*[Insert company logo]*

**[Insert company name] transition plan:**

**Our roadmap to a net zero future**

**[Insert month/year]**

This document was prepared with the support of

****

v1.0

January 2024

**[Company name] transition plan**

**[Month/year]**

*Examples of key facts for the first page[[1]](#footnote-1)*

**Type of company:**

**Sector:**

**Established:** (year)

**Ownership:**

**Countries:** HQ in xx, global presence in …

**Recent growth/development:** (last 10–20 years)

**Planned growth/development:** (next 10–20 years)

**Employees:**

**Turnover:**

**EU taxonomy alignment of CAPEX or OPEX:**

**Other key facts:**

**Summary of transition plan:**

*Write one paragraph that summarises the transition plan.*

**Transition plan status:** (eg in preparation/approved by board/public/to be published in 20XX)

## 1. Strategy and governance

**1a. Alignment of the transition plan with overall business strategy**

***This section should lay out your business strategy for the transition to a net zero future and describe how implementing your transition plan will get you there.***

* What will your company be doing in 2030, 2040 and 2050, and how is that different from what it’s doing now?
* What opportunities in the transition and in a net zero future will your company take advantage of, and how?
* How will the transition plan create value and long-term resilience for your company?
* What assumptions and dependencies underpin the plan (eg new technologies, use of removals and overview of any potential blockers)?
* Summary of how your company will transition, including:
  + emissions reductions, across your entire value chain
  + how the product and service portfolio will be shifted towards climate solutions[[2]](#footnote-2)
  + managing physical climate and transition exposure risks
  + contributing to a just and equitable transition (resilience, equality, gender and energy access)
  + maintaining near-zero emissions long-term.

**1b. Governance of the transition plan**

* Explain how implementation of the transition plan will be governed, including
  + who is responsible for implementation and reporting
  + how priorities will be determined
  + how leadership is incentivised (eg through compensation for target achievement)
* Describe the process for formally updating the transition plan, at least every five years and when material changes to the company or strategy occur. Include information on the process for integrating stakeholder feedback.

**1c. Plan for reporting progress**

* Describe your plans for publicly and annually reporting on
  + GHG emissions progress
  + engagement with your value chain and your industry
  + material fossil fuel use within your value chain
  + industry association memberships, advocacy and lobbying activities
  + exposure to physical climate and transition risks
* Describe planned actions to address any data limitations
* Describe your reporting format, where these reports will be shared, and any planned use of public accountability platforms (eg Carbon Disclosure Project, SME Climate Hub and the UN’s Global Climate Action Portal)
* Describe any plans for use of third-party verification of progress
* Disclose where scenario analysis for climate-related risks can be found, including
  + risks to the natural environment
  + risks to the company from climate change related events
  + risks to stakeholders.

**1d. Implementation**

***This section will be central to stakeholders seeking to determine the credibility of your plan.*** Provide detail on

* which levers will have most impact and how they will be prioritised
* financing strategies to achieve targets and maintain profitability
* how major investments, such as mergers and acquisitions, will be integrated into the plan
* planned research and development expenditures and how they will contribute to the transition
* how the skills and human resources necessary to lead and implement the transition will be acquired
* any internal carbon price(s), method for deciding the price, and how carbon pricing is used
* strategies to minimise internal blockers
* overall engagement strategy for shifting to a 1.5°C-aligned value chain
* plan for management of high carbon assets, including
  + specific plans for the phase-out of fossil investments
  + handling of other GHG-intensive, energy-intensive, legacy and any potentially stranded assets.

## 2. Targets and key performance indicators

Consider including in your plan a table of all climate-related targets and key performance indicators (KPIs) for ease of use by readers.

**Table 2.** Climate-related targets and key performance indicators.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Target/KPI type** | **Scope** | **Type of target** | **Baseline year** | **Target** | **Target year** |
| eg GHG emissions | 1, 2, 3 | Net zero | 2015 |  | 2040 |
| eg Renewable energy | 1, 2, 3 | Absolute | N/A | Reach 100% | 2025 |
| eg Materials | 1, 2, 3 | Intensity | 2015 |  | 2030 |

**2a. Greenhouse gas emissions baseline**

* Specify a base year and explain your selection
* Disclose base year GHG emissions, including
  + all 3 scopes of emissions and all categories in scope 3 (according to GHG Protocol Corporate Standard[[3]](#footnote-3))
  + all jurisdictions
  + material non-CO2 GHGs
* Comment on any limitations or estimates in the baseline data
* State how any scope or boundary changes arising from changes in company structure, which may require recalculation of the base year GHG emissions, will be handled.

**2b. 1.5°C-aligned pathway to net zero**

* Disclose which 1.5°C-aligned sector pathway(s) your transition plan is aligned with and describe how your targets are aligned with the selected pathway[[4]](#footnote-4)
* Justify the selection of the sector pathway and state the scientific basis for your net zero target (eg Carbon Law, Science Based Targets Initiative, International Energy Agency, WWF One Planet Plate, Carbon Risk Real Estate Monitor)
* If deviating from existing sectoral standards, describe the robust science-based methodology used to derive your chosen pathway.

**2c. Greenhouse gas reduction targets**

* Describe short-, medium- and long-term targets for
  + absolute and intensity-based (if relevant) CO2e emissions reductions for all scopes of emissions, along your full value chain and in all jurisdictions, in line with your net zero pledge
  + material non-CO2 emissions, including a specific target for methane
* Define where reductions will take place in your value chain
* Summarise year-on-year and year-over-baseline reduction progress to date
* Describe how targets have been translated into any time-bound KPIs
* Describe how and when targets will be updated.

**2d. Targets for GHG removals**

State any targets for GHG removals within your value chain, and progress to date.

**2e. Net zero pledge**

* State your commitment to achieving net zero emissions by latest 2050 and maintaining net zero once achieved
* Disclose when the net zero pledge was set and publicly endorsed by leadership.
* State the GHG emissions reduction target for your company’s net zero pledge[[5]](#footnote-5)
* Confirm that emissions of all GHGs, along your full value chain and in all jurisdictions (all scope 3 emissions) are included in the pledge
* Define the boundaries of your pledge under dynamic conditions (eg mergers, acquisitions, divestments, units in new countries)
* Describe your plan for counter-balancing 100% of residual emissions at net zero.

**2f. Portfolio alignment**

Describe short-, medium- and long-term targets for

* transforming your portfolio of products and services towards climate solutions[[6]](#footnote-6)
* achieving material circularity in terms of the following, if relevant
  + product lifespan
  + end-of-life management.

**2g. Targets for phasing out fossil fuels**

Describe how you will phase out fossil fuels from your business and value chain, including

* where fossil fuels are used in your value chain today, in terms of geographic location, activities, types of fuels, and distance from your company’s own operations
* targets for ending extraction of fossil fuels within your value chain, if relevant
* targets for ending the use of all types of fossil fuels in your value chain
* how targets have been translated into any time-bound KPIs
* how and when targets will be updated.

**2h. Other emissions-related targets**

Describe targets for

* use of renewable energy within your value chain
* reducing deforestation and contributing to ecosystem protection in your value chain
* reducing peatland loss and contributing to ecosystem protection in your value chain

**2i. Supplier engagement**

Describe targets for your work with suppliers, including

* targets for engagement with your suppliers (eg number of suppliers, percentage of emissions)
* the climate-related requirements you put on suppliers
* targets to build sufficient capacity in developing countries to quantify and reduce emissions and to verify emission reductions
* how targets have been translated into any time-bound KPIs
* how targets will be updated.

## 3. Transformative actions within your value chain

A summary of planned actions will be helpful to readers of your plan. Table 3 is an example of how you can set out a summary of the next actions you will take.

**Table 3.** Summary of planned actions.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Emissions activity (eg materials, transport) | Emissions scope  (1, 2, 3) | Estimated emissions reductions to be achieved, as % of total baseline emissions | Start Year for action | Planned actions to reduce GHG emissions from this activity |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

**3a. Reducing greenhouse gas emissions**

* Describe the most significant actions planned in the next 12 months, 2 - 3 years, by 2030, and beyond, to reduce GHG emissions, phase out fossil fuels, increase CO2 removals and shift your product portfolio towards climate solutions, including
  + timeline of material actions
  + where in your value chain the actions will take place
  + estimation of emissions reductions that result from these actions
  + identification of blockers to these actions and steps to overcome them
  + actions taken to ensure a just and equitable transition for stakeholders.

**3b. Value chain engagement**

* Describe actions to be taken to engage your suppliers and customers in line with your targets, including timelines, regarding
  + achieving a fossil-fuel-free value chain
  + achieving a deforestation-free value chain
  + minimisation of virgin material extraction
  + engagement with customers so they can contribute to emissions reductions and other positive climate action
* Describe your climate requirements for suppliers, lenders and others
* Describe actions to be taken to build sufficient capacity in developing countries to quantify and reduce emissions and to verify emission reductions
* If relevant, describe actions to protect critical but sensitive ecosystems and biodiversity (eg peatlands, rainforests, coral reefs).

**3c. Use of removals in your value chain (if applicable)**

* Describe actions you will take to remove greenhouse gases from the atmosphere, within your value chain, including
  + timelines
  + which greenhouse gases will be removed
  + anticipated costs and how the removals will be funded
  + where in your value chain the removals will take place
  + which actors will be involved.

## 4. Planned actions and engagement beyond your value chain

**4a. Trade associations, industry and media engagement in line with 1.5oC**

* State where your company’s trade association affiliations are publicly disclosed
* Describe actions to be taken to encourage associations to advocate for positive climate action
* Disclose your policies around leaving trade and industry associations on the basis of non-alignment with your transition plan
* Describe plans for industry partnerships and collaboration to accelerate climate action in line with transition targets
* Describe engagement actions taken towards other stakeholders including
  + investors
  + employees
  + non-value-chain stakeholders.

**4b. Lobbying and policy engagement**

* Describe planned action within public affairs to stop support for fossil fuels (eg interactions with media, campaigns, op-eds, events)
* Disclose plans for lobbying and policy engagement activities and how these activities can facilitate achievement of your climate targets
* Outline specific policies and regulations needed to facilitate fulfilment of your transition plan (eg carbon price, regulations)
* Specify the emissions reductions possible if the listed policies and regulations were in place.

**4c. Voluntary GHG removals beyond your value chain**

* Describe plans for counter-balancing annual emissions, both before and after reaching net zero, including
  + timeline of emissions removals beyond your value chain
  + anticipated prices to be paid for emissions removals
  + standards used to validate removals
  + breakdown of removals by type and volume (eg between carbon credits and sponsored projects, conservation)
  + where the emissions removals will take place.

**4d. Other investments in the protection and restoration of ecosystems**

* Describe plans to contribute to the protection of natural ecosystems beyond your company’s value chain,[[7]](#footnote-7) including
  + eliminating deforestation
  + eliminating peatland loss
  + maintaining biodiversity.

1. Amend the list depending on which facts seem most relevant for your company’s stakeholders and other readers of your transition plan. [↑](#footnote-ref-1)
2. Climate solutions are defined as products or services that meet a need in society, contribute to the reduction of greenhouse gas emissions and have significantly lower emissions than business-as-usual options. Production and consumption of climate solutions is compatible with the global 1.5*°*C ambition and will accelerate the transition towards a net-zero carbon economy. Read more Falk, J., Wigg, C., Axelsson, K. & Becker, M. (2023). [Climate solutions principles – defining and qualifying climate solutions and climate solutions companies](https://exponentialroadmap.org/wp-content/uploads/2023/12/Discussion-Paper-Climate-Solutions-Principles.pdf). [↑](#footnote-ref-2)
3. Greenhouse Gas Protocol Corporate Accounting and Reporting Standard: <https://ghgprotocol.org/corporate-standard>. [↑](#footnote-ref-3)
4. Pathways should have no or only limited overshoot of 1.5°C. [↑](#footnote-ref-4)
5. ISO IWA 42:2022 3.2.9 Net zero definition. Net zero meaning the only emissions that remain are technically infeasible to reduce. This value will vary between industries but may be close to 90% absolute emissions reductions. See <https://www.iso.org/obp/ui/#iso:std:iso:iwa:42:ed-1:v1:en> for more information. [↑](#footnote-ref-5)
6. A climate solution is a product or service that meets a need in society, contributes to the reduction of greenhouse gas emissions and has significantly lower emissions than business-as-usual options. From Falk, J., Wigg, C., Axelsson, K. & Becker, M. (2023). [Climate solutions principles – defining and qualifying climate solutions and climate solutions companies](https://exponentialroadmap.org/wp-content/uploads/2023/12/Discussion-Paper-Climate-Solutions-Principles.pdf). [↑](#footnote-ref-6)
7. These contributions may or may not take the form of investments in certified carbon credits. [↑](#footnote-ref-7)