EXPONENTIAL ROADMAP INITIATIVE

Exponential Services Matrix

Methodology Framework

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1. Introduction

Reaching net zero emissions by 2050 requires the active involvement of all sectors. Service providers – including consulting, marketing, legal, and financial advisory firms – have relatively low direct greenhouse gas emissions through their operations. However, their most significant climate impact stems from the entities they serve and the projects they deliver. For example, a consulting firm advising on fossil fuel expansion contributes indirectly to increased emissions, while one supporting renewable energy deployment helps drive positive climate action.

Guidance from the Oxford Net Zero-Race to Zero Serviced Emissions group has emphasised the importance of leveraging business influence to help achieve net-zero. Through their advisory work, service companies can strongly shape entity strategies and projects, creating major opportunities to advance climate goals and systemic transformation across high-emitting industries. Aiming to support service providers in turning their influence and advisory services into credible climate leadership, the Exponential Roadmap Initiative (ERI) developed the Exponential Services Matrix (ESM) – a science-based methodology and strategic tool for aligning business strategy with the climate transition.

The ESM helps firms assess their portfolios and business activities across two dimensions: the climate performance of entities and the climate impact of their work. This makes visible where services are accelerating climate solutions, reinforcing business-as-usual activities, or driving high-emissions outcomes. By providing portfolio-level insight, the ESM supports more informed entity selection and project prioritisation to understand and manage fiduciary risk exposure, build future-fit portfolios and demonstrate credible climate action.

The first version of the ESM methodology (previously called Professional Services Matrix) was launched in 2024. Since then, the methodology has been refined through collaboration with service companies and climate science partners. Moreover, key resources, including a climate solutions classification system, were developed to enhance the ease of use and enable more credible portfolio assessments. This document outlines the second version of the ESM Methodology Framework, providing the updated criteria and tier classification logic for assessing entities and project work.

2. ESM Framework

The ESM is a science-based methodology framework in line with the Oxford Net Zero Serviced Emissions Framework and the Exponential Business Playbook guidance for service companies. The methodology provides strategic guidance for evaluating and aligning portfolios and business strategy with a 1.5°C future across two dimensions (Figure 1):

- **Entity axis.** Evaluates the climate performance of entities across four types: corporates, cities and municipalities, utilities and infrastructure operators, and government authorities. Entities are classified into four climate transition tiers (ET1 to ET4) based on their business model alignment and climate governance quality.

- **Project axis.** Evaluates individual project engagements based on their potential climate contribution and classifies them into four tiers (PT1 to PT4), ranging from projects that accelerate fossil fuel expansion to those that accelerate climate solutions deployment.

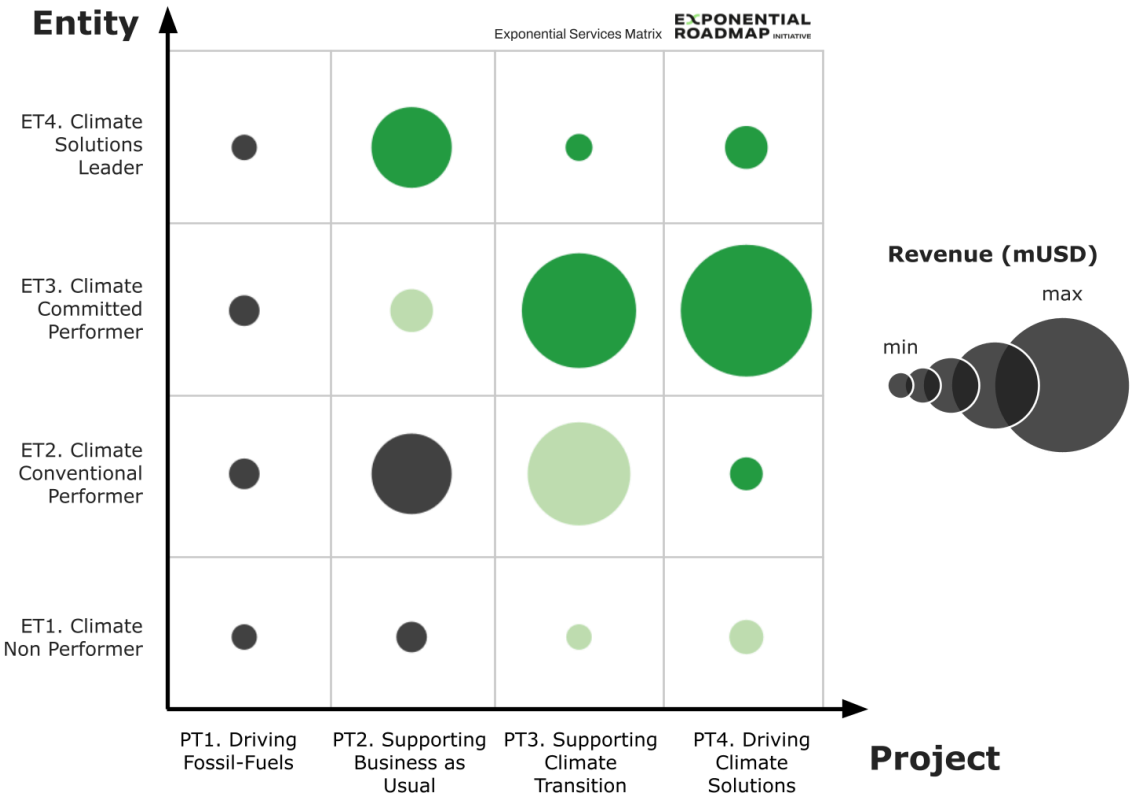


Figure 1: ESM matrix

The two-dimensional evaluation enables services firms to visualise and understand the climate impact of the services provided, make informed decisions about entity and project selection and set strategic targets towards portfolios and business strategies that help entities implement and scale the solutions needed in a net zero economy.

3. Entity Assessment

Part 1 of this section describes the entity types defined by the framework. Part 2 outlines the criteria and tiers for entity classification. Part 3 describes the assessment steps and classification logic, including tables summarising the assessment approach and grading for each criterion. A few examples of entity assessments are included in section 3.4.

3.1 Entity Types

Service firms work with diverse organisational firms, each with distinct operational realities, governance structures, and climate responsibilities. The ESM framework recognises four primary entity types (Table 1):

Table 1: Entity Types

Entity Type	Definition	Key Traits
Corporates	Companies operating in commercial markets with profit-driven business models, ranging from SMEs (<500 employees) to multinational corporations	- Subject to market dynamics and shareholder expectations. - Value chains can be complex (Scope 1-3). - Reporting standards vary, but are increasingly mandatory
Cities, Municipalities and Regions	Sub-national governmental entities with jurisdictional authority, responsible for local services, land use, and community welfare	- Diverse economic bases. - Responsible for both operational and territorial emissions. - Subject to political processes and long infrastructure cycles.
Utilities and Infrastructure Operators	Publicly-owned or regulated entities that operate physical infrastructure for essential service delivery (eg, energy, water) or throughput/facilitation (eg, ports, networks)	- Asset-intensive with long investment horizons. - Often have direct operational control over significant emissions sources. - Subject to regulatory oversight and pricing structures.
Government Authorities and Agencies	Public entities with specialised mandates (eg, transport, environment, energy, regulation) at various governmental levels	- Mandate-driven operations. - Can influence sectoral outcomes through regulation, policy, and funding. - Subject to political budget processes and policy-making cycles.

3.2 Entity Tier Classification

The ESM framework uses five standardised criteria (EC0-EC4) to assess climate performance across all entity types. The criteria are structured in two layers:

- **Business Model/Mandate Criterion (EC0):** Evaluates whether an entity's core economic activity or public purpose is strongly, partly aligned with, or whether it contradicts climate goals. This criterion recognises that an entity deeply dependent on fossil fuels faces fundamentally different transition challenges than one providing climate solutions or maintaining a diversified portfolio. EC0 assessment is consistent across organisational sizes as it assesses fundamental business/mandate alignment rather than execution capacity.

- **Governance Criteria (EC1-EC4):** Four interdependent climate criteria applicable to all entities: near-term targets (EC1), long-term net-zero commitments (EC2), annual GHG reporting (EC3), and transition planning (EC4). These criteria assess climate governance maturity and implementation readiness. While the core dimensions are consistent, specific sub-criteria and assessment thresholds are calibrated by both entity type and size to reflect operational reality, resource capacity, and disclosure norms.

Based on the criteria grading, entities are classified into four tiers (ET1-ET4). All entities can achieve any tier based on their climate alignment and governance maturity relative to their capacity (See Table 2).

Table 2: Entity Tiers

Entity Tiers	Description
ET4. Climate Solutions Leader	Entities whose core business model or mandate is fundamentally aligned with the climate transition by significantly contributing to the scale-up of *Climate Solutions* and *Climate Solution Enablers*[1] (EC0=Yes, strongly), or cities that demonstrate validated leadership (EC0=Partly, all EC1-EC4=Yes, and CDP A-list). Their performance on climate governance (EC1-EC4) can still vary, indicating their operational maturity.
ET3. Climate Committed Performer	Entities that provide *Transition Support Activities* (EC0=Yes), or entities with mixed or transitioning business models (EC0=Partly) that also demonstrate comprehensive climate governance and execution across all core criteria (all EC1-EC4=Yes).
ET2. Climate Conventional Performer	Entities with mixed or transitioning business models (EC0=Partly) that have gaps in their climate governance and execution (one or more EC1-EC4=No). They represent the broad middle of entities taking limited or early-stage climate action.
ET1. Climate Non Performer (Fossil-dependency)	Entities whose core business model or mandate is fundamentally misaligned with the climate transition by significantly contributing to *Fossil Fuel Activities* (EC0=No). While their tier is fixed by their business model, their performance on climate governance (EC1-EC4) can vary, indicating their potential and willingness to transform.

3.3 Assessment Steps and Classification Logic

The ESM assessment provides a two-dimensional view of each entity: a climate alignment grade based on its fundamental nature (EC0) and a grade based on the quality of its climate governance (EC1-EC4), which is critical for identifying borderline cases and entities transitioning.

General guidelines for assessment:

- All criteria (EC0-EC4) must be assessed for every entity to provide a complete picture.
- All criteria are designed to be assessed using publicly available information, i.e. data that is accessible without restrictions on public websites, in published reports, in official filings, or through standard public request processes. Information behind paywalls, requiring special access permissions, or available only through confidential briefings does not qualify.
- Assessors should use reasonable judgment based on available evidence, recognising that data availability and disclosure practices vary significantly across entities. Typical sources include sustainability and annual reports, climate action plans, regulatory filings, governance documents, and third-party verification platforms (e.g.SBTi, EC40, GPC-compliant

[1] As defined by the Exponential Climate Taxonomy. See definition and list of *Climate Solutions, Climate Solution Enablers, Transition Support Activities* and *Fossil Fuel Activities* here.

reporting). Other public resources that might be used for assessing criteria are: disclosure platforms e.g. SME Climate Hub, and public climate assessments/benchmarks e.g. from Transition Pathway Initiative, World Benchmarking Alliance, Climate Action 100+ and Net Zero Tracker.

- When assessing large portfolios, prioritise evidence that is readily accessible and verifiable. If comprehensive documentation is not publicly available for a specific criterion, assessors should evaluate based on the best available evidence and flag the entity for potential follow-up engagement.

Step 1: Determine the business model/mandate alignment grade

Assess the entity's fundamental alignment with the climate transition (**criterion EC0**), based on overall understanding of its core activities, following the assessment approach outlined in **Table 3** of this document. For example:

- Corporates contributing to the scale-up of any *Climate Solution* or *Climate Solution Enabler* tier as defined by and included in the Exponential Climate Taxonomy[2] are graded as "Yes, strongly".
- Corporates whose core economic activity is associated with any *Transition Support Activity* listed in the Taxonomy are graded as "Yes"; and entities whose core economic activity contributes to any of the *Fossil Fuel Activities* listed are graded as "No".

When precise quantitative data is unavailable, use qualitative assessment based on the entity's primary revenue sources, service delivery model, or mandate.

Step 2: Determine the climate governance grade

Assess whether the entity demonstrates clear evidence of meeting each climate governance criterion, following the assessment approach outlined in **Tables 4 to 7**. The governance grade is based on the results of criteria EC1-EC4:

- High Governance: All four criteria (EC1, EC2, EC3, EC4) are met.
- Medium Governance: One to three of the criteria EC1-EC4 are met.
- Low Governance: None of the criteria EC1-EC4 are met.

Guidelines for step 2:

- Governance Documentation: When criteria reference formal adoption or governance approval, acceptable evidence includes any official record demonstrating institutional commitment (e.g. board resolutions, council decisions, ministerial directives, or equivalent formal documentation appropriate to the entity type).
- External Validation as *signal of strength*: For the governance criteria (EC1-EC4), external validation (e.g.SBTi approval, CDP A-list, EC40 recognition, third-party verification) provides strong evidence of credibility but is not required except where explicitly stated, e.g. ET4 classification for cities with EC0 = "Partly" requires CDP A-list or equivalent.

[2] See more about the Exponential Climate Taxonomy here.

Table 3: Entity assessment - step 1: criterion EC0

Entity Type	Corporates	Cities, Municipalities, and Regions	Utilities and Infrastructure Operators	Government Authorities and Agencies
Criterion EC0: Business model/ mandate	Entity's core business model/activities assessed for alignment with the climate transition	Regional economy's structure and entity's climate mandate assessed for alignment with the climate transition	Entity's core service delivery model assessed for alignment with the climate transition	Entity's core mandate and policy framework assessed for alignment with the climate transition
Grade	• **Yes, strongly** = ≥ 90% of revenue from *Climate Solutions* or *Climate Solution Enablers*[3] • **Yes** = ≥ 90% of revenue from *Transition Support Activities* • **Partly** = Mixed economy (10-50% fossil exposure) or transitioning business model • **No** = ≥ 50% of revenue from the production of *Fossil Fuel Activities*	• **No** = ≥ 50% of regional economy dependent on fossil fuel and fossil-fuel energy production • **Partly** = Diversified regional economy with < 50% fossil dependency **Note:** • "Yes" and "Yes, strongly" = Not applicable for cities	• **Yes, strongly** = ≥ 90% of services delivered through decarbonised infrastructure (e.g.100% renewable electricity generation, zero-emission transport operations, green hydrogen infrastructure) • **No** = ≥ 50% of services delivered through fossil-based infrastructure (e.g.coal/gas power generation, fossil fuel terminals, natural gas distribution) • **Partly** = Mixed service portfolio (10-50% fossil-based) or transitioning infrastructure	• **Yes, strongly** = Mandate explicitly focused on enabling climate transition (e.g.renewable energy agency, climate finance institution, environmental protection authority with climate focus) • **No** = Mandate explicitly focused on fossil fuel promotion or protection (e.g.oil & gas regulatory body, fossil fuel subsidy agency) • **Partly** = General governance mandate without explicit climate or fossil fuel focus
Notes	The percentage thresholds are guiding levels. When precise quantitative data is unavailable, assessors should make a qualitative assessment based on overall understanding of the:			When mandate documentation is unclear, assessors should make a qualitative assessment based on overall understanding of the entity's purpose and policy direction
	entity's core business model/primary revenue sources and its fundamental alignment with climate goals.	regional economic base.	entity's core service delivery model.	

[3] As defined by and included in the Exponential Climate Taxonomy. See definition and list of *Climate Solutions, Climate Solution Enablers, Transition Support Activities* and *Fossil Fuel Activities* here.

Table 4: Entity assessment - step 2: criterion EC1

Entity Type	Corporates	Cities, Municipalities, and Regions	Utilities and Infrastructure Operators	Government Authorities and Agencies
Criterion EC1: Near-term climate target	The entity has formally adopted:			
	a near-term emissions reduction target for 2030 or earlier that is primarily based on direct emission reductions, not offsets.	a near-term emissions reduction target for 2030 or earlier.	a near-term emissions reduction target for 2030 or earlier.	a near-term target for 2030 or earlier that aligns with its mandate.
Sub-criteria:				
1. Scope	Covers operational and material value chain emissions (Scope 1, 2 and 3)	Covers territorial or consumption-based emissions	Covers operational emissions or service intensity	Covers sectoral or mandate-relevant outcomes (e.g.% fleet electrification, sectoral emission reduction)
2. Ambition	Aims for substantial reductions in accordance with recognised science-based target-setting standards (e.g.SBTi Corporate Net-Zero Standard[4]) or net-zero guidance	Aims for substantial reductions in accordance with recognised science-based target-setting standards or net-zero guidance guidance	Aims for a quantifiable and meaningful improvement in accordance with recognised science-based target-setting standards or net-zero guidance	Aims for a quantifiable and meaningful improvement in accordance with recognised science-based target-setting standards or net-zero guidance
3. Formal Adoption	Expressed in annual or sustainability report	Adopted by the governing body (e.g.council resolution, mayoral decision)	Adopted through an appropriate governance process (e.g.board approval documented in minutes or resolution)	Adopted through an appropriate governance process (e.g.director approval, governance resolution, ministerial directive)
Signal of Strength	Validation from credible standards (e.g.SBTi) provides strong evidence of credibility	Alignment with recognised national/international climate frameworks (e.g.SBTi Cities, EC40) provides strong evidence of credibility	Formal regulatory filing or approval provides strong evidence of credibility	Formal integration of the target into the entity's strategic plan or mandate provides strong evidence of commitment
Grade	**Yes:** Clear evidence that the sub-criteria are met. **Note:** Assessment of sub-criteria does not apply to SMEs, only to large corporations. **No:** One or more sub-criteria are not met, or insufficient evidence is available			

[4] See SBTi Corporate Net-Zero Standard v. 2.0 here.

Table 5: Entity assessment - step 2: criterion EC2

Entity Type	Corporates	Cities, Municipalities, and Regions	Utilities and Infrastructure Operators	Government Authorities and Agencies
Criterion EC2: Long-term net zero target	The entity has a formally adopted net-zero commitment by 2050 or earlier:			
	that is comprehensive in scope and demonstrates a credible pathway	for its operational, territorial, or consumption-based scope	at the asset-level or service-based scope	that is aligned with its sectoral mandate
Sub-criteria	1. Net-zero commitment by 2050 or earlier 2. Comprehensive scope: covers all material emissions (all 3 scopes) 3. The level of emissions reduction relative to baseline	1. Net-zero commitment by 2050 or earlier 2. Strategic integration: linked to national/regional climate objectives and integrated into long-term city planning (e.g. infrastructure, urban plans, land-use) 3. Credible pathway: shows a clear link to near-term targets (EC1)	1. Net-zero commitment by 2050 or earlier 2. Asset-level transition: supported by a roadmap for decommissioning/conversion of fossil assets and a capital allocation plan 3. Credible pathway: shows a clear link to near-term targets (EC1) and infrastructure requirements	1. Net-zero commitment by 2050 or earlier 2. Sectoral alignment: linked to relevant policy frameworks (national/regional e.g.EU) and enables sectoral transformation (e.g.through regulations, standards, investment) 3. Credible pathway: shows how the authority will enable sectoral transformation and is linked to near-term targets (EC1)
Signal of Strength	- External validation (e.g.SBTi Net-Zero Standard) provides strong evidence of credibility. - Governance of carbon removals	A long-term vision that embeds net-zero in city development demonstrates strategic maturity. Governance of carbon removals	A comprehensive, board-acknowledged infrastructure transition plan provides strong evidence of credibility. Governance of carbon removals	A policy roadmap that enables sectoral transition beyond the authority's direct control demonstrates strategic leadership. Governance of carbon removals
Grade	**Yes:** Clear evidence that the sub-criteria are met. **Note:** Assessment of sub-criteria does not apply to SMEs, only to large corporations. **No:** One or more sub-criteria are not met, or insufficient evidence is available			

Table 6: Entity assessment - step 2: criterion EC3

Entity Type	Corporates	Cities, Municipalities, and Regions	Utilities and Infrastructure Operators	Government Authorities and Agencies
Criterion EC3: Report GHG emissions annually	The entity reports its GHG emissions annually in a transparent and consistent manner.			The entity reports relevant outcomes related to its mandate annually transparently and consistently
Sub-criteria:				
1. Comprehensive/ Relevant Scope or Recognised Protocol	From all relevant scope 1,2 and 3 categories, separately in accordance with the latest applicable GHG Protocol standards or equivalent	Follows a GPC-compliant or national protocol	Provides an operational inventory (scopes 1-3 or service intensity metrics)	Reports on sectoral outcomes (e.g. fleet emissions, building performance, sectoral totals)
2. Sufficient History	Provides a time series of at least 2 years	Provides a time series of at least 2 years	Provides a time series of at least 2 years	Provides a time series of at least 2 years
3. Methodology & Access	The methodology is stated and data is publicly accessible	The methodology is stated and data is publicly accessible (e.g.on a public data portal)	The methodology is stated and data is publicly accessible (e.g.in annual reports, regulatory filings)	The methodology is stated and data is publicly accessible (e.g.on a website, in reports)
Signal of Strength	External verification or disclosure via a recognised platform (e.g.CDP) provides strong evidence of credibility	Third-party verification or disclosure via a recognised platform (e.g.CDP Cities, EC40) provides strong evidence of credibility	For large entities: external verification or comprehensive, verifiable reporting in a sustainability report provides strong evidence of credibility	For large entities: a dedicated, publicly accessible transparency portal or ministry-level report provides strong evidence of credibility
Grade	**Yes:** Clear evidence that the sub-criteria are met. **Note:** Assessment of sub-criteria does not apply to SMEs, only to large corporations. **No:** One or more sub-criteria are not met, or insufficient evidence is available			

Table 7: Entity assessment - step 2: criterion EC4

Entity Type	Corporates	Cities, Municipalities, and Regions	Utilities and Infrastructure Operators	Government Authorities and Agencies
Criterion EC4: Transition plan	The entity has a credible transition plan that outlines how it will achieve its climate targets, with appropriate governance and evidence of implementation	The entity has a credible climate action plan that outlines how it will achieve its targets, with appropriate governance and evidence of implementation	The entity has a credible transition roadmap that outlines how it will achieve its targets, with appropriate governance and evidence of implementation	The entity has a credible transformation strategy or delivery program that outlines how it will meet its mandate, with appropriate governance and evidence of implementation
Sub-criteria:				
1. Key Actions	Identifies key measures and addresses material value chain emissions (scope 3 hotspots)	Identifies key mitigation measures with timelines	Identifies timelines for major transitions and infrastructure upgrades	Identifies key policy instruments, measures, or program design
2. Credible Pathway	Sets a science-based pathway for reducing emissions towards net zero, with interim targets along the way	Not applicable to this entity type	Not applicable to this entity type	Not applicable to this entity type
3. Governance & Accountability	Shows clear governance structure and responsibility	Shows clear governance structure and responsible departments	Shows clear governance and a documented process for investment decisions	Shows clear governance and mandate alignment
4. Financial Commitment	Shows evidence of financial commitment appropriate to scale e.g. budget allocation and executive remuneration tied to achievement of climate targets	Shows evidence of financial commitment appropriate to scale (e.g. multi-year budget for large, budget consideration for small)	Shows evidence of financial commitment appropriate to scale (e.g. 5-10 year investment pipeline for large, board-approved investments for small)	Shows evidence of financial commitment appropriate to scale (e.g. enacted budgets for large, stakeholder communication for small)
5. Implementation Evidence	Shows evidence of execution and systematic progress tracking	Shows evidence of execution through a monitoring system and public progress updates	Shows evidence of execution through regulatory engagement and capital commitments	Shows evidence of execution through program delivery, regulations issued, or launched programs
Grade	**Yes:** Clear evidence that the sub-criteria are met. **Note:** Assessment of sub-criteria does not apply to SMEs, only to large corporations. **No:** One or more sub-criteria are not met, or insufficient evidence is available			

Step 3: Assign entity tier based on grading

Classify the entity into one of the four tiers based on the climate alignment (EC0) and governance grades (EC1-EC4), following the logic outlined in **Table 8**.

Table 8: Entity assessment - grading summary for step 3

EC0 Grade	EC1-EC4 Grades	Tier Classification & Governance Grade
Yes, strongly	All EC1-EC4 = Yes	ET4 - High Governance
Yes, strongly	1 to 3 EC1-EC4 = Yes	ET4 - Medium Governance
Yes, strongly	All EC1-EC4 = No	ET4 - Low Governance
Yes	All EC1-EC4 = Yes	ET3 - High Performance
Yes	1 to 3 EC1-EC4 = Yes	ET3 - Medium Governance
Yes	All EC1-EC4 = No	ET3 - Low Governance
Partly	All EC1-EC4 = Yes	ET3 - High Performance (or ET4 for validated cities*)
Partly	1 to 3 EC1-EC4 = Yes	ET2 - Medium Performance
Partly	All EC1-EC4 = No	ET2 - Low Performance
No	All EC1-EC4 = Yes	ET1 - High Performance
No	1 to 3 EC1-EC4 = Yes	ET1 - Medium Performance
No	All EC1-EC4 = No	ET1 - Low Performance

EC0 criterion (business model/mandate alignment) determines the ceiling for tier classification. Entities with comprehensive climate governance can reach ET3 if the business model is mixed or transitioning (EC0: Partly), while climate solution providers reach ET4. Fossil fuel entities cannot escape ET1 regardless of operational improvements.

* **Special rule** for Cities, Municipalities, and Regions**:**

- IF EC0 is assessed as “Partly” and all EC1-EC4 as “Yes” AND the city has CDP A-list status (or equivalent) → The entity is classified as ET4.
- IF all EC1-EC4 = Yes (without CDP A-list) → The entity is classified as ET3.
- IF one or more EC1-EC4 = No → The entity is classified as ET2.

3.4 Entity Assessment Examples

This section provides examples of entities classified across all four tiers, explaining how publicly available information translates into criteria assessment results and tier classification under the ESM framework.

ET4 Examples

Table 9: Entity Assessment ET4 Example No. 1

Entity type	Corporate	
Entity name	Ørsted A/S (Energy entity)	
Entity Criteria	**Assessed as**	**Rationale**
EC0: Business Model / Mandate	Yes, strongly	>90% revenue from renewable energy - primarily offshore wind development and operation
EC1: Near-term climate target	Yes	Scope 1+2+3 targets, 50% reduction by 2025 vs. 2006, SBTi validated 2016, no offsetting, absolute reduction commitments
EC2: Long-term net zero target	Yes	Net-zero by 2040 across all scopes, aligned with SBTi validation, detailed transition pathway with proven execution: coal phase-out completed 2023, gas CHP phase-out by 2025, offshore wind capacity targets with capex commitment
EC3: Report GHG emissions annually	Yes	All 3 scopes reported separately, 15+ year time series, externally verified to ISO 14064, comprehensive sustainability report + CDP disclosure
EC4: Transition plan	Yes	Asset-level transition roadmap executed: coal exit completed, gas exit underway, €57B green capex commitment 2023-2030 in financial plans, quarterly progress reporting on renewable capacity additions and fossil phase-out
Classification	**ET4** → EC0=Yes, strongly (climate solutions) + EC1-EC4=all Yes with full validation	
	Its core business is fundamentally aligned with the climate transition. Its Governance Score is then assessed based on EC1-EC4 to verify its operational maturity. With all EC1-EC4=Yes, it is assessed as ET4 - High Governance. If it were to fail on GHG reporting (EC3=No), it would be ET4 - Medium Performance, indicating a governance risk despite its green business model. Ørsted (formerly DONG Energy) demonstrates successful transformation from fossil fuel utility (85% coal/gas in 2006) to renewable energy leader (>90% renewables by 2023). This transformation provides proof-of-concept for the utility sector.	
Reference	SBTi database, Ørsted Annual Reports 2020-2024, CDP disclosure, Ørsted ESG Performance Report	

Table 10: Entity Assessment ET4 Example No. 2

Entity type	City	
Entity name	Copenhagen, Denmark	
Entity Criteria	**Assessed as**	**Rationale**
EC0: Business Model / Mandate	Partly	Diversified economy, <10% fossil dependency
EC1: Near-term climate target	Yes	Carbon neutral by 2025 target - ahead of 2030, formally adopted by City Council, aligned with Danish national climate framework with science-based pathway
EC2: Long-term net zero target	Yes	Carbon neutral 2025 target covers long-term commitment, integrated into Copenhagen 2025 Climate Plan and city strategic planning, linked to national

		frameworks
EC3: Report GHG emissions annually	Yes	Annual GPC-compliant inventory since 2005, 20-year time series, methodology documented, publicly available climate accounts
EC4: Transition plan	Yes	CPH 2025 Climate Plan with 50+ quantified initiatives across all sectors, multi-year budget allocated through city budget process, monitoring through annual climate accounts and CPH 2025 annual reports
Classification	**ET4** → EC0= Partly, all EC1-EC4 as "Yes" and CDP A status	
	Copenhagen demonstrates comprehensive climate governance with strong formal adoption meeting city requirements.	
Reference	City of Copenhagen CPH 2025 Climate Plan, Annual Climate Accounts, Copenhagen municipal reports	

Table 11: Entity Assessment ET4 Example No. 3

Entity type	Government Authority	
Entity name	Transport for London (TfL)	
Entity Criteria	**Assessed as**	**Rationale**
EC0: Business Model / Mandate	Yes, strongly	Zero-emission transport mandate - primary purpose is transitioning to decarbonised transport
EC1: Near-term climate target	Yes	90% Scope 1+2 reduction by 2030, 45% Scope 3 reduction, 2019 baseline, SBTi validated October 2024 - provides third-party verification, formally integrated into TfL Business Plan with Mayor approval
EC2: Long-term net zero target	Yes	Net-zero by 2040, all scopes, detailed pathway with policy roadmap including zero-emission bus zones, sectoral transformation strategy linked to UK Transport Decarbonisation Plan
EC3: Report GHG emissions annually	Yes	Annual GHG inventory all scopes 2018-present, time series, methodology documented to GHG Protocol, regulatory filing with Greater London Authority
EC4: Transition plan	Yes	Bus fleet electrification programme with capex allocated, Tube energy efficiency measures funded, supply chain engagement strategy, zero-emission zones enacted, published progress in annual TfL reports
Classification	**ET4** → EC0: Yes, strongly (climate-enabling mandate) + EC1-EC4: all Yes with SBTi validation	
	Key achievement is SBTi validation - highly unusual for public transport authorities, demonstrating scientific rigour.	
Reference	SBTi public database (October 2024 validation), TfL Annual Reports and Business Plans (2020-2024), GLA reporting	

ET2 Examples

Table 13: Entity Assessment ET2 Example No. 1

Entity type	Corporate	
Entity name	Industrial Manufacturer in Transition (Generic Example)	
Entity Criteria	**Assessed as**	**Rationale**
EC0: Business Model / Mandate	Partly	Mixed/Transitioning. Conventional manufacturing - not a climate solution, but not fossil-dependent either
EC1: Near-term climate target	Yes	Has stated ambitious emission reduction targets (eg, 40-50% reduction by 2030) covering relevant scopes
EC2: Long-term net zero target	No	Net-zero by 2050 ambition stated but lacks detailed transition pathway showing asset-level changes, technology adoption roadmap, or capital investment commitments that demonstrate credibility
EC3: Report GHG emissions annually	Yes	Reports Scope 1+2+3, methodology documented, 5-year time series available, sustainability report published
EC4: Transition plan	No	Transition plan exists covering operations with some measures, but lacks evidence of funded implementation (capex allocation in financial reports, major capital commitments announced) OR lacks progress reporting
Classification	**ET2** → EC0: Partly (Mixed/Transitioning), 1 to 3 EC1-EC4 = Yes	
	Large corporate with substantial stated climate commitments but lacking the validation and execution evidence required for ET3. This profile is common among large industrials (steel, chemicals, cement) beginning serious climate action but not yet achieving the validation and execution standards of ET3/ET4 entities. Often these companies are in early implementation stages.	

4. Project Assessment

Part 1 of this section outlines the tiers and criteria for classifying projects. Part 2 describes the solution and activity categories used to assess the climate contribution of projects. The last section details the steps and classification logic for the project assessment.

4.1 Project Tier Classification

The ESM framework classifies projects based on the criterion **PC1: Climate Contribution**, which assesses the extent to which the project's core activities or services contribute to climate change mitigation or to transitioning to a low-carbon economy (See Table 14).

Table 14: Core criterion for project classification

Criterion PC1	**Climate Contribution**
Assessment	Do the project's core activities contribute to the climate transition? And if so, to what extent?

Grade	• **Yes, strongly** = Project activities contribute to the deployment of *Climate Solutions or Climate Solution Enablers* with high performance consistency and low risk profile. • **Yes** = Project either 1) contributes to the deployment of *Climate Solutions or Climate Solution Enablers* with lower performance consistency and/or higher risk profile or 2) is associated with *Transition Support Activities*. • **No** = Project strongly conflicts with the climate transition by contributing to *Fossil Fuel Activities.* • **N/A** = Project does not intend to have a specific impact on the climate transition.

Depending on the grade assigned, projects are classified into four tiers (PT1-PT4), which range from projects supporting the production of fossil fuels to those accelerating the deployment of climate solutions (Table 15).

Table 15: Project Tiers

Project Tier	Description
PT4. Driving Climate Solutions	Projects aligned with the climate transition by contributing to the deployment of *Climate Solutions* or *Climate Solution Enablers* with high performance consistency and low risk profile[5]. Examples include agroforestry practices and small hydropower facilities (PC1 = Yes, strongly).
PT3. Supporting Climate Transition	This tier includes projects that either: 1) Contribute to the implementation of *Climate Solutions* or *Solution Enablers* with lower performance consistency and/or higher risk profile e.g.bioplastics, large-scale hydropower facilities OR 2) are associated with *Transition Support Activities* e.g.GHG accounting (PC1 = Yes).
PT2. Supporting Business as Usual	Projects that don't intend to have a specific impact on the climate transition, but support the entity's mainstream business (PC1 = N/A).
PT1. Driving Fossil-Fuels	Projects misaligned with the climate transition by contributing to *Fossil Fuel Activities* (PC1 = No).

4.2 Solution and Activity Categories

The ESM framework draws on the Exponential Climate Taxonomy to assess projects and the entity criterion EC0: business model/mandate alignment. The taxonomy is a comprehensive science-based classification system that identifies and categorises climate-relevant activities and technologies into three distinct lists: 1) high-impact climate solutions, 2) support activities to the climate transition, and 3) activities incompatible with net zero.

[5] As defined by the Exponential Climate Taxonomy. See definition and list of *Climate Solutions, Climate Solution Enablers, Transition Support Activities* and *Fossil Fuel Activities* here.

The Exponential Climate Taxonomy[6] distinguishes between solutions that directly reduce emissions or remove carbon - called *Climate Solutions* - and those that enable others to do so at scale: *Climate Solutions Enablers*. The Taxonomy also assigns a tier to each solution based on a qualitative assessment of three criteria: 1) potential impact on climate change mitigation, 2) performance consistency and 3) potential risks of other negative outcomes driven by the implementation of the solution.

Two additional activity categories from the Exponential Climate Taxonomy are used for the assessment of projects and the entity criterion EC0: *Transition Support Activities* (TSA) and *Fossil Fuel Activities* (FFA).

> Find the definitions of these solution and activity categories in the Exponential Climate Taxonomy methodology page here.

4.3 Assessment Steps and Classification Logic

The classification of projects is conducted primarily based on available data from internal CRM/ERP systems. To qualitatively assess the climate contribution of projects, assessors should use information available from the following data fields:

- Project name
- Project description
- Sector/Subsector

The project information available in these data fields is to be reviewed and assessed against the three lists of the Exponential Climate Taxonomy: CS, TSA and FFA lists.

Step 1: Keyword analysis to determine the climate contribution grade

Assess the information extracted from the project data fields against the keywords and descriptions available in the CS, TSA and FFA lists of the Exponential Climate Taxonomy. Based on the matches, determine the Climate Contribution grade (**criterion PC1**) of each project following the logic outlined in **Table 16**. For example:

- Projects supporting the deployment of *Climate Solutions* - Tier 1A, 1B and/or *Climate Solution Enablers* - Tier 1 are graded as “Yes, strongly” if no keyword matches are found with *Fossil Fuel Activities* (FFA). Projects contributing to any of the remaining solution tiers are graded as “Yes”.
- Projects associated with *Transition Support Activities* (TSA) listed in the Exponential Climate Taxonomy are graded as “Yes”. On the other hand, projects contributing to any activity included in the Fossil Fuel Activity List are graded as “No”.

[6] The Taxonomy is a living tool. It will be updated regularly to incorporate new science-based information on climate mitigation solutions, and expanded over time to cover additional support and fossil fuel activities. Updates to the Taxonomy might change ESM assessment results over time.

Table 16: Project assessment - grading for step 1

CS/TSA keyword matches?	Associated with?	FFA keyword matches?	PC1 Grade
Yes, 1 or more	Climate Solution - Tier 1A or 1B Climate Solution Enabler - Tier 1	No, 0	Yes, strongly
Yes, 1 or more	Climate Solution - Tier 2 or 3 Climate Solution Enabler - Tier 2	No, 0	Yes
Yes, 1 or more	Transition Support Activities (TSA)	No, 0	Yes
No, 0	None	Yes, 1 or more	No
Yes, 1 or more	Climate Solution - Tier 1A or 1B Climate Solution Enabler - Tier 1	Yes, 1 or more	Further review
Yes, 1 or more	Climate Solution - Tier 2 or 3 Climate Solution Enabler - Tier 2	Yes, 1 or more	Further review
Yes, 1 or more	Transition Support Activities (TSA)	Yes, 1 or more	Further review
No, 0	None	No, 0	Further review

Guidelines for keyword assessment:

- Projects with both CS/TSA and FFA keyword matches must be flagged for further revision.
- If projects have keyword matches with CS keywords of different tiers, do the grading according to the highest tier. For example, if a project has a match with both “Climate Solution - Tier 1A” and “Climate Solution - Tier 3”, grade it according to Tier 1A, i.e. PC1 = “Yes, strongly”.
- Projects with no keyword matches to any of the CS, TSA, or FFA keyword lists must be flagged for further revision to determine the potential impact score.

Step 2: Further review of projects with keyword intersections or no matches

For projects with keyword intersections or when data available in CRM/ERP systems is limited and, hence, no matches to the Exponential Climate Taxonomy lists are found, assessors should look for and review other evidence sources that might be available. For example, project information available on:

- Published reports such as sustainability reports, annual reports, climate action plans, or official regulatory filings.
- Public websites, press releases, articles.

If data about the project is unavailable in public sources, assessors should contact the project manager to get an overall understanding of the core activities of the project from other internal documentation and be able to make a reasonable judgement to determine the climate contribution grade. If very limited data about a project is accessible and no reasonable judgement can be made, assessors should exclude the project from the assessment sample (See **Table 17**):

Table 17: Project assessment - step 2

Further evidence available and sufficient?	Associated with?	PC1 Grade
Yes, 1 or more	Climate Solution - Tier 1A or 1B Solution Enabler - Tier 1	Yes, strongly
Yes, 1 or more	Climate Solution - Tier 2 or 3 Solution Enabler - Tier 2	Yes
Yes, 1 or more	Transition Support Activities (TSA)	Yes
Yes, 1 or more	Fossil Fuel Activities (FFA)	No
Yes, 1 or more	None of the above	N/A
No, 0	No/very limited data available	Exclude project

Step 3: Assign project tier based on grading

Classify the project into one of the four tiers based on the climate contribution grade (PC1), following the logic outlined in **Table 18**:

Table 18: Project assessment - grading summary for step 3

PC1 Grade	Tier Classification
Yes, strongly	PT4. Driving Climate Solutions
Yes	PT3. Supporting Climate Transition
N/A	PT2. Supporting Business as Usual
No	PT1. Driving Fossil Fuels

The following individuals have contributed to the review and development of the Exponential Services Matrix versions 1.0 and 2.0. Affiliations reflect their positions at the time of their contribution.

Authors

Johan Falk, Exponential Roadmap Initiative
Claire Wigg, Exponential Roadmap Initiative
Katarina Wangler Björk, Exponential Roadmap Initiative
Nicklas Lemon, Exponential Roadmap Initiative
Michelle Silva Vásquez, Exponential Roadmap Initiative
Hsu-Kai Weng, Exponential Roadmap Initiative

Contributors and reviewers

Sara Lindstrand, AFRY
Henrik Tegnér, AFRY
Gisela Norman, AFRY
Joanna Haraldsson, AFRY
Fernando Sanchez, AFRY
Klara Berggren, AFRY
Alexis McGivern, Oxford Net Zero
Jonathan Wise, Purpose Disruptors
Louise Rehbinder, Exponential Roadmap Initiative
Stanislav Demyanenko, Exponential Roadmap Initiative
Evan Eskilson, Exponential Roadmap Initiative
Andrea Lindblom, Exponential Roadmap Initiative
Solitaire Townsend, Futerra
Tessa Ferry, Race to Zero

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