

THE EXPONENTIAL FRAMEWORK: FIVE PILLARS TO WIN IN THE EARTH-ALIGNED ECONOMY

Author: Johan Falk, CEO and Co-Founder, Exponential Roadmap Initiative

Version 1.0 published: June 2026

The next competitive advantage belongs to companies that grow climate and nature solutions, mobilise capital and shape markets for an Earth-aligned economy¹, while cutting emissions rapidly and with integrity.

Corporate climate action has so far primarily been treated as a commitment and reporting exercise. This needs to change rapidly to focus on driving a new economy. This is why we have updated our main tool for guiding companies: the Exponential Framework². We acknowledge that it is no longer enough for a company to disclose emissions, set long-term targets and publish annual progress. These steps matter. But they do not, by themselves, tell a business how to evolve into a market leader in the new emerging economy. The defining business question of the next decade is whether a company can transition fast enough to compete, grow and win as political turbulence, energy security, material constraints and supply-chain volatility become business as usual, and as climate and nature risk, technology disruption, capital reallocation, regulation and rising stakeholder expectations accelerate the shift away from fossil-dependent systems.

Companies and people move faster when the goal is not only to reduce harm, but to build, grow and profit from what the new economy needs. Positive targets matter: new markets created, products and services deployed, capital mobilised, customers enabled and emissions reduced with integrity. That is why the Exponential Framework is so useful now. It gives companies a practical lens for seeing their full transition opportunity: the solutions they can grow, the capital they can mobilise, the markets they can shape, and the emissions they must reduce to remain credible.

The Framework sits inside the Exponential Business Playbook³. First launched in 2020 and developed by the Exponential Roadmap Initiative together with scientists, experts and some of the world's most climate-ambitious companies, the playbook has been tested, applied and improved through successive

¹ An Earth-aligned economy is one whose rules, incentives and institutions align innovation, production, consumption and finance with planetary stability and stewardship for the benefit of humankind.

² Falk, J. et al. (2026). The Exponential Framework: Five Pillars for Exponential Impact. Exponential Roadmap Initiative. <https://exponentialroadmap.org/the-exponential-framework/>

³ Falk, J. et al. (2026). The Exponential Business Playbook, Version 5.1. Exponential Roadmap Initiative. <https://exponentialroadmap.org/the-exponential-business-playbook/>

versions. It is now supported by an ecosystem of companies and organisations representing more than \$1 trillion in annual revenue and around 2 million employees. The opportunity now is to scale its application.

Speed is now the decisive variable. The world needs rapid replacement of fossil-dependent systems with cleaner, more secure and more resilient products, services, infrastructure and business models aligned with planetary boundaries. That will not be achieved if most corporate effort remains trapped in carbon accounting. Accounting is necessary for integrity, but it is not the transition itself. Companies must help create the enabling conditions for real-world reductions: clean electricity, modern grids, energy storage, low-carbon materials, supplier finance, credible demand signals, aligned capital, procurement, infrastructure and policy frameworks that allow low-carbon choices to become commercially viable.

The good news is that many of these products and services are already moving from early adoption into rapid diffusion. Electrification, renewable power, batteries and energy efficiency are following S-curve dynamics as costs fall, performance improves, supply chains mature and customers adopt. According to the International Energy Agency (IEA), electric cars reached one-quarter of global new car sales in 2025, exceeding 20 million sales worldwide. Circular business models and low-carbon materials are at earlier stages, but can accelerate substantially when companies create demand, finance suppliers and align procurement. The opportunity now is to turn these upcurves into the backbone of a more secure, resource-efficient and competitive economy.

This is the exponential race to the top: a competition to expand the products, services, investments and market conditions that will define the new economy. The Exponential Framework helps companies manage both sides of the transition at once: the upcurves of solutions, investment, adoption and resilience that must rise, and the emissions downcurve that must fall. The Playbook's idea of crocodile economics⁴ captures this ambition: value creation rising as emissions fall.

The five-pillar lens

The Exponential Business Playbook is the guidance. The Exponential Framework is the operating model. It translates climate ambition into five areas of corporate action, helping companies set targets, build transition plans, act where impact is greatest, and disclose results.

⁴ Gaffney, O. et al (2025). The Crocodile Economy: How Countries and Corporates Are Decoupling Emissions from Growth, <https://exponentialroadmap.org/the-crocodile-economy/>



The five pillars of the Exponential Framework: own operations, value chain, climate and nature solutions, finance and investment, and policy and narrative.

Read through a business growth lens, the Framework starts with a strategic question: which global transitions can this company accelerate - profitably, credibly and faster than the market? The answer may sit in its products and services, its procurement and supplier relationships, its capital allocation, or its policy and narrative influence.

Pillars 1 and 2 anchor that opportunity in credibility and measurable reductions. Pillar 1 requires companies to cut operational emissions from facilities, fleets, purchased energy and super-pollutants, closely connected to Scope 1 and Scope 2 under the GHG Protocol. Pillar 2 requires companies to decarbonise value chains, largely corresponding to Scope 3: suppliers, materials, logistics, land use, product use and end-of-life.

Pillar 3 asks which products, services, technologies and business models can accelerate climate and nature solutions. Pillar 4 asks which capital flows, offtake agreements, supplier finance, treasury decisions and investments can accelerate value chain transformation. Pillar 5 asks how policy, trade associations and public narratives can be influenced to accelerate positive system change.

These last three pillars deserve far greater attention. Many standards, validation models and reporting frameworks rightly provide essential discipline for target-setting, emissions accounting, transition planning and disclosure. The Exponential Framework complements that architecture by expanding the management lens: Pillars 3, 4 and 5 ask what a company can build, finance and influence so that the low-carbon economy moves faster.

From footprint to full business levers. This is the power of the Framework: it changes the unit of analysis. It is not only about a company's reported footprint. It is about the full set of business levers captured by the five pillars: operations, suppliers, products, customers, capital, lobbying, policy and public narrative. That distinction matters. A company can grow climate and nature solutions and still lack integrity if its own operations, suppliers or lobbying remain misaligned. Equally, a company can reduce its own emissions and still miss the future if its products, investments and policy influence reinforce the old economy. Leadership means using all five pillars together.

For boards and executive teams, this makes the Framework far more than a sustainability tool. It becomes a way to shape strategy for the next economy: which markets to grow in, which assets to shift away from, which suppliers to enable, which customers to help accelerate and which policy conditions to support. Climate and nature action cannot sit in a sustainability department, disconnected from capital allocation, product strategy, procurement, public affairs and incentives. It must be integrated into vision and mission, translated into targets and strategy, embedded in transition plans and measured through business-critical KPIs.

Recognising systemic impact

The five-pillar lens also helps address a recognition gap. Corporate climate accountability rightly focuses on reported Scope 1, 2 and 3 emissions. That is essential for integrity, but incomplete. On its own, it under-recognises the actions that unlock real-world transformation: expanding climate and nature solutions, creating demand for low-carbon materials, financing suppliers, investing in infrastructure and advocating enabling policy.

Looking at current frameworks, standards and regulation, there is not yet enough recognition or reward for these enabling efforts. This creates weak incentives for companies to invest in actions across Pillars 3, 4 and 5, where the benefits may appear outside their own emissions inventory, even when those actions are critical for real-world decarbonisation. This is something that is acknowledged by Exponential Roadmap Initiative, together with Oxford Net Zero and Futerra, who are developing a scheme to help recognise credible near-term leadership both within and beyond inventory reductions.

As standards, validation models and regulation continue to evolve, they should better recognise credible enabling action across the full transition. Until then, companies need a practical way to make such action visible, comparable and credible, without overclaiming. The integrity guardrail is clear: emissions reductions, removals, avoided emissions and wider nature contributions should be measured and reported distinctly. Enabling action must not become a substitute for cutting a company's own emissions, but it is essential for reductions and should be rightfully recognised.

The boardroom questions

The questions the Framework asks are strategic business related questions. What share of revenue comes from climate and nature solutions now and tomorrow? What share of R&D and capex is building the new economy? Which customers and suppliers can we help transition faster? Are our financial assets aligned with net zero? Are our lobbying and trade associations accelerating the policies needed for a competitive clean economy? Are our operations and value chains on a rapid emissions-reduction pathway? Together, these questions speak directly to competitiveness, resilience and future profitability.

The next phase is scale: making the Framework useful for thousands of companies that have set targets but need a faster path from ambition to execution. Version 5.1 of the Playbook and the digital platform should turn the experience of frontrunners into practical sector and value-chain guidance, action pathways, KPIs, results tracking and transition-plan building blocks. Digital tools can help companies navigate the five pillars, identify priorities and track results — but the purpose is not the technology itself; it is business transformation at scale.

The companies best positioned for this transition will not wait for perfect regulations or perfect data. They will learn faster, invest earlier and collaborate more effectively across their value chains. They will create demand for low-carbon materials, enter off-take agreements, support supplier finance, make sustainable choices the default for customers, and advocate policies that expand the markets they need.

The future belongs to companies that can do both: grow the solutions the world needs and reduce the emissions the world cannot afford. The Exponential Business Playbook and its five-pillar Framework provide a tested operating model for that task — turning climate ambition into growth strategy, capital allocation, transition plans, measurable action and credible transformation at scale.

Read the [Exponential Business Playbook, version 5.1](#), and find more information on the [Exponential Framework](#).