



**WFE Response: The Transition Plan Taskforce Disclosure
Framework**
27th February 2023

Background

The World Federation of Exchanges (WFE) is the global trade association for regulated exchanges and clearing houses. We represent the operators of over 250 market infrastructures, spread across the Asia-Pacific region (37%), EMEA (43%) and the Americas (20%), with everything from local entities in emerging markets to international groups based in major financial centres. In total, member exchanges trade around \$100 trillion a year in securities and are home to some 60,000 companies, with an aggregate market capitalisation of around \$120 trillion. In addition, the 50 distinct central counterparty (CCP) clearing services, both vertically integrated and stand-alone, collectively ensure that traders put up \$1 trillion of resources to back their risk positions.

With extensive experience of developing and enforcing high standards of conduct, WFE members support an orderly, secure, fair and transparent environment for all sorts of companies and market participants wishing to raise capital, invest, trade, and manage financial risk.

Founded in 1961, the WFE seeks outcomes that maximise financial stability, consumer confidence and economic growth. We also engage with policy makers and regulators in an open, collaborative way, reflecting the central, public role that exchanges and CCPs play in an internationally integrated financial system.

If you have any further questions, or wish to follow-up on our contribution, the WFE remains at your disposal. Please contact:

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General Comments

The WFE welcomes the opportunity to provide feedback to the Transition Plan Taskforce (TPT) on its proposals for an effective transition planning framework. The overarching TPT framework includes: i) publications of the TPT framework, the TPT implementation guidance (including a technical annex), ii) the launch of a sandbox and iii) the proposed publication of a range of sector guidance. We understand that the TPT aims to develop the gold standard for private sector climate transition plans applicable to the UK, but globally transferable.

As background, WFE members support issuers listed on their exchanges in a variety of sustainability-related matters, including climate-related disclosures and reporting on net zero transition plans. Starting in 2015, the WFE has conducted an annual Sustainability Survey. Since then, an increasing number of exchanges around the globe have made formal commitments to advance the sustainability agenda in their jurisdictions. In 2021, more than 80% of the WFE Sustainability Survey respondents reported their formal commitment to ESG¹ and we anticipate that 2022 is no different with further commitments expected to have been made.

We would like to make the following comments regarding the TPT framework.

Supporting the framework: Overall, the WFE supports transition-related frameworks and detailed guidance that assists companies in taking a more uniform approach in their reporting of transition plans. This consistency will ensure that stakeholders are able to understand and utilise the information in a comparable fashion. The planned sector guidance should also be helpful.

Maximum global consistency: The WFE recommends maximum global consistency between the TPT framework and global standards already under development. It is imperative that the TPT framework does not deviate from - and is joined up with the ISSB and other initiatives. The higher the alignment between the TPT framework and global standards, the greater the chance of replication of this framework in different jurisdictions. Additionally, it will be important to have international coordination on transition frameworks. The financial markets are global and challenges may ensue if issuers have to implement and report on different requirements in different jurisdictions. Companies having to report under different frameworks (even though they are in the same company group for example) does not contribute to overall transparency for end investors.

Just Transition: We are supportive of transition plans that include a Just Transition element and we are pleased to see that the TPT Framework requires the consideration of impacts on the community. We would recommend the development of further guidance on how these impacts should be considered, mitigated and reported. The risk is that, for some companies, the race to meet net zero targets by certain deadlines could mean that communities are negatively affected as more carbon-intensive technologies are replaced by more environmentally friendly technologies. If not managed appropriately, these displacements could result in serious social upheavals. Some UK-listed companies have operations in different jurisdictions that could be impacted by their transition plans.

Public versus private: Additionally, we strongly recommend that the TPT framework applies to private companies (non-listed) companies in addition to publicly listed companies. An unlevel playing field will be created if listed and unlisted companies in the private sector have different requirements regarding transition planning. If the TPT framework only applies to listed companies, this would create an unfair burden on these companies vis-a-vis private companies and vice versa when private companies convert into listed companies. Additionally, investors in both private and public market companies would benefit from similar transition planning approaches and disclosures.

¹ <https://www.world-exchanges.org/our-work/articles/wfe-annual-sustainability-survey-2022>

Proportionality: Consideration should be given to the application of the framework to companies of different sizes and at different stages of the maturation process (whether public or private) and a 'lighter' version of the approach could be recommended.

Integrated versus stand-alone reporting: Finally, WFE members support the integration of transition planning into a single climate report.