

# Credible Climate Transition Plans

GSMA: Support Webinar

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# Agenda

- ▼ **Global trajectory – Mainstream climate transition plan disclosure & it's drivers**
- ▼ **Where do transition plans feature in current environmental disclosure frameworks and standards?**
- ▼ **CDP's role in mainstreaming credible climate transition plan disclosure.**
- ▼ **2022 assessment – *Are companies developing credible transition plans?***
- ▼ **Examples of credible climate transition plan disclosure.**
- ▼ **Q&A**



# Global trajectory – Mainstream climate transition plan disclosure





Mainstream adoption into legislation

Crystallization



COP28...

Declaration of ambition

2022 - 2023



Regulatory movement



2022 - 2023

COP27

Thought leadership



2021 - 2022

COP26



CDP™

DISCLOSURE INSIGHT ACTION

TPT Transition Plan Taskforce



# Climate Action & Transformation



**In bound regulation driving transition plan development and disclosure (Transition Plan Taskforce, ISSB, TCFD, CSRD)**

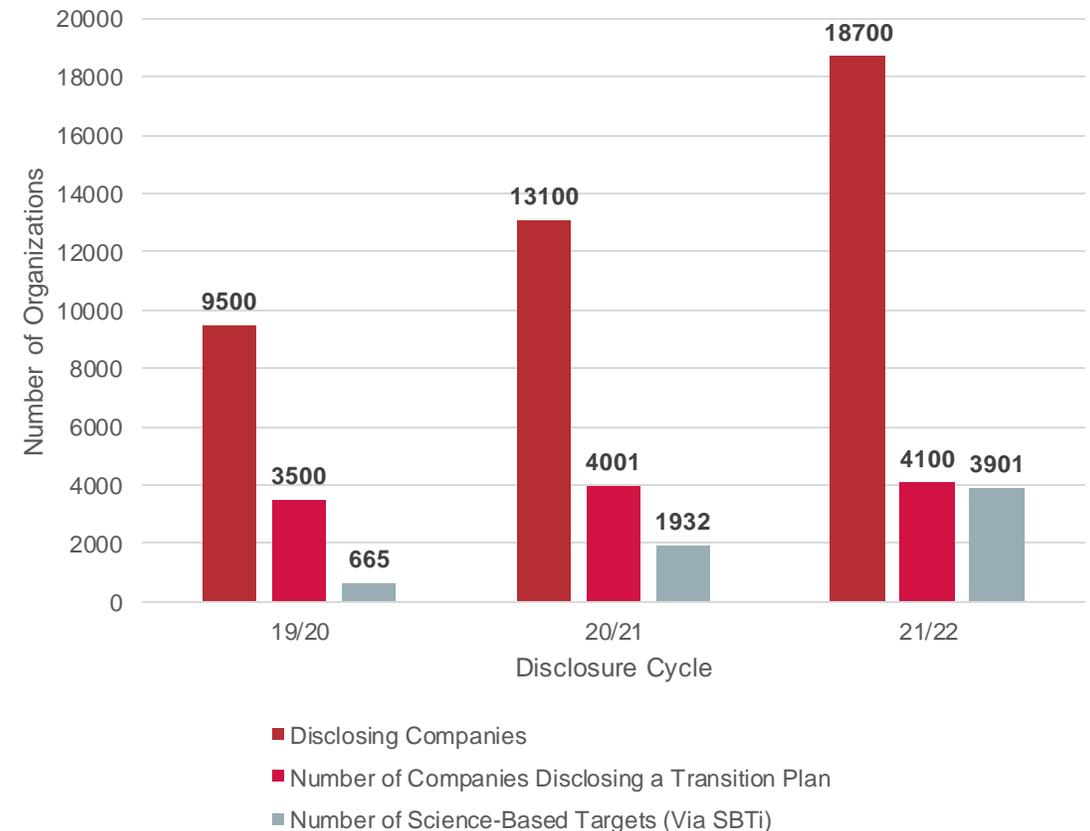


**Proliferation of Science-based Targets via the SBTi is accelerating the need for credible plans demonstrating how organizations will meet these targets**



**Resiliency risks that comes with an everchanging climate and natural environment**

Climate Transition Plan Disclosure



# What Do We Mean By Transition?

# A Transition Refers to Taking Actions that:

Align a business model with a world in which two key outcomes are pursued:

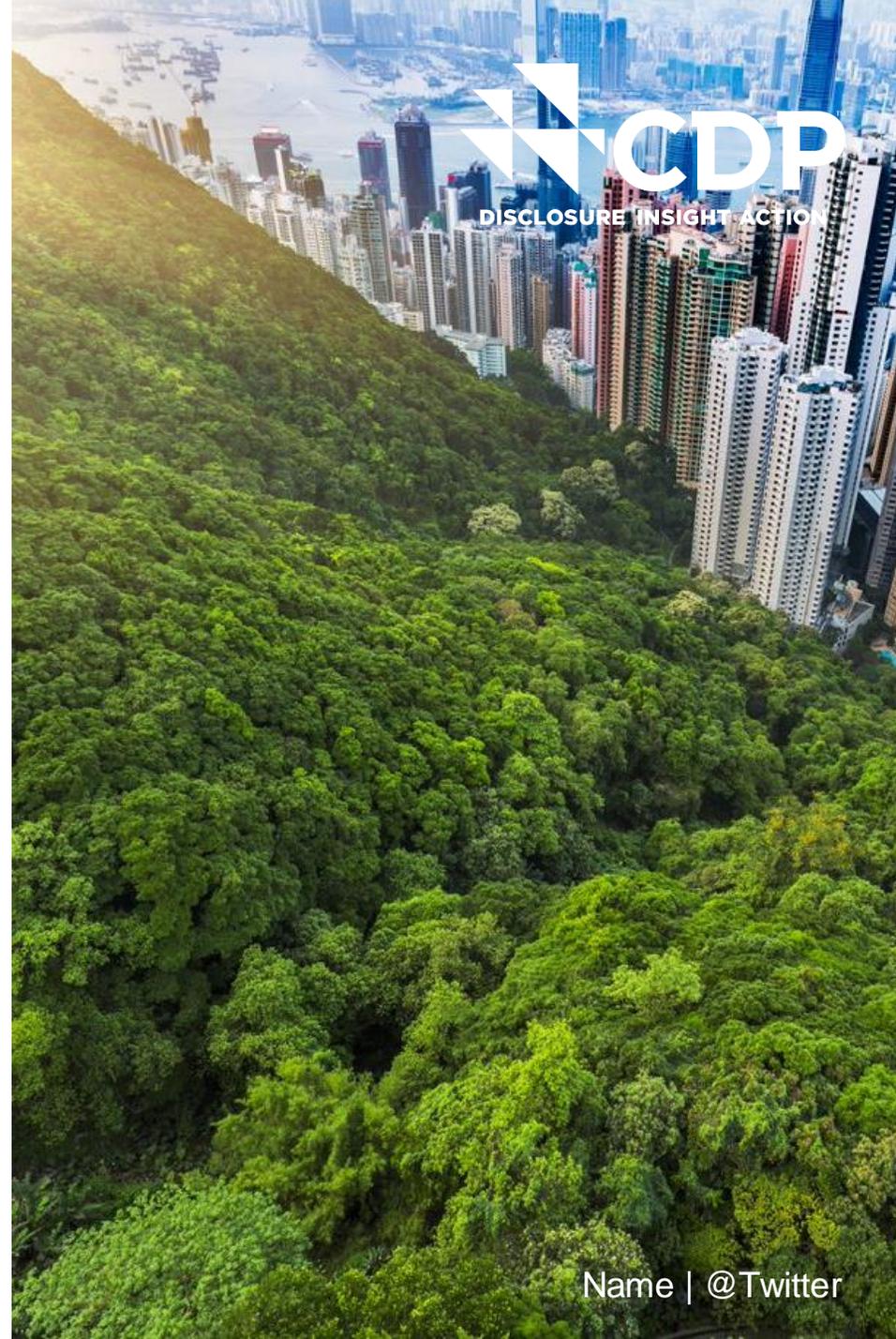


The global average temperature is allowed to rise by no more than 1.5°C above pre-industrial levels.



The natural ecosystem health is restored.

Enable a thriving economy that works for people and planet



# CDP's role in mainstreaming credible climate transition plan disclosure



The table below shows the extent to which the CDP climate change questionnaire covers the elements of a credible climate transition plan, as set out by other frameworks/standards. Please note: At the time of this publication, some of the mapped standards/frameworks exists only as draft recommendations.

**Full coverage**

There is at least full coverage between CDP's climate change questionnaire and the disclosure requirement set by this framework/standard i.e., CDP's questionnaire meets (and in some cases, exceeds) the disclosure requirement set by this framework/standard.

**Partial coverage**

There is partial coverage between CDP's climate change questionnaire and the disclosure requirement recommended by this framework/standard.

**Not applicable**

The mapped standard/framework does not require the disclosure of this information – whereas CDP's questionnaire does.

**Table 1: Mapping climate transition plan elements to existing frameworks**

CDP credible climate transition plan elements		IFRS (ISSB)	U.S.SEC	EFRAG (ESRS)	UKTPT	TCFD	ACT	GFANZ	CA100+	CBI	TPI
<b>Governance</b>	Board level oversight	Full	Full	Partial	Full	Full	Full	Full	Full	Full	Full
	Board expertise on climate related issues	Full	Partial	Full	Partial	Partial	Full	Partial	Full	Full	Partial
	Executive management accountability & feedback mechanisms	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Executive incentives linked to climate performance indicators	Full	Partial	Partial	Full	Full	Full	Full	Full	Partial	Full
<b>Scenario Analysis</b>	Details of scenario analysis	Partial	Partial	Full	Partial	Full	Full	Full	Full	Full	Full
<b>Risks &amp; Opportunities</b>	Process for identifying climate related risks & opportunities	Full	Full	Partial	Full	Partial	Full	Full	Partial	Full	Full
	Climate related risks - risks, potential financial impact and response strategy	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Climate related opportunities - opportunities, potential financial impact and response strategy	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
<b>Strategy to achieve Net Zero</b>	Existence of a "1.5C world" aligned transition plan within business strategy & shareholder feedback	Full	Partial	Partial	Full	Full	Full	Partial	Full	Full	Partial
	Link between identified (and potential) climate related risks, opportunities & company strategy	Full	Full	Partial	Full	Full	Full	Full	Partial	Full	Full
<b>Financial Planning</b>	Financial planning details associated with a 1.5C world	Partial	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Low carbon products or services	Full	Partial	Full	Partial	Partial	Full	Full	Full	Partial	Full
<b>Targets</b>	Emissions reduction targets - absolute & intensity	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
	Other climate related targets	Full	Full	Partial	Full	Partial	Full	Full	Partial	Full	Full
	Net-zero targets	Partial	Partial	Full	Full	Partial	Full	Full	Full	Full	Partial
<b>Scope 1, 2 &amp; 3 accounting with verification</b>	Comprehensive and third-party verified emissions accounting	Full	Full	Partial	Full	Full	Full	Full	Full	Full	Full
<b>Policy engagement</b>	Alignment of public policy engagement with climate ambition & strategy	Full	Full	Full	Full	Partial	Full	Full	Full	Full	Full

# What Constitutes a Credible Climate Transition Plan



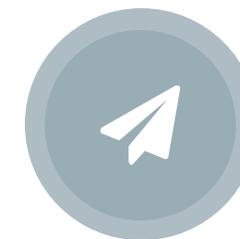
## Definition

A climate transition plan is a **time-bound, action plan** that clearly outlines how an organization will pivot its existing assets, operations, and entire business model towards a trajectory that aligns with the latest and most ambitious climate science recommendations



## Principles

- Accountability
- Internally coherent
- Forward looking
- Time bound and quantitative
- Flexible and responsive
- Complete



## Elements

- Governance
- Scenario Analysis
- Financial planning
- Value chain & low carbon initiatives
- Policy engagement
- Risks & Opportunities
- Targets
- Scope 1,2,3 accounting with verification

# Direct and supporting indicators

## Direct Indicators

### STRATEGY

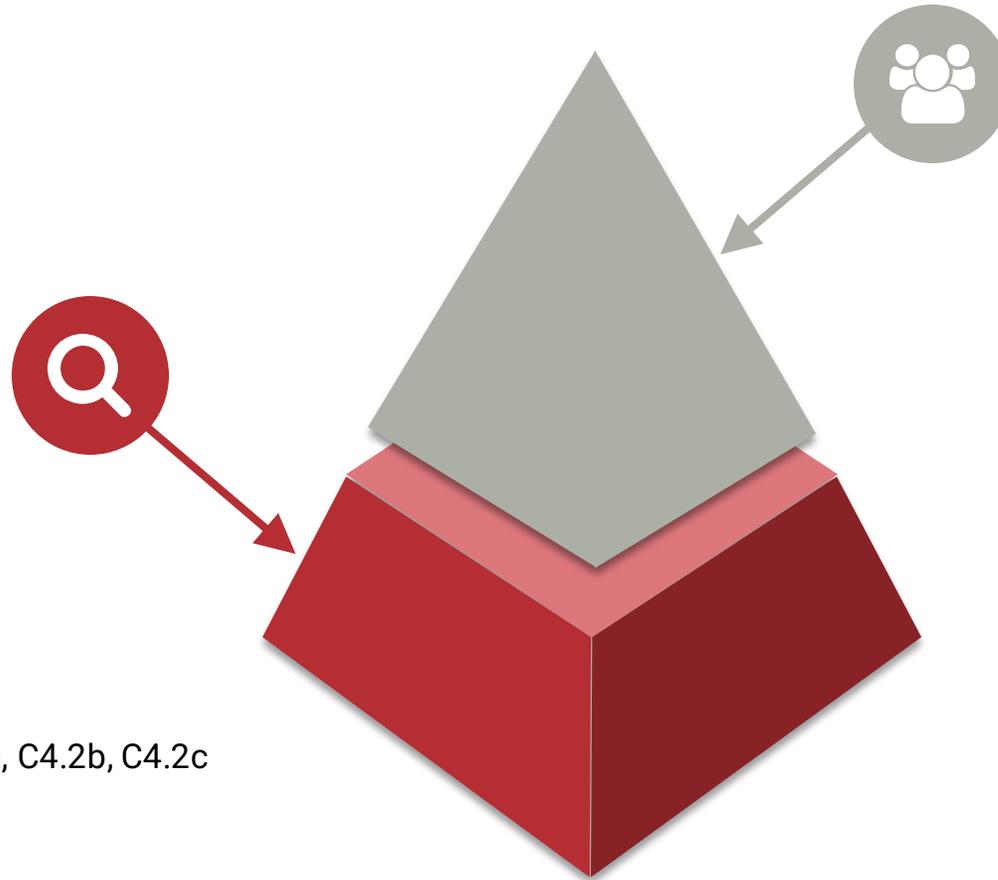
C3.1

### TARGETS

C4.1, C4.1a, C4.1b, C4.2a, C4.2b, C4.2c

### FINANCIAL PLANNING

C3.5, C3.5a



## Supporting indicators

### GOVERNANCE

1.1, C1.1a, C1.1b, C1.1d, C1.2, C1.3, C1.3a

### RISKS & OPPORTUNITIES

C2.1, C2.2, C2.3, C2.3a, C2.4, C2.4a

### STRATEGY & SCENARIO ANALYSIS

C3.3, C3.2, C3.2a, C3.2b,

### SCOPE1,2,3 ACCOUNTING WITH VERIFICATION

C5.2, C6.1, C6.3, C6.5, C10.1a, C10.1b, C10.1c

### FINANCIAL PLANNING

C3.4, 4.5, C4.5a

### VALUE CHAIN ENGAGEMENT & LOW CARBON INITIATIVES

C4.3b, C12.1, C12.1a, C12.1b, C12.1d, C12.2, C12.2a

### POLICY ENGAGEMENT

C12.3, C12.3a, C12.3b, C12.3c

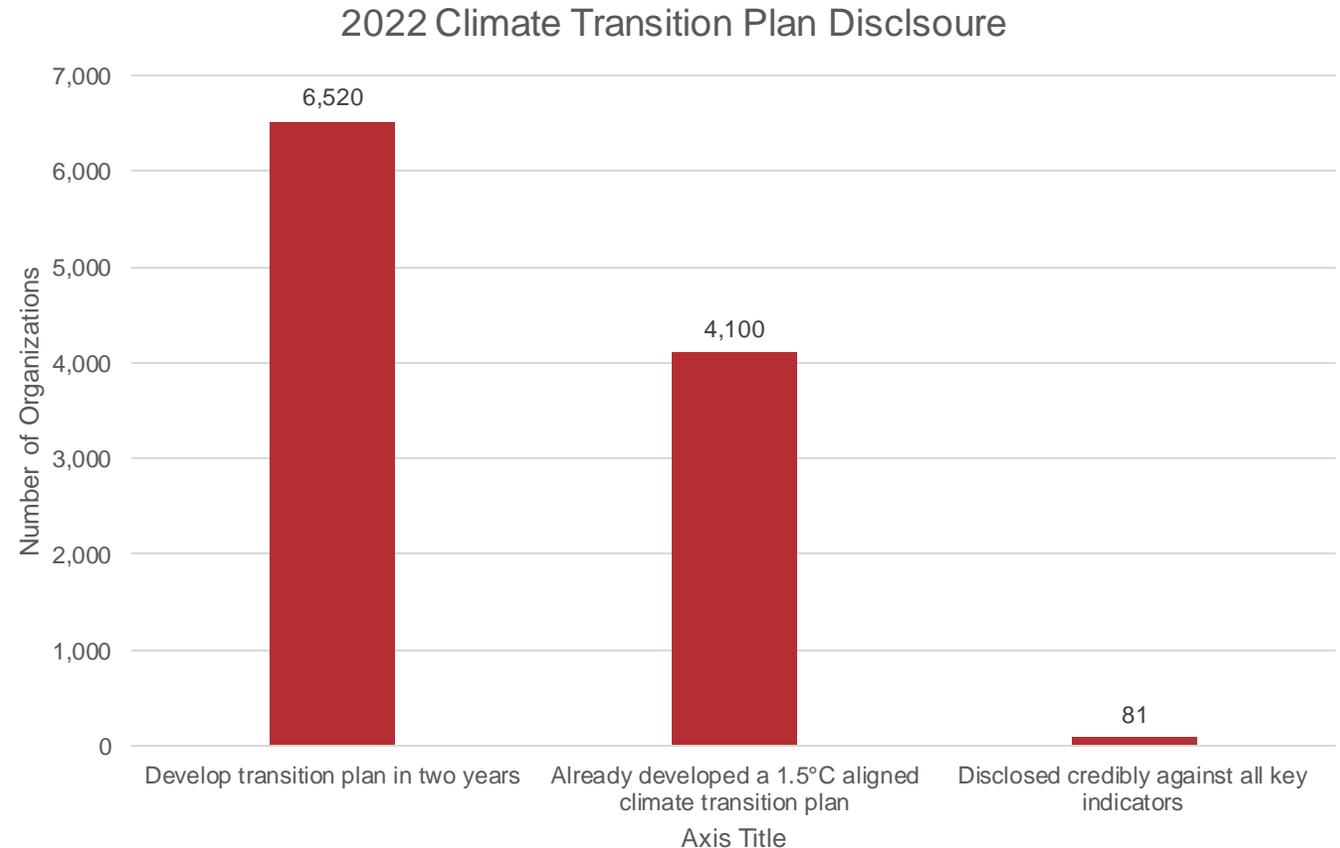
# 2022 assessment – *Are companies developing credible climate transition plans?*



# 2022 climate transition plan disclosure

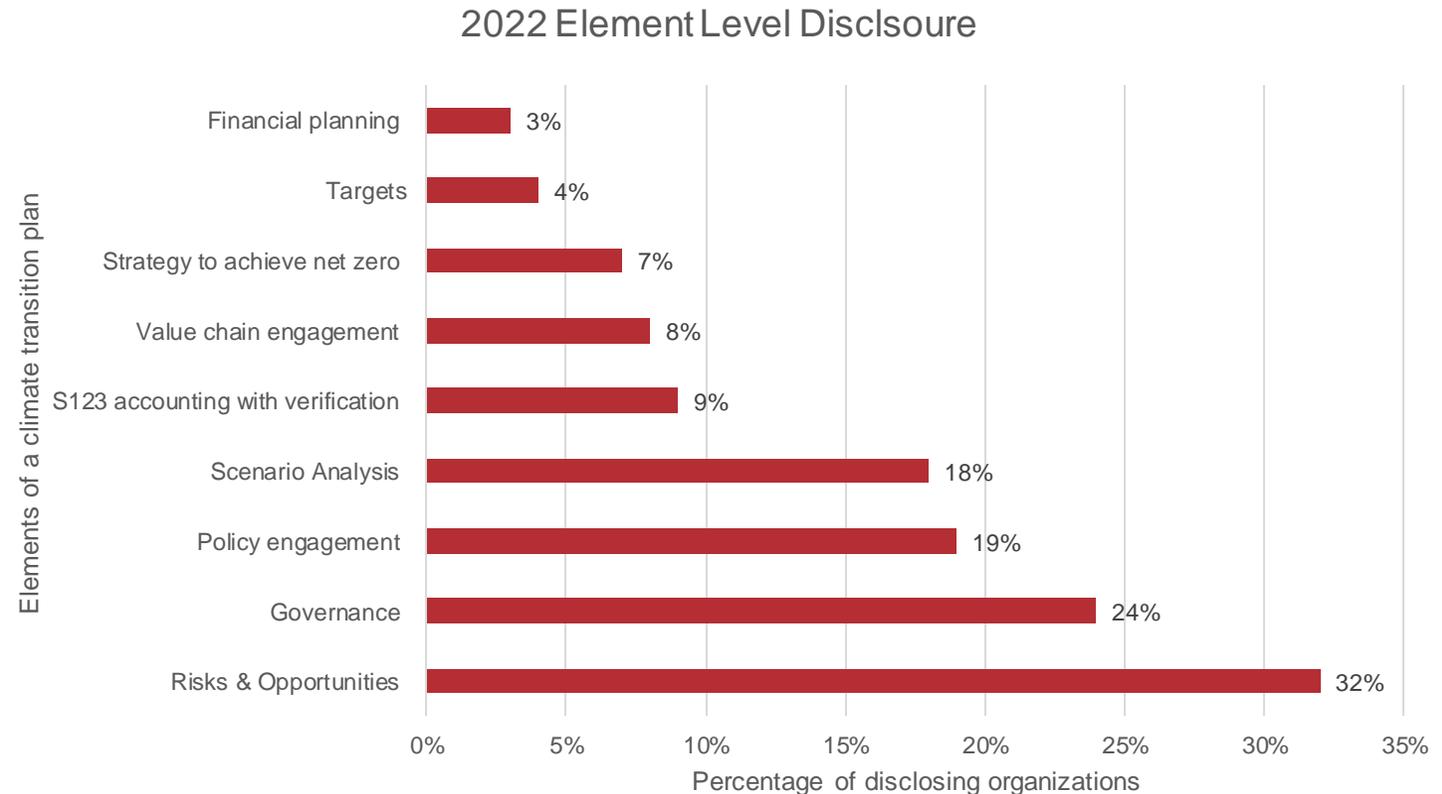
Figures from 2022 CDP Climate Transition Plan Report

- Over 6,500 organizations disclosed that they plan to develop a climate transition plan.
- 4,100, an increase on last year (4,002), disclosed that they have developed a 1.5°C aligned climate transition plan.
- Only 81 organizations disclosed sufficiently to all 21 key indicators, a decrease on last year (135).



# 2022 Disclosure of Climate Transition Plan Elements

- ▼ More than a third of disclosing organizations met the disclosure criteria for the risks & opportunities element of a credible climate transition plan.
- ▼ 24% disclosed sufficient details of governance.
- ▼ 19% disclosed sufficient details of their policy engagement.
- ▼ Financial planning, targets and strategy to achieve net-zero were the poorest performing elements.



# Examples of credible climate transition plan disclosure



# Climate related risks and opportunities (Strategy)

Describe where and how **climate-related risks and opportunities** have influenced your strategy.



## Company A's Response to C3.3

### Investment in R&D

Both internal and external research and development has been realized as an opportunity to advance our **climate-related goals in-line with our time horizon of 2025**. The opportunity we have recognized to influence climate-related risks associated with our investment in R&D is more efficient production and distribution processes. **We hope that strategically focusing on R&D to reduce our exposure to fuel price volatility will decrease our climate-related risks.** Our internal R&D department is focused on decreasing the impacts of climate-related risks through innovation in both our products and its associated packaging. We continue to invest in the design of more efficient production processes and the use of renewable energy sources. **Our R&D team is currently working on transforming our current facilities into net zero ones**

# Financial planning

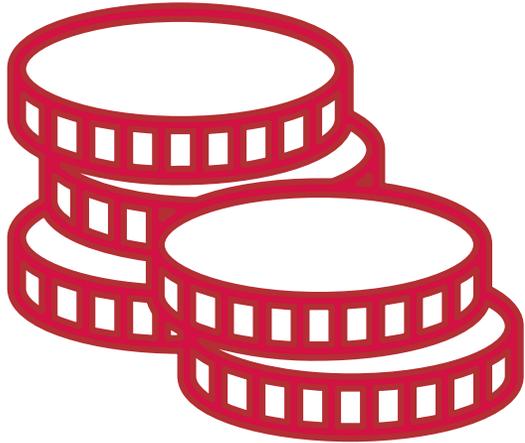


**Quantify the percentage share of your spending/revenue that is aligned with your organization’s transition to a 1.5C world.**

Financial metric	Percentage share of selected financial metric aligned with a 1.5°C world in the reporting year (%)	Percentage share of selected financial metric planned to align with a 1.5°C world in 2025 (%)	Percentage share of selected financial metric planned to align with a 1.5°C world in 2030 (%)	Describe the methodology used to identify spending/revenue that is aligned with a 1.5°C world
Select from: <ul style="list-style-type: none"> <li>• Revenue</li> <li>• CAPEX</li> <li>• OPEX</li> <li>• Other, please specify</li> </ul>	Percentage field [enter a percentage from 0-100]	Percentage field [enter a percentage from 0-100]	Percentage field [enter a percentage from 0-100]	Text field [maximum 4,000 characters]



Describe the methodology used to identify spending/revenue that is aligned with a 1.5°C world



## Company A's response to C3.5a

The methodology used to identify revenues aligned to a 1.5°C world is the **EU taxonomy**. Our CAPEX mostly deals with intangible assets, which are new products and technology derived from our R&D effort. This CAPEX is a necessary intermediate stage to enable future revenues aligned with a 1.5°C world. Therefore, **we estimate that the annual increase in R&D aligned with climate change mitigation should evolve at a faster pace than revenues with that same goal in the short to medium term.** We estimate that this CAPEX could increase above 2pp annually until 2025 and around 4pp annually between 2025 and 2030.

# Additional resources

- ▼ [Discussion paper](#)
- ▼ [Technical Note](#)
- ▼ 2022 CDP report – [Are companies developing credible transition plans?](#)
- ▼ [CDP guidance webpage](#)
- ▼ [CDP climate transition plan webpage](#)



# Thank you

To learn more about disclosure and environmental action through CDP visit: [Organizational guide – CDP](#)

For information on setting a science-based target, contact: [commit@cdp.net](mailto:commit@cdp.net)

For information on CDP Supply Chain contact: [supply.chain@cdp.net](mailto:supply.chain@cdp.net)

For information on CDP Capital Markets contact: [investor@cdp.net](mailto:investor@cdp.net)

## Contact the Transition Plan Team

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