

Transition plan template



Introduction: Exponential Roadmap Initiative transition plan template

Writing a transition plan is an important step in operationalising your company's overall climate strategy. While it can be a daunting task, potentially requiring wide-ranging internal discussions about the role your company will play in a net-zero future, the benefits are significant.

From a legal standpoint, transition plans will soon be required in US and EU legislation, meaning much of the work is no longer optional (see [mapping](#) for details). Publishing a transition plan is also a requirement of the UN Climate Change High-Level Champions' Race to Zero campaign, and thus essential for joining any associated initiatives.

Other stakeholders, too, will be looking to your transition plan to support their decision making. As financial institutions transition, they will put stricter requirements on real economy companies and companies that do not have credible transition plans may face a higher cost of capital as well as potential constraints on access to financial products and services. Robust and public transition plans from companies will encourage governments to take more ambitious climate policy decisions both on the national and international level. Your suppliers will better understand the pace and direction of your transition and align their own actions with your plan. And last but not least, transparency and clarity about your transition will help the media get a good understanding of your plan and implementation, reducing the risk of greenwashing charges.

Legal requirements and stakeholder considerations aside, a transition plan will help your company succeed in the long term. A transition plan turns long-term transformational targets into a step-by-step roadmap for creating sustainable change within your company. By elaborating on (1) strategy and governance, (2) targets and key performance indicators, (3) transformative actions within your value chain, and (4) planned actions and engagement beyond your value chain, you reduce uncertainty and ambiguity for decision-making, thus reducing implementation costs. You also ensure a consistent approach geographically and through time, avoiding a series of ad-hoc and unaligned efforts. Laying out a clear plan will also drive decision-making in arenas not traditionally considered sustainability-focused, for example, in product portfolio or R&D decisions.

The Exponential Roadmap Initiative (ERI) considers developing a transition plan to be an opportunity to envision your company's place in a net-zero world. How will you transform your portfolio of products and services so they deliver climate solutions, protect nature and biodiversity, and deliver just and fair value to all in a sustainable world? Answering these questions about the role your company will play in 2030, 2040 and 2050 will help you stay competitive and relevant. This vision-setting process should engage large parts of your company and delaying these conversations will only make them harder.

The ERI has created this transition plan template in line with the evolving regulation and guidance from 12 different organisations (see Table 1). By covering all of the topics, you will ensure you are prepared for forthcoming regulation and aligned with the expectations of leading voluntary initiatives. However ERI does not guarantee that use of this template will ensure that your company fulfils any specific legal requirements, and you should check all relevant legislation carefully.

The template has been prepared in such a way that you can write directly into it. Please feel free to adjust formatting to reflect your company's styles and fonts. We hope you will make this document your own.

The Exponential Roadmap Initiative’s transition plan template is based on the recommendations and requirements of the initiatives and regulators listed as organisations in the following table.

Table 1. Source documents used in developing the transition plan template.

Organisation	Document	Type	Version
United Nations High-Level Expert Group	Integrity Matters	Report & checklist	Version 1, November 2022
United Nations Climate Change High-Level Champions	Race to Zero Criteria	Voluntary guidance	Version 3.0, June 2022
Transition Plan Taskforce	Disclosure Framework	Good practice guidance	Final version, October 2023
We Mean Business Coalition	Climate Transition Action Plans	Voluntary guidance	Version 1, October 2022
Glasgow Financial Alliance for Net Zero	Expectations for Real-economy Transition Plans	Report	Final version, September 2022
European Financial Reporting Advisory Group	European Sustainability Reporting Standards	Draft guidance for legislation	E1 Climate Change, November 2022
International Sustainability Standards Board	International Financial Reporting Standards – Climate-related Disclosures	International standard	IFRS S2, June 2023
Securities and Exchange Commission (USA)	Enhancement and Standardization of Climate-Related Disclosures for Investors	Proposed rule	Proposal for comment, April 2022
Carbon Disclosure Project	Technical Note: Reporting on Climate Transition Plans	Voluntary guidance	Version 2.0, February 2023
Norges Bank Investment Management	Climate change: Expectations of companies	Good practice guidance	Final version, September 2023
International Organization for Standardization	Net Zero Guidelines	International guidance	IWA 42:2022
Task Force on Climate-related Financial Disclosures	Reporting Climate-Related Financial Information	Voluntary guidance	Status Report, October 2023