA’s view, specific guidance (that is more than an introductory overview) on leading practice transition planning from the Government would, at present, be a useful addition to the existing policy and information.

Transition planning documents used internally (i.e. for strategic planning and operational decision-making) may differ significantly in form and detail from externally disclosed plans, which are tailored for transparency, comparability, compliance and stakeholder engagement.

The current draft does not fully capture the dual role of transition planning and transition plans: We recommend the guidance be reviewed to ensure operational guidance for transition planning is delineated from disclosure expectations. For example, references to the IFRS TPT Disclosure Framework should recognise that this is a disclosure framework and explicitly advise on how organisations can bridge internal planning with credible public disclosure.

EXAMPLE

The New Zealand External Reporting Board (XRB) released guidance specifically for staff engaged in transition planning disclosures under the NZ Climate-related disclosure regime (CRD).

- [Transition planning disclosures guidance](#): This guidance provides further, detailed guidance relating to transition planning disclosures to supplement the Guidance for All Sectors. It covers all elements relating to transition planning disclosures.
- [Staff Guidance Transition planning: Questions to get started](#): What is transition planning, where to start, and some common misconceptions.

Provide the regulatory and legal context of the TP Guidance

Description of the TP Guidance

The TP Guidance is being developed as part of the Australian Government’s Sustainable Finance Roadmap. As explained in the consultation paper, “the Australian Government is developing voluntary guidance to support best practice transition planning... The objective of this guidance is to support organisations to address climate risks and opportunities, and to enhance overall financial market resilience.”

While the guidance itself is not a legislative instrument, it is closely aligned with the:

- **AASB S2 Climate-related Disclosures**, which requires entities to disclose information about any transition plans they have prepared.
- **IFRS Transition Plan Taskforce (TPT) Disclosure Framework**, which Treasury proposes to endorse as the recommended structure for transition plans.

The guidance is therefore situated within a broader regulatory ecosystem that includes mandatory sustainability reporting, assurance standards, and ASIC oversight.

Possible legal interactions of the TP Guidance

Although the guidance is non-binding, it may have legal consequences in several ways:

1. **Disclosure requirements under AASB S2:** Entities subject to mandatory sustainability reporting must disclose information about any transition plans they have prepared, including key assumptions and dependencies. The guidance could help ensure these disclosures are robust and credible.
2. **Climate-reporting obligations:** Meeting the disclosure requirements of AASB S2 are necessary for compliance with the legal obligations of under the Corporations Act, as explained in [ASIC Regulatory Guide 280 Sustainability reporting](#) (RG 280).
3. **Use of forward-looking statements:** Transition plans often contain forward-looking statements (e.g. emissions targets, financial forecasts). Such statements must be based on reasonable grounds or risk being misleading: sections 670A(2), 728(2), and 769C of the Corporations Act; section 12BB(1) of the ASIC Act. The TP Guidance and alignment with the IFRS TPT Disclosure Framework could be relevant to demonstrating reasonable grounds for transition-related forward-looking statements.

EXAMPLE

ASIC has previously acknowledged that industry codes and frameworks may help assess whether there’s a reasonable basis for certain types of forward-looking statements. For example, ASIC’s [Information Sheet 214 Mining and resources - Forward-looking statements](#) states:

Industry codes

The obligation to have reasonable grounds for forward-looking statements is a legal requirement separate to any industry code. However, because forward-looking statements – such as production targets, and forecast financial information or income-based cash flow valuations based on production targets – relate to exploration targets, exploration results, mineral resources or ore reserves, you must take into account the relevant professional and industry standards in assessing whether reasonable grounds exist. For mining and exploration reporting in Australia, the industry standard is the JORC Code (PDF 1.12 MB); and for technical expert reports, the VALMIN Code.

4. **Greenwashing risk:** ASIC's RG 280 and related guidance on sustainability reporting and greenwashing emphasise the need for clarity, accuracy, and substantiation of environmental claims. Transition plans that follow Treasury's guidance could help mitigate legal and reputational risks associated with greenwashing.

Recommendations regarding the legal and regulatory premise of the TP Guidance

- **Clarify the legal status** of the guidance in the final document, including its relationship to AASB S2, ASIC expectations and policy, and the Corporations Act.
- **Improve alignment with AASB S2** by including a table which maps the TP Guidance to relevant AASB S2 requirements and remove duplication through cross-referencing where possible and where it does not impact comprehension.
- **Engage ASIC** to provide complementary guidance or commentary on how adherence to the Transition Planning Guidance may support compliance with legal obligations for climate-related financial disclosure, forward-looking statements and other sustainability disclosures.

General considerations for transition planning

RIA refers to submissions made in the [RIA Submission to the Draft Sustainable Finance Strategy December 2023](#) and sets out the following considerations to ensure transition planning has the best chance of success:

- while commencing on a voluntary basis, maintain a pathway towards mandatory, economy-wide transition planning, including the publication of public transition plans.'
- immediate priority given to industries with heavy scope 1 and 2 footprints, such as extractive industries, heavy manufacturing, chemicals and agriculture; as well as sectors with significant scope 3 emissions such as transport. For sectors with a low footprint, reduced requirements for planning could be imposed;
- recognise companies which provide solutions to mitigating or adapting to climate change;
- transition plans should be aligned with the government's sectoral pathways;
- apply the Strategy's 'do no significant harm' principle through the design of transition plan expectations, avoid 'carbon tunnel vision', and ensure business transition planning is flexible enough to incorporate negative impacts on biodiversity, human health and human rights;
- align transition planning with the requirements in the ASRS, being a 1.5°C scenario and a well-below 2°C scenario;
- transition plans should recognise the different reporting needs for financial institutions and companies, and the intended audience and use case for the information;
- for superannuation funds, reporting needs to be in members' best financial interests – for making better investment decisions and assisting members in making informed choices.

Consultation questions

Proposed approach for the transition planning guidance

1) *Do you support transition plan preparers being the target audience for using the guidance?*

RIAA supports transition plan preparers being the primary audience for the guidance. However, we submit that further clarification is required in relation to transition planning vs transition plans: see general recommendation [above](#).

2) *Do you have feedback on the proposed design principles that underpin the draft guidance?*

- a) Internationally aligned*
- b) Supports domestic decarbonisation and adaptation*
- c) Balances ambition and flexibility*
- d) Climate first but not only*

RIAA agrees with the proposed design principles but recommends that the wording ‘climate first but not only’ be amended to phrasing such as ‘recognises interrelated sustainability factors where they exist’. The interconnected nature of sustainability issues throughout the economy means that it is likely that activities which support transition to a net-zero future could have unintended negative consequences for other sustainability factors and policy priorities, such as labour rights, First Peoples’ rights, gender equality and biodiversity, if not considered together.

Similarly, RIAA recommends that the TP Guidance does not separate non-climate sustainability factors to ‘other’. This may indicate that climate transition can be assessed without consideration of how it interacts with other sustainability areas. This subject would benefit from guidance from ASIC to explain how climate-related financial disclosure could best accommodate the proposed TP Guidance.

4) *If you are an end user of transition plan disclosures, are there additional considerations you would like to see included?*

Company transition plans enable investors to understand not just the climate risks and opportunities of a business, but what the company is doing to align its business model to national and global goals for emissions reduction and global warming limits. This is important information for investors, highlighting the likely medium to long term value of an entity, and allow for differentiation between companies.

RIAA supports the proposals for transition plans, as this information is critical for investors to assess the likely medium to long term value of an entity. Additional information that would be enable investors to better understand how a company is implementing its transition plan includes:

- interim targets, to set out and track the trajectory towards long term goals, and
- the governance structures and lines of responsibility to achieve the transition plan.

Information on carbon offsets should enable investors to understand how an entity is reducing emissions, and the credibility and integrity of the offset component. It is important information for an investor to assess an entity's real progress on reducing its impact on climate change, as well as its performance against its transition plan and other aspects of its disclosures.

It would also be helpful for the TP Guidance to make clear the difference between a 'strategic ambition' and a climate target, including any legal implications. Whilst we appreciate that 'strategic ambition' has a defined meaning under the UK TPT, given the legal implications for organisations making forward-looking representations under Australian law, it would be helpful for the TP Guidance to be clear as to how the differences in terminology may impact legal liability.

6) Are there areas where you think the guidance should be more prescriptive and/or are there areas where you think it should be more flexible and why?

RIAA provides the following suggestions for clarification, which would assist users and preparers of transition plans:

Section and page #	Statement	Clarification
Section 1.4, page 18	<i>"Organisations will need to make reasonable assumptions about the future as part of their transition planning"</i>	Whether making assumptions in line with current government policies or climate commitments is reasonable, noting that there is continued debate and potential concern about Australia and the world as a whole meeting some of the targets set out in its own policies e.g. 82% renewable energy target or the 1.5-degree target under the Paris Agreement. This could also assist entities understand what is considered to be reasonable in the context of their own transition plan assumptions.
Section 2, page 20	<i>"An effective implementation strategy ensures the strategic ambition of the plan is not only aspirational but also achievable"</i>	How is "achievability" of a plan measured/considered and how does this link to whether a plan is considered to be made on reasonable grounds?
Section 2, page 20	<i>"The implementation strategy should clearly articulate....a realistic timeframe for implementation, and underlying assumptions and dependencies"</i>	What amounts to a "realistic" timeframe? How should this be assessed? How does this link to "reasonable grounds"?
Section 2, page 20	<i>"Organisations should carefully consider how vulnerable their strategy is to a change in external factors, such as reliance on uncertain technology or changes in cost factors and policies"</i>	How should such an assessment of vulnerability take place – is it through scenario analysis? How often should this vulnerability analysis take place?
Section 4.1, page 32	<i>"These targets should be based on reliable data with transparent underlying assumptions"</i>	Consider including that 'reliable' data may not always be available due to current gaps in data availability and quality, and that such factors are often outside of the control of the reporting entity. Consider also how 'reliability' can be assessed where third-party data providers are used, or where data is estimated.

8) Please provide any additional feedback from a transition plan preparer, user or broader stakeholder perspective on the direction and design of the guidance.

RIA submits that the TP Guidance include clearer integration with AASB S2 *Climate-related Disclosures*, particularly around usability and alignment. Many organisations preparing transition plans will also be subject to mandatory sustainability reporting under the Corporations Act, and the overlap between transition planning and disclosure obligations presents both opportunities and challenges.

To improve usability, the guidance should:

- **Clarify how transition plans can support AASB S2 disclosures**, especially in areas such as scenario analysis, strategic ambition, financial impacts, and governance.
- **Provide cross-references or mapping** between the IFRS TPT Disclosure Framework and AASB S2 requirements to help preparers streamline reporting and avoid duplication.
- **Offer practical advice** on how preparers can use transition plans to meet the expectations of investors, regulators, and assurance providers under the new reporting regime.

This would enhance the relevance of the guidance for both preparers and users, and support a more coherent and efficient approach to climate-related reporting in Australia.

Specific feedback on the Draft Transition Planning Guidance

9) When providing feedback on the draft guidance, please consider:

- a) *Are there areas that could be improved to make the guidance more useful?*
- b) *Is the level of proposed detail sufficient? If not, what additional advice or detail would you like to see provided in the guidance and in which sections and why?*
- c) *Would further use of case studies or examples be of assistance in the guidance? If so, feedback is welcomed on potential case studies or examples.*
- d) *Are you aware of other relevant material that should be included in Appendix A and why?*

RIA submits that the TP Guidance should reference existing frameworks which provide useful operational information.

Dhawura Ngilan Business and Investor Initiative (DNBII or the Initiative)

In October 2021, the DNBII was established to bring together First Nations, business and investor communities to focus on strengthening Australia's First Nations Peoples' heritage laws and standards for the private sector to uphold the human rights of First Nations Peoples. Led by the First Nations Heritage Protection Alliance in partnership with the Global Compact Network Australia (GCNA) and RIAA, this Initiative sees protecting cultural heritage as the responsibility of all Australians, including the finance and business sectors.

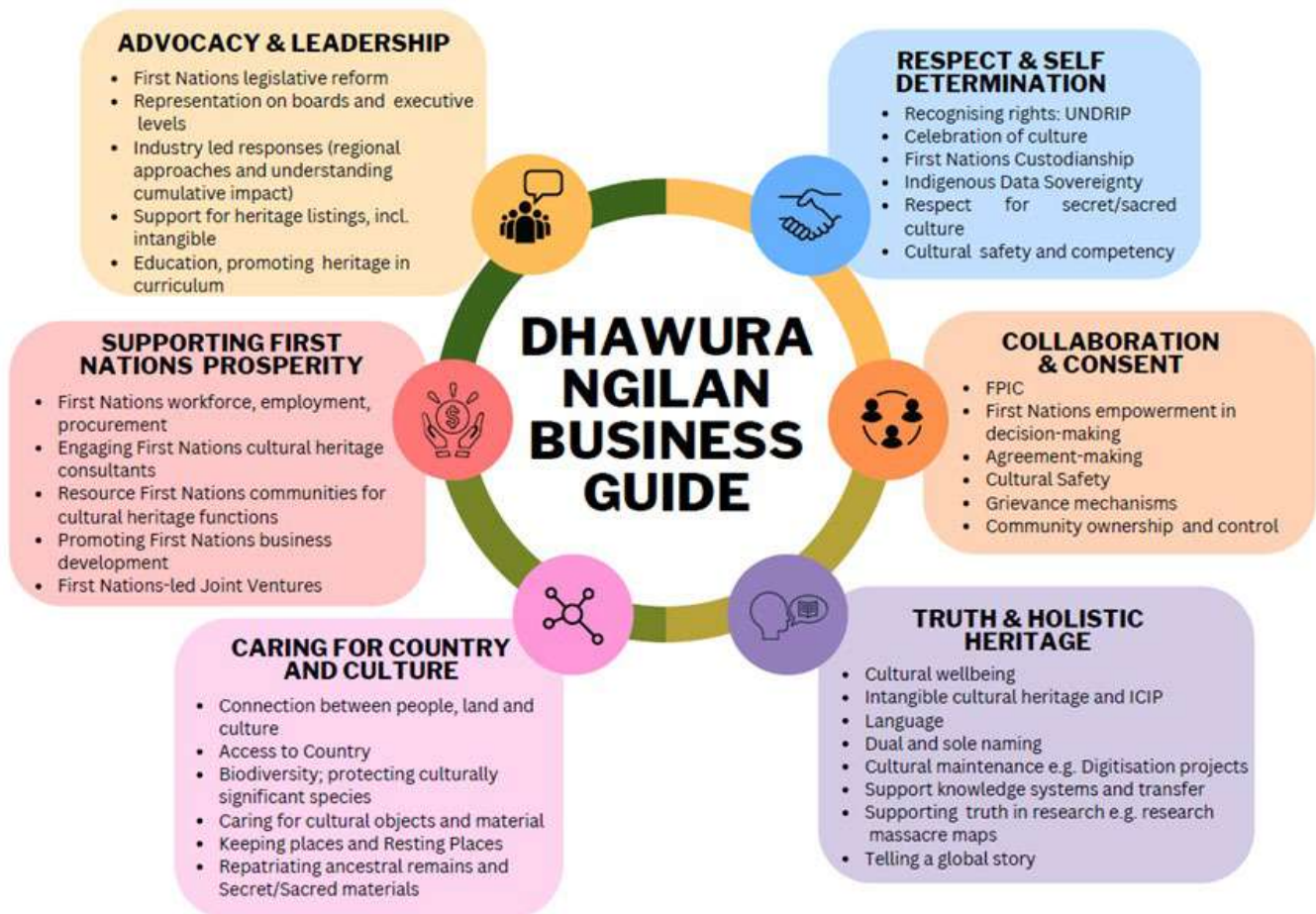
The DNBII launched two documents in March 2024 with then-Minister for the Environment and Water Tanya Plibersek in Canberra:

- [Principles for Businesses and Investors](#); and
- [Business and Investor Guide](#).

These guides provide:

- a set of twenty standards which collectively illustrate the expectations of First Nations peoples for how the private sector will interact with First Nations cultural heritage;
- how to operationalise the Dhawura Ngilan Principles;
- six sections outlining a series of Key Actions associated with each Dhawura Ngilan Principle for different types of businesses; and
- tailored guidance to assist investors to integrate cultural heritage considerations into decision making, including during due diligence, assessing disclosures, corporate engagement, and stewardship.

The Dhawura Ngilan principles for the private sector are as follows:



The principles and actions contained in the Dhawura Ngilan Business & Investor guides should be incorporated into transition planning as baseline cultural heritage management practices when considering transition projects.

RIAA Working Group toolkits

RIAA hosts several members-only working groups as important communities of practice for members to collaborate and share leading practices and knowledge and as a means of building the capacity of members to be more effective in their work. One of the objectives of the working groups is to involve the industry in addressing sustainability challenges and working to achieve a constructive pathway forward. RIAA's working groups have produced toolkits to assist investors in navigating complex areas in responsible investment and effectively engaging with investees and/or project proponents. These toolkits contain or refer to practical guidance on leading investor practice in areas such as First Nations cultural heritage protection, human rights and nature.

It would also be beneficial to include real-world examples or case studies demonstrating how the criteria are applied – some of which may already be included in the toolkits.

[Investor Toolkit: An Investor Focus on Indigenous Peoples' Rights and Cultural Heritage Protection](#)

Published in October 2021, the Investor Toolkit was developed by RIAA's Human Rights Working Group (Corporate Engagement subgroup) and the First Nations Peoples' Rights Working Group in response to the tragic and avoidable destruction of cultural heritage at Juukan Gorge in the Pilbara in Western Australia. While undertaken by institutional investors, the toolkit was endorsed by Indigenous groups such as the First Nations Heritage Protection Alliance and National Native Title Council. Noting that the Juukan Gorge incident was entirely legal, it put a spotlight on the cumulative failures at the company and legislative level to uphold the rights of Indigenous Peoples, as well as highlighting risks in the broader industry.

The Investor Toolkit outlines 'red flags' investors should look out for in companies' disclosure and engagement practices on First Nations Peoples' rights and describes what good looks like. It also suggests detailed questions which investors can ask in their engagement with companies and explains the importance of fundamental concepts such as FPIC and self-determination.

[Investor toolkit: Human rights in global value chains](#)

This toolkit is designed to help investors engage constructively with companies to encourage good practice, thereby supporting investors to better manage and influence a reduction in investment-related human rights risks in value chains. With a focus on points of practical engagement with companies, the toolkit explore ideas for better practices that can lead to better outcomes both from an investor and human rights perspective.

The sections of the toolkit include:

- Identifying the issues
- Preventative actions
- Remediation
- Interconnectedness.

RIAA submits that TP Guidance **must** include references to impacts on human capital and modern slavery. Modern slavery is interconnected with other issues relevant to investors and does not emerge in isolation from other malpractice but is often intertwined with other underlying labour rights or human rights issues. Also, human rights issues that lead to investment risks can also occur outside the supply chain and across the value chain. As a result, investors have an incentive to consider wider human rights issues.

This issue also relates to other economic and geopolitical factors. For instance, the COVID-19 pandemic has made workers even more vulnerable, due to increased job insecurity, restrictions of movement and indebtedness. In addition, the pandemic made it more difficult for companies to audit factories. The decarbonisation and energy transition has also resulted in human rights issues in the renewable energy sector have becoming more widely acknowledged: [OHCHR report](#). Modern slavery is also intertwined with other ESG issues that investors may take into consideration, such as armed conflict, gender inequality and the circular economy.