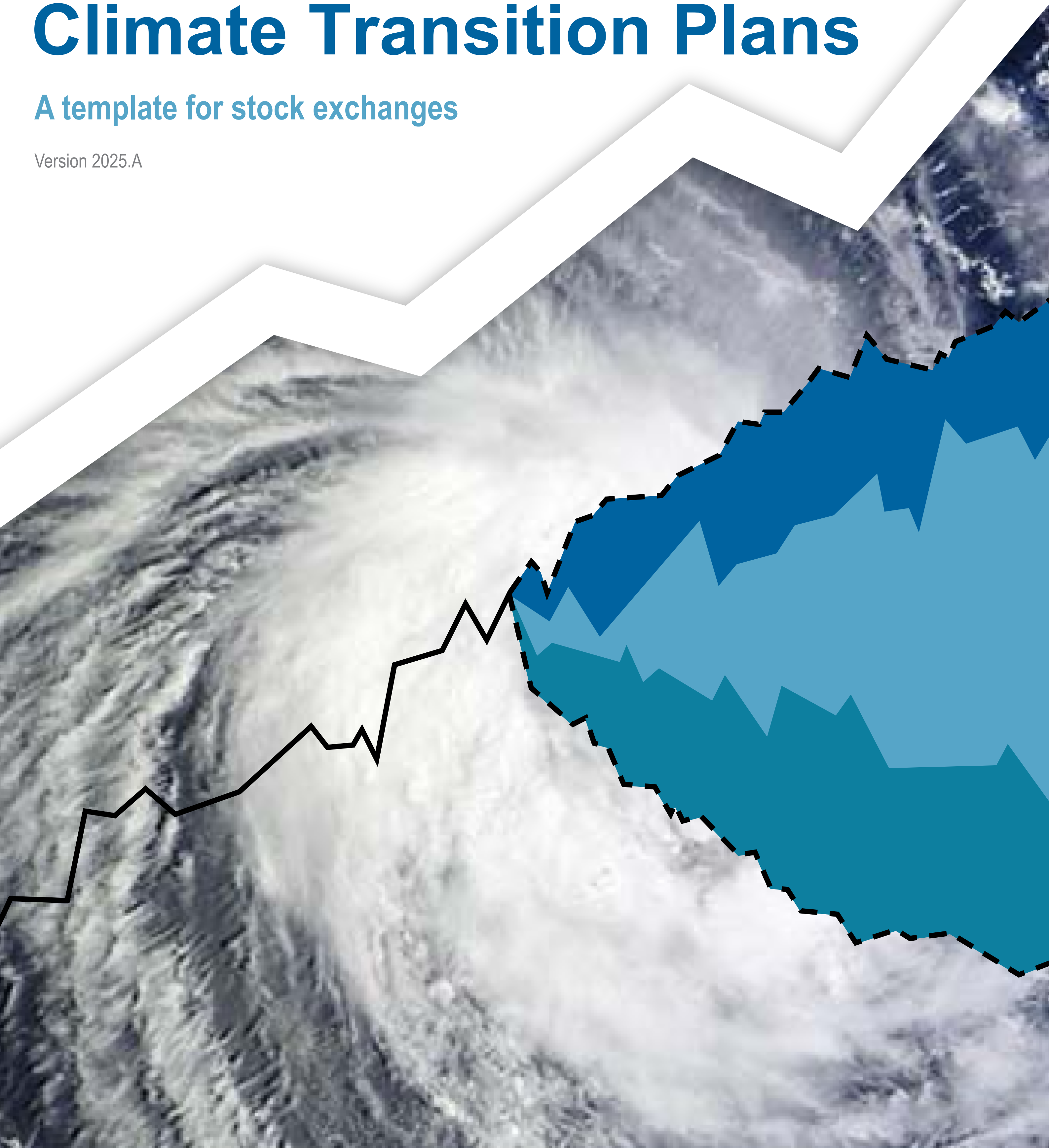
Sustainable Stock Exchanges Initiative

Model Guidance on Climate Transition Plans

A template for stock exchanges

Version 2025.A



Foreword: London Stock Exchange Group

Co-Chair of the SSE Advisory Group on Transition Plans

The global economy is undergoing a profound transformation linked to the climate and energy transition. Making progress on the goals of the Paris Agreement and advancing towards a net-zero future requires action by governments, the real economy and the financial system. Credible, transparent and actionable climate transition plans can play a central role in this effort.

Through climate transition plans, companies can set out their vision, their targets and the practical steps they are taking to meet their goals. This includes both what is directly within their control, and the external dynamics that impact their strategy. This information will support institutional investors to identify the opportunities associated with the energy and climate transition, enabling capital to flow to the companies presenting those opportunities, whilst also supporting their ability to manage the risks involved in the transition.

The UN Sustainable Stock Exchanges (UN SSE) Model Guidance on Climate Transition Plans offers a practical and comprehensive tool to help exchanges around the world support the issuers on their markets to develop and disclose high-quality transition plans. The guidance provides clarity on what makes a credible plan while remaining flexible enough to account for the diverse contexts of global markets and differences between companies.

Exchanges are uniquely positioned to assist. As conveners and platforms for transparency and accountability , they enable companies to access the capital they need to finance their transition goals and support investors in building transition-aligned portfolios. This guidance strengthens the ability of exchanges to fulfil that role .

At London Stock Exchange Group (LSEG), we are proud to be a strategic enabler of sustainable economic growth. As part of our broader sustainability strategy, we are committed to providing the sustainable finance products and solutions that our clients are demanding, engaging with the sustainable finance ecosystem and advancing best practice in climate disclosure. We were honoured to contribute to the development of this guidance as co-chairs of the Advisory Group and thank the UN SSE for its leadership.

We also extend our gratitude to the global experts who contributed to this guidance. Their insights have ensured that the guidance is relevant, practical, and can be used internationally. This guidance is an important step in supporting both companies and investors pursue their climate goals and transition towards a more sustainable, inclusive future.

Dame Julia Hoggett
Chief Executive Officer
London Stock Exchange plc

Foreword: Singapore Exchange Group

Co-Chair of the SSE Advisory Group on Transition Plans

Climate change is one of the defining challenges of our generation – far-reaching, complex and global in its impact. Yet it also represents a critical opportunity for financial markets to demonstrate their relevance by mobilising capital at scale to support a credible, inclusive transition to a low-carbon future. Within this, exchanges have a unique and catalytic role as the nexus of financial ecosystems – connecting investors, issuers, and regulators, and shaping the frameworks that can deliver real-world impact.

This is why the UN Sustainable Stock Exchanges (SSE) initiative's Model Guidance on Climate Transition Plans is so timely and important. It provides exchanges and market participants with a practical, adaptable, and credible framework to support transition planning. It also offers much-needed clarity as we navigate evolving global standards, growing investor expectations and the imperative to act.

At Singapore Exchange (SGX Group), we are proud to contribute to this guidance, and to partner with our peers in this collective effort. We believe that exchanges can lead by example and work inclusively to enable the transformation of financial markets toward sustainability and resilience.

SGX's own approach is anchored on three key priorities:

- Advancing our corporate climate and decarbonisation commitments, including setting a clear pathway for our corporate disclosures.
- Facilitating the credible transition of our marketplace and supporting sustainable capital mobilisation through trusted products and platforms, including initiatives such as mandatory climate reporting
- Driving market stewardship and ecosystem collaboration, including through initiatives like this model guidance.

It has been a privilege to serve as Co-Chair, together with London Stock Exchange (LSE), of the Advisory Group behind this guidance. I extend my thanks to members for their insights and commitment. The result is a practical resource and adaptable framework that helps to improve the credibility of transition planning and disclosure.

SGX remains steadfast in our mission to support the transformation of capital markets in Singapore, across Asia and globally. We are proud to support the UN SSE's efforts and look forward to continued collaboration in building resilient, trusted and sustainable markets for the future.

Mr Ng Yao Loong
Head of Equities
SGX Group

A Note to Exchanges

This section provides context for stock exchanges that wish to utilise this Model Guidance as a template for guidance for their market. This Note to Exchanges is not intended to be copy/pasted into a stock exchange's bespoke market guidance. **Tips for exchanges** are also provided at the end of each chapter to guide the exchange in how to adapt the contents to its market, for example by taking into account existing jurisdictional requirements and guidance.

Why guidance on transition plans?

Governments, financial institutions, and not-for-profit organisations, among others, are increasingly requiring or expecting companies to adapt their business models and practices to mitigate and adapt to the effects of climate change[1]. Through climate transition plans, companies identify and share their strategies for responding and contributing to the transition towards a low greenhouse gas (low-GHG) emissions, climate-resilient future. Through doing so, they may increasingly be able to access financial products and services tailored to low-carbon business models, or contrastingly may face higher costs of capital should they not have a credible transition plan.

In some jurisdictions, companies are already required to develop and publish transition plans and financial institutions increasingly refer to transition plans to inform their decisions about allocating capital to companies. Corporate practice on transition planning, the expectations of financial institutions about those plans and the availability of transition planning guidance are all evolving fast. There is no one-size-fits-all or standard method of transition planning. However, the strategic and financial benefits for transition planning and disclosure of transition plans are rapidly emerging. Practices, guidelines and frameworks on transition planning are gaining widespread acceptance and are reflected in this Model Guidance.

Purpose of and audience for this Model Guidance

Building on existing resources, the United Nations Sustainable Stock Exchanges (UN SSE) initiative has developed this Model Guidance on Climate Transition Plans to assist exchanges in providing guidance to issuers that are starting or furthering their transition planning and disclosure practices.

Stock exchanges play an important role in:

- Preparing markets for developing and disclosing transition plans,
- Managing the potential accumulation and effects of stranded assets and systemic financial risk on exchanges,
- Using their influence to support their issuers' climate transition plans,
- Promoting green and climate transition finance[2].

[1] Various organisations including the University of Oxford, Net Zero Tracker and Climate Action Tracker monitor the introduction of voluntary and mandatory climate transition plan requirements and associated policy developments. At the time of writing, the UK, European Union, Brazil, Canada, France and Australia are implementing or planning to implement mandatory climate transition plans for businesses.

[2] For example, LSEG's Approach to Transition Finance

Exchanges have led the development of this Model Guidance with a multi-stakeholder advisory group composed of investors, companies and other subject matter experts[3]. This Model Guidance does not provide a new listing requirement or a standard for climate transition plans. It collates details of existing resources, frameworks, practices and examples so that exchanges have a globally consistent base from which to start as they develop their own, locally customised voluntary guidance to help issuers meet stakeholder demands, including investors, regulators, employees and suppliers, for information about transition plans to address climate change.

This Model Guidance is a template document which is written in the voice of an exchange communicating to its issuers how corporate transition plans can be developed, what purpose they serve, how they are evaluated and how to make disclosures about transition plans. The text in this Model Guidance is intended as a starting point and exchanges are encouraged to customise it to reflect the local context and the needs of their issuers and investors. However, adaptation to the local context should be balanced with an appropriate level of consistency of approach to transition planning and associated disclosures. In summary, exchanges are encouraged to start with existing practices, guidelines and frameworks and to adapt those better to suit the needs of their listed companies.

The process of creating customised guidance can take many forms including consultations with companies, investors, priority stakeholders and subject matter experts. It may also take research to understand the challenges for issuers and the needs of users of transition plans in each jurisdiction. In the context of climate transition plans, exchanges might consider adding to the Model Guidance text about the local energy environment in which their issuers operate, including incentives for renewable energy projects, opportunities to unlock clean energy investments, local collaborative actions, government commitments and local disclosure requirements.

Building on SSE Model Guidance series

This Model Guidance builds on the SSE Model Guidance series that provides stock exchanges with templates for voluntary guidelines on topics such as ESG Disclosure (2015), Climate Disclosures (2021) and on Sustainability-related Financial Disclosures (2024). The Model Guidance series of guidance templates aims to ensure consistency across markets by providing stock exchanges with the building blocks for guidance and education on specific topics pertinent to their domestic markets.

> The remainder of this guidance is a template that stock exchanges can copy/paste and adapt, using the guidance provided in the Note to Exchanges. The materials provided in this guidance are also designed to be helpful for participants of training workshops conducted by the SSE Academy.

[3] See Annex 1 for a full list of members of SSE's Transition Plan Advisory Group

Executive Summary

Purpose and Audience

This Model Guidance, developed by the United Nations Sustainable Stock Exchanges (UN SSE) initiative, is a template for stock exchanges to guide listed companies - both financial and non-financial - on how to develop, implement, and disclose credible climate transition plans. It aims to provide a globally-consistent starting point for voluntary, locally adapted guidance.

FAQs About Transition Planning

What is a climate transition plan?

A climate transition plan is a time-bound, strategic roadmap that outlines how a company will align its business model with a low-greenhouse gas (GHG) emissions, climate-resilient economy.

Why do climate transition plans matter?

Companies use climate transition plans to: develop realistic and credible pathways to a low-GHG emissions and climate resilient future, turn climate goals into practical actions, and engage with investors to align with financial institutions' climate objectives and mobilise climate finance.

Investors use the information in climate transition plans to inform their capital allocation decisions and engagement strategies and to assess and price climate risk.

Stakeholders use climate transition plans to hold companies to account for their public climate commitments and ensure accountability.

What is the difference between transition planning and a transition plan?

Transition planning is the internal process of developing strategies to meet climate goals.

Transition plans are the external-facing outputs that communicate these strategies to stakeholders.

Are there any legal requirements to produce climate transition plans?

Yes, some countries already require companies to produce climate transition plans. The landscape is constantly developing, and central databases provide up to date lists of countries' climate commitments and climate transition plan requirements.

Even where there are no legal requirements for companies to produce climate transition plans, they might be under increasing pressure to do so from investors or other stakeholders, or because sustainability disclosure provisions require details of transition plans.

Who Should Be Involved?

- Board of Directors: Oversight and strategic alignment
- Executive Management: Implementation and accountability
- Finance Teams: Budgeting and investment alignment
- Operational Teams: Execution of actions
- Stakeholders including investors, regulators, employees, suppliers, and communities: Engagement activities

What are the main components of climate transition plans?

The guidance outlines the key components of a climate transition plan, drawing from emerging consensus amongst guidance and frameworks on their key attributes, as follows:

Figure I: The 5 main components of a Climate Transition Plan

Foundations	Integrating into governance	Stakeholder engagement	Implementation Strategy	Metrics & Targets
Foundations for the plan, including the strategic ambition, objectives, and priorities	How the plan is governed, monitored, and resourced, including tracking performance over time	Taking account of feedback from engagement activities with stakeholders and partners.	Actions to execute the plan, including implications for business decisions, policies, operations, financial plans & products & services	GHG emissions metrics and reduction targets, financial metrics used to assess & monitor progress in implementation
Guidance in Section 2.2	**Guidance in Section 2.3**	**Guidance in Section 3.4**	**Guidance in Sections 3.1, 3.3, 3.5 & 3.6**	**Guidance in Section 3.2**

Source: UN SSE

Are there any standards or guides to help companies produce climate transition plans?

There are lots of resources about how to develop all of the main components of climate transition plans. The guidance includes extensive appendices with:

- Definitions of transition plans from leading frameworks
- Sector-specific guidance and resources
- Disclosure frameworks and mapping tools
- Assessment criteria for credibility and progress tracking

How do climate transition plans relate to a sustainability or annual report?

Information about a company's climate transition plan can be provided within an annual report or in a sustainability report or in a separate report depending on the requirements that apply to a company. In some countries, sustainability disclosure standards might require information to be included in an annual report.

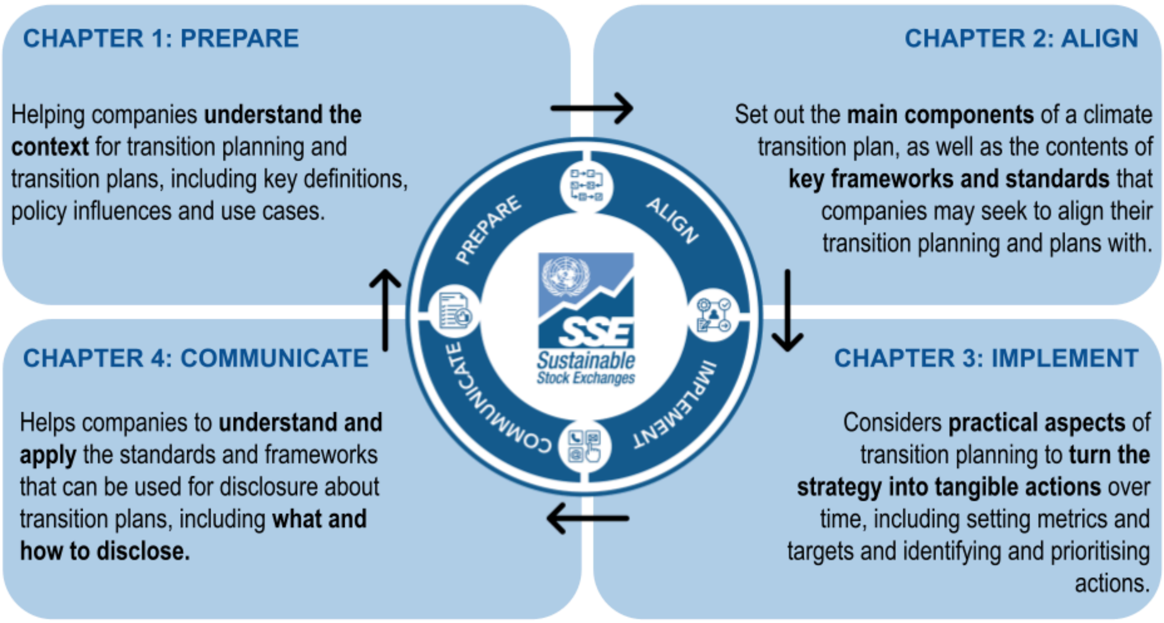
What are the risks with producing forward looking information?

Climate transition plans provide insight into companies' future activities and the possible future impacts of climate change on the business, all of which are uncertain. Any risks associated with the provision of forward-looking information can be minimised through transparency about assumptions and through the use of meaningful cautionary language.

Structure of this guidance

This guidance is structured according to a four-step approach (Figure II) to enhance practices in both developing climate transition plans and making associated disclosures.

Figure II: Four step approach to transition planning and transition plans disclosure



Source: UN SSE

Next Steps for exchanges and issuers

This Model Guidance provides a comprehensive, adaptable framework for exchanges and issuers to progress transition planning. It emphasizes the importance of credible, transparent, action plans that align with global climate goals and stakeholder expectations.

Stock exchanges are encouraged to:

- Customize the guidance to local contexts
- Engage with issuers and stakeholders
- Promote consistency and comparability across markets

Issuers should:

- Begin with internal assessments and stakeholder engagement
- Align with recognized frameworks
- Integrate transition planning into core business strategy and governance

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Model guidance on climate transition plans

Why climate transition plans matter

Transition plans are vital mechanisms for identifying, monitoring, and achieving climate action. Agreed to by 196 parties in 2015, the Paris Agreement set the global target to limit average temperature rise to well below 2°C above pre-industrial levels, and pursue efforts to limit the increase to 1.5°C[4], setting the path for ambitious action from all parts of the economy to deliver rapid decarbonsiation. However, despite these efforts global greenhouse gas (GHG) emissions have continued to rise[5] and The World Meteorological Organization (WMO)[6] confirmed 2024 as the hottest year on record, with temperatures 1.5°C above pre-industrial levels. Records were broken for ocean heat, sea level rise, Antarctic sea ice loss and glacier retreat.

The pace and effects of climate change are uncertain, but climate transition plans can support an orderly transition by setting out companies' ambitions and actions to reduce impacts from climate change, enhancing their resilience to the changing climate and responding to the risks and opportunities that arise from the transition to a low-GHG emissions, climate-resilient economy.

The cost of climate inaction is expected to be higher than the cost of action[7]. Research indicates that additional investment of US$ 6 trillion per year needs to be deployed between by 2030 to meet the climate goals set out in the Paris Agreement[8]. Climate transition finance is a means of providing financial support to entities and activities seeking to decarbonise and reach net-zero emissions. Climate transition plans that communicate companies' climate-related strategies and actions are crucial mechanisms for mobilising climate transition finance.

Figure 0:1: Why Climate Transition Plans Matter

Source: UN SSE

[4] The Paris Agreement - UNFCCC (2015)
[5] Emissions Gap Report 2024 - UN Environment Programme (2024)
[6] WMO confirms 2024 as warmest year on record at about 1.55°C above pre-industrial level - World Meteorological Organization (2025)
[7] Climate damage projections beyond annual temperature - Waidelich, P., Batibeniz, F., Rising, J. *et al., Nat. Clim. Chang.* 14, 592–599 (2024)
[8] Climate investment is rising fast - but the financing gap to deliver Net Zero is rising faster - A&O Sherman (2024)

Type of transition plans within scope of this guidance

The transition to a low-GHG emissions and climate-resilient economy has widespread implications. Effects of the transition may manifest in the natural environment, the local and global economy, a company's workforce, technology development and so on. Although all of these effects are interlinked, for practical purposes, guidance on transition planning sometimes distinguishes between planning for the effects on the workforce, on nature[9], on the economy and on technology respectively. For example, plans designed to support workforces through industrial transformations attributable to climate change are commonly referred to as plans for a Just Transition[10]. However, this Model Guidance focuses specifically on **climate transition plans**, which chart the path towards a low-GHG emissions and climate-resilient economy that aligns with national and international[11] climate goals, protects the climate system, the ecosystems that climate change impacts, corporate value, and investor interests. Although not covered in this Model Guidance, other factors related to climate transition plans should not be ignored including the broader social consequences relating to diversity and inclusion (including race, gender, and intergenerational equity), as well as impacts, risks and interdependencies on workforces, nature and the environment.

Transition planning vs transition plans

The Network for Greening the Financial System (NGFS)[12] distinguishes between:

- **Transition planning** as an *"internal process undertaken by a firm to develop a transition strategy to deliver climate targets and/or prepare a long-term response to manage the risks associated with a transition,"* and
- **Transition plans** that are *"a key product of the transition planning process and are mainly used as an external-facing output for external audiences (e.g. public stakeholders or supervisors), which represent the strategy of how firms plan to align their core business with a specific strategic climate outcome."*

NGFS further states that *"transition planning can take place without the disclosure of an underlying formal transition plan. However, transition plans are a useful tool which bring together aspects of the transition planning process to meet the needs and interests of a range of users and may aid institutions in formalising and managing their internal transition planning."*

This Model Guidance provides information on both transition *planning* (mainly in Chapters 2 - "Align" and 3 – "Implement") and transition *plan* disclosure (mainly in Chapter 4 - "Communication), with resources relevant for all aspects of planning, implementation and disclosure listed in Annex 2 - *Resources*.

[9] Nature in Transition Plans, Discussion Paper - Task Force on Nature-related Financial Disclosures (TNFD) (2024). See also Nature in Net-zero Transition Plans: Workstream Consultation Paper - GFANZ (October 2024)
[10] What is the Just Transition and What does it mean for Climate Action? Grantham Research Institute (February 2024)
[11] The Paris Agreement, adopted by 196 Parties at the UN Climate Change Conference (COP 21) in 2015
[12] NGFS: Transition Plan Package Cover Note - Network for Greening the Financial System (NGFS) (April 2024)

Companies within scope of this guidance

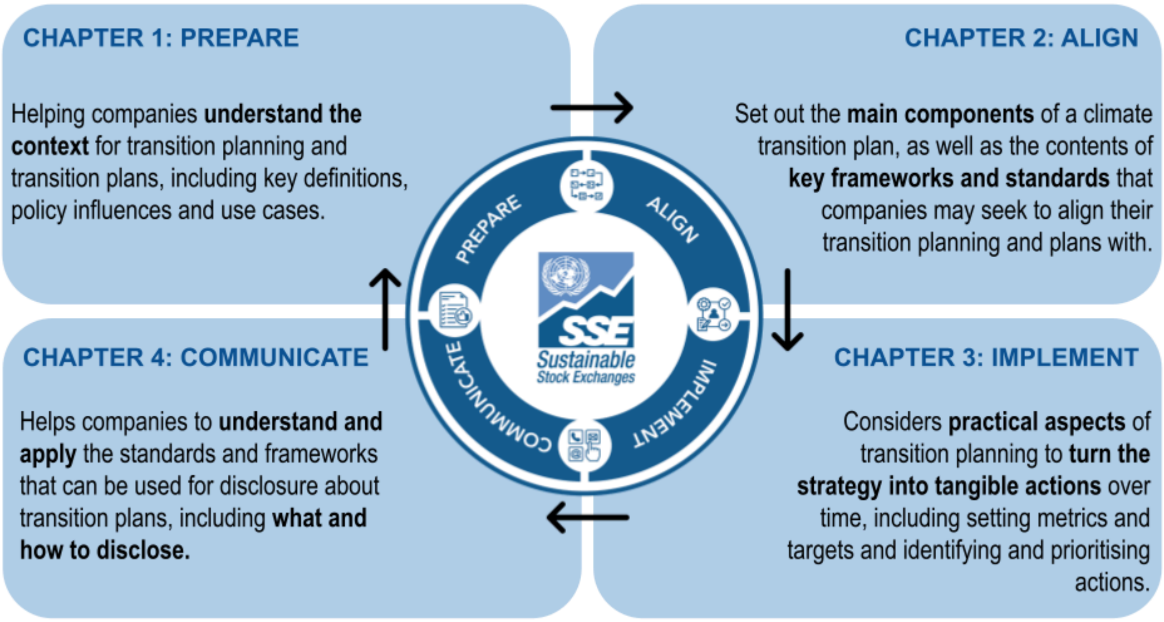
Every part of society, government, and the economy can play a role in supporting the transition to a low-GHG emissions and climate-resilient future. This guidance applies to transition plans developed by real economy listed[13] companies *and* financial institutions[14] as both are subject to similar expectations about the components their climate transition plans should include in order to be credible.

While the main components of climate transition plans are similar for financial and non-financial firms, the ways in which they support the transition to a low-GHG emissions economy are different. Non-financial firms typically have more direct ability to manage their GHG emissions and some influence over their exposure to climate risks, whereas financial firms tend to play a more indirect role. This Model Guidance explores how financial institutions and stock exchanges support their own climate transition goals and those of real economy companies, based on the credibility of their transition plans. Guidance on the meaning and provision of transition finance is provided Chapter 1.2.3 Transition Finance.

This Model Guidance focuses on the preparation of climate transition plans and associated transition planning by real economy listed companies and financial institutions rather than their respective roles in supporting the transition to a low-GHG emissions and climate resilient economy.

Structure of this guidance

Figure 0.2: The four step approach to transition planning & transition plan disclosure

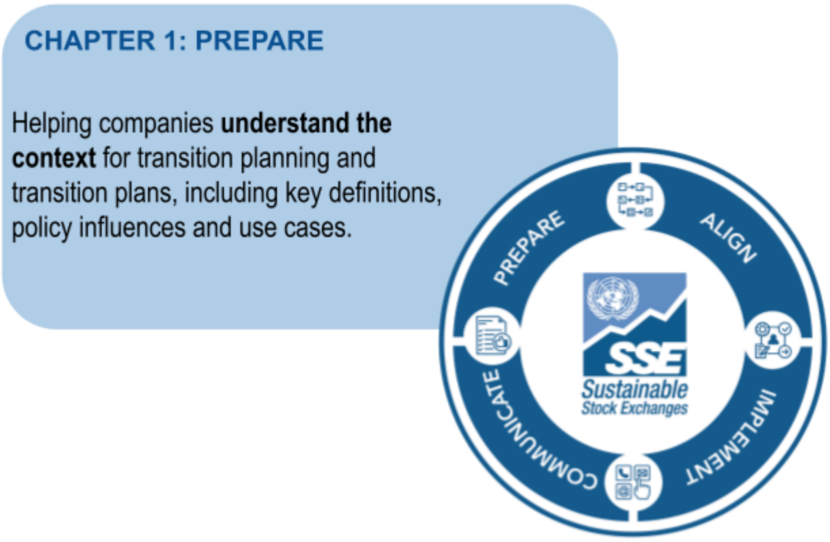


Source: UN SSE

[13] See GFANZ Expectations for Real-economy Transition Plans and note that section 5.1 sets out prioritization of components for SMEs
[14] At the time of writing ISO is developing Standard DIS 32212, Sustainable Finance - Net Zero Transition Planning for Financial Institutions.

This guidance is structured according to a four-step approach (Figure 0.2) to enhance practices in both developing corporate climate transition plans and making associated disclosures. The four-step process is designed to help issuers **prepare** for action with a solid understanding of the context of transition planning; how they can **align** their transition planning to existing practices, guidelines and frameworks; how they can **implement** transition planning within their organisation; and how to **communicate** details of the transition plan through public disclosures. The four steps should be seen as a cycle of continuous enhancement to update practices and re-evaluate transition plans and associated disclosures.

1. Prepare



This Chapter provides background information on climate transition plans including:

- **Definitions** of climate transition plans, terms commonly used when describing climate transition plans and key resources that inform climate transition plans.
- **The main influences** on climate transition plan design and content, including:
    - Requirements on climate transition plans;
    - Transition plan use cases;
    - Transition finance;
    - Business risks and opportunities associated with the climate transition.

1.1 What is a climate transition plan?

There is no universally agreed definition of a corporate climate transition plan and there is no ‘one size fits all’ type of climate transition plan. Annex 3 - “Definitions of climate transition plans” summarises the way in which “climate transition plan” is defined in some key resources, including those of IFRS Sustainability Disclosure Standards, Transition Plan Taskforce (TPT)[15], The Global Financial Alliance for Net Zero (GFANZ)[16], European Sustainability Reporting Standards, and others.

Based on the definitions in Annex 3, the meaning of climate transition plans may be summarised as ***a time bound aspect of the company's overall strategy to support accountability and contribute to climate mitigation and adaptation, net-zero goals and other commitments***.

Climate transition plans generally comprise five main components (Figure 0.2), which are reflected in the TPT and GFANZ transition plan frameworks. The five components, which include setting the strategic ambition for the climate transition plan, taking account of findings from engagement with a wide range of stakeholders, devising an implementation strategy, developing metrics and targets to monitor and progress the plan and integrating the climate transition plan into governance processes, are explained in detail in Chapter 2. In developing transition plans, organisations should also consider the characteristics of decision-useful information, in order to ensure plans are prepared and disclosed in an effective and credible manner, as outlined in Chapter 4.

1.2 What are the main influences on climate transition plan design and content?

The design and content of a climate transition plan depend on many factors, including the sector and context in which companies operate, the climate-related transition risks and opportunities to which they are exposed, the affordability of new strategies, the existing energy infrastructure including reliance on energy imports, energy mix, energy pricing and the pace of transition. In this section, the Model Guidance considers some of the main influences on climate transition plan design and content, including the factors summarised in Figure 1.1.

[15] The Transition Plan Taskforce (TPT) was launched by the UK government in March 2022 and developed a wide range of resources on transition planning and transition plan disclosure. In October 2024, the IFRS Foundation assumed responsibility for disclosure-specific materials developed by the TPT. The International Transition Plan Network (ITPN) was launched in November 2024 to continue to support the development of global norms for private sector climate transition plans.

[16] The Glasgow Financial Alliance for Net Zero (GFANZ), supports markets to account for and address the impacts of climate change and accelerate investment in the transition of the global economy. More than two thirds of its 700 financial sector members have set out their plans for the net-zero transition. GFANZ promotes a common approach to transition plans, working with global standard setters including the IFRS, FSB and IOSCO. GFANZ's work builds on and consolidates transition plan guidance from bodies such as CDP, TCFD, SBTi, CA100+ and TPI and financial sector net-zero alliances.

Figure 1.1: The main influences on climate transition plan design and content

Source: UN SSE

1.2.1 Landscape of relevant commitments and frameworks that inform the climate transition

National and international targets and commitments to address climate change form part of the context within which companies develop their corporate transition plans. Those commitments and targets state when and how national governments and international agreements plan to reach net zero or achieve GHG emissions cuts and in some cases (such as the UK[17] and European Union[18]) the targets have been incorporated into national laws and are therefore legally binding of the countries concerned.

In particular, the Paris Agreement[19], adopted by 196 Parties in 2015 sets the overarching global goal to hold “the increase in the global average temperature to well below 2°C above pre-industrial levels” and pursue efforts “to limit the temperature increase to 1.5°C above pre-industrial levels.”

In order to support national and international climate targets and commitments, the UN Secretary-General’s High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities[20] calls on regulators to develop regulation and standards in key areas, including net zero pledges, transition plans and disclosure applicable to corporations and financial institutions.

As part of their sustainable finance work, the G20 has also recommended the adoption of a set of high-level principles for transition plans to advance their design and implementation, as well as their interoperability and applicability across financial institutions and other corporations[21].

[17] The UK has legally binding targets to cut GHG emissions to net zero by 2050 with binding interim targets under its Climate Change Act
[18] The European Climate Law (2021)
[19] The Paris Agreement is a legally binding international treaty on climate change agreed by 196 Parties at the UN Climate Change Conference (COP21) in December 2015
[20] Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions - United Nations’ High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Actors (2022)
[21] 2024 G20 Sustainable Finance Report - G20 (2024) See also extract at Annex 2.

The profile of targets and commitments set by governments, is subject to change, but can be tracked using various resources including:

- Central databases[22] that provide a regularly updated record of commitments made by countries, regions, cities, and companies.
- The Task Force on Net Zero Policy assesses progress and takes stock of corporate and financial net zero policy reform across G20 countries. The Task Force's work[23] provides a common understanding of trends in net zero policymaking in G20 countries.
- A number of organizations including the International Energy Agency (IEA)[24], World Economic Forum (WEF)[25] and the International Renewable Energy Agency (IRENA)[26] track the status of the energy transition in countries around the world.

The state of readiness to support the climate transition in different jurisdictions, for example their institutional capacity, governance structures, planning frameworks and access to finance, might also inform corporate climate transition plans. Wider policy frameworks to address the effects of climate change might also directly or indirectly influence the development of climate transition plans, including sustainable or climate taxonomies used as a tool to mobilise private capital, stewardship policies to encourage investors to create real world outcomes, climate adaptation plans, carbon taxes, targets aimed at the phasing out of fossil fuels and scaling up of renewable energy, approaches for the protection of nature and so on.

Alongside overarching national and international principles, targets and commitments, specific laws and frameworks are emerging that directly specify requirements for, and expectations of, corporate climate transition plans.[27] [28] Some of the arrangements are associated with planned adoption of the IFRS Sustainability Disclosure Standards, (in particular requirements in IFRS S2 "Climate-related Disclosures," that companies disclose information about any climate-related transition plan they may have), in other cases the arrangements are determined at national or regional level.

1.2.2 Climate transition plans – use cases

Publishing a transition plan offers a clear business case by demonstrating how an organization is strategically preparing for the shift to a low-carbon economy. According to the NGFS[29], such plans typically fall into three categories: strategy-focused, risk-focused, or a combination of both—depending on the intended use. Beyond managing climate-related risks, well-designed transition plans can unlock business value by strengthening employee retention, enhancing brand and customer perception, accelerating technological innovation, and driving revenue growth. They also serve as a critical tool for engaging with key

[22] Net Zero Tracker Data Explorer, Climate Watch Net Zero Tracker, Climate Action Tracker
[23] Net Zero Policy Matters - Assessing progress and taking stock of corporate and financial net zero policy reform - Task Force on Net Zero Policy (November 2024)
[24] World Energy Outlook - IEA (2024)
[25] Global Future Council on the Future of Energy Transition - WEF
[26] Energy Transition Outlook - IRENA
[27] For example, at the time of writing, requirements for companies to develop and/or to report on transition plans are under discussion or in place in Australia, Brazil, Canada, China, European Union, Malaysia, Japan, New Zealand, Singapore, Switzerland and the United Kingdom.
[28] Transition Plan Taskforce Update - TPT (July 2023) and https://transitiontaskforce.net/wp-content/uploads/2024/10/Final-Report-Progress-Achieved-and-the-Path-Ahead-TPT.pdf
[29] Stocktake on Financial Institutions' Transition Plans and their relevance to Micro-Prudential Authorities - NGFS (May 2023)

stakeholders—especially investors—by showcasing a company's long-term vision, credibility, and resilience.

Investors' use of climate transition plans

The extent to which a financial institution can develop and implement its climate transition plan is largely dependent on when and how its clients develop and implement their climate transition plans. Companies' transition plans enable financial institutions to ascertain the overall climate impact that their financing activities are intended to have, and to influence changes in corporate strategy[30]. Financial institutions therefore call for public disclosure[31] of climate transition plans as they inform their own transition strategies using a range of criteria to assess the features and credibility of their existing and prospective clients'[32] climate transition plans. Box 1.1 summarises the way in which investors use climate transition plans.

Box 1.1: Investor use of climate transition plans

Key ways in which investors use climate transition plans include to:[33]

- **inform capital allocation and investment decisions**, based on whether and to what extent the climate strategies described in those plans align with the financial institutions' own ambitions, expectations and transition financing activities and strategies;
- **inform decisions about their own activities**, such as lending policies, portfolio construction, engagement, asset allocation and divestment;
- **support ongoing engagement** and stewardship priorities with companies;
- **support voting** on climate-related shareholder resolutions, director elections, remuneration, such as on climate votes and other matters at company AGMs[34];
- **support the development of their own climate transition plans** and disclosures about their own climate targets and commitments to their stakeholders;
- **help them understand the climate risks, opportunities and impacts** affecting the companies they are financing, holding and/or facilitating.
- **assess portfolio alignments** with their climate policies and targets.

Transition plans also promote investor confidence in companies' ambitions and counter claims of greenwashing.

Source: IIGCC

[30] Connecting Transition Plans: Financial and non-financial firms - NGFS (April 2024)
[31] Convened through the Investor Agenda and signed by 602 global investors managing US$42 trillion in assets, The 2022 Global Investor Statement to Governments on the Climate Crisis called for "public disclosure of 1.5℃ pathway-aligned, science-based, and independently verifiable climate transition plans".
[32] For the purposes of brevity, 'clients' is used throughout this guidance to refer to the companies with which a financial institution engages on their transition plans, which in practice may include various forms of client, investee and counterparty relationships
[33] Corporate Climate Transition Plans: A Guide to Investor Expectations - IIGCC (March 2022)
[34] The Rise of Say on Climate Proposals - ISS Corporate Solutions (2022)

The specific focus of a plan often reflects the priorities of the actor requiring it—whether governments, corporates, or financial regulators—and may address a range of objectives, as outlined in Figure 1.2 and described further below.[35]

Figure 1.2: Summary of corporate climate transition plan use cases

Source: UN SSE

- **Operational blueprint:** Transform climate goals at the operational level into practical measures that are coordinated across the organisation.
- **Investor engagement:** Improve the information available to investors and lenders by supporting engagement and stewardship between the company and financial institutions.
- **Regulatory assessment:** Allow supervisors and regulators to assess whether an entity's strategy for managing the transition is sufficient.
- **Policy support:** Support policymakers and regulatory authorities to understand the trajectory of the economy-wide transition and how this both influences, and is influenced by, climate policy in order to inform future policymaking.
- **Accountability:** Help stakeholders hold entities to account for their public climate commitments.
- **Finance mobilisation:** Act as a reference point for mobilising transition finance[36].
- **Capital markets information:** Provide forward-looking strategic information to the wider capital markets ecosystem, helping investors, lenders and underwriters to price risks and supporting data services and credit ratings.

[35] List adapted from the TPT Disclosure Framework - Transition Plan Taskforce (October 2023)

[36] In the context of the OECD's Guidance on Transition Finance, "transition finance is understood as finance deployed or raised by corporates to implement their net-zero transition, in line with the temperature goal of the Paris Agreement and based on credible corporate climate transition plans."

- **Portfolio alignment:** Financial institutions use corporate climate transition plans to assess portfolio alignment with the institution's climate policies, targets[37] and financing strategies.

1.2.3 Climate transition finance

"Companies with credible transition plans may increasingly be able to access products and services tailored to low-carbon business models. In contrast, companies that do not have credible transition plans may face higher costs and/or restricted access to financial products and services (e.g.: higher costs of capital) depending on the decision-making process of their financial institutions."[38]
(GFANZ, 2022)

What is climate transition finance?

Decarbonising high-emitting industries and scaling up climate solutions demands significant volumes of capital[39]. The concept of "transition finance" is used to describe the allocation of capital, stewardship, insurance, or products and services to a company or asset in order to support the transition to a low-GHG emissions, net-zero and climate resilient future. In their Sustainable Finance Report 2022, the G20 described transition finance as referring to financial services that support whole-of-economy transitions towards lower and net-zero emissions and climate resilience in a way that is aligned with the goals of the Paris Agreement and the 2030 Agenda for sustainable development, as well as considering national circumstances[40].

How do climate transition plans inform financial institutions' decisions about providing transition finance?

Transition plans have a particular role to play, including in enabling the financial system as far as possible to mobilise capital for low-GHG emissions investments and to manage climate-related financial risk. Transition plans enable transition finance for activities aligned with net-zero pathways. Transition finance is also provided at the entity-level, by supporting investment due diligence processes, construction of transition themed funds or bonds, and stewardship of currently high-emitting entities or assets. For many companies, transition finance represents an opportunity to secure investments and funding that supports their transition strategy at the corporate level as well as for particular activities designed to achieve transition outcomes.

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[37] For more information see Figure 8 in Connecting Transition Plans: Financial and non-financial firms - NGFS (April 2024)
[38] Expectations for Real-economy Transition Plans - GFANZ (2022)
[39] Raising Ambition and Accelerating Delivery of Climate Finance, Bhattacharya A, Songwe V, Soubeyran E and Stern N, London: Grantham Research Institute (2024)
[40] 2024 G20 Sustainable Finance Report

The concept of transition finance is evolving to distinguish between different investment objectives, such as whether an investment is designed to catalyse particular transition outcomes or to support companies and assets that are already aligned with net-zero pathways, or to provide business as usual finance[41,42]. The GFANZ[43] has identified four key financing strategies that finance or enable:

1. Entities and activities that develop and scale climate solutions;
2. Entities that are already aligned to a 1.5°C pathway;
3. Entities committed to transitioning in line with 1.5°C-aligned pathways; and
4. The accelerated managed phaseout of high-emitting physical assets.

GFANZ' work recognises the limitations of these four financing strategies and the challenges faced by "index participants" (i.e., index or data providers, stock exchanges, asset managers, asset owners and other investors) when looking to integrate transition considerations into index solutions. GFANZ has therefore identified[44] "transition-informed" indices as a more inclusive approach to support index participants' commitments and real-economy decarbonisation. Transition-informed indices may include companies at early stages of aligning with the transition to net zero or that do not meet criteria under GFANZ' four key financing strategies. GFANZ also encourages financial institutions to consider transition financing strategies categorised as "in development." This includes entities that have not made a net-zero commitment, are less mature or lack the data to appropriately assess transition risks and opportunities, but that with further engagement and decarbonisation efforts may qualify for transition finance. The Assessing Transition Plan Collective notes that "*Transition finance concerns businesses or activities that are not yet net zero, but that are planning and implementing a transition* to *net zero.*"[45]

There are various ways in which transition finance might be raised, including through the development of financial instruments and products directed towards financing the climate transition. In some cases, transition finance might depend on, or be linked with, criteria and thresholds specified in sustainable finance frameworks[46] and green taxonomies. Methodologies[47] are being developed for financial institutions to assess and categorise companies by their transition credibility and maturity.

1.2.4 Transition plans for managing climate-related risks and opportunities

Many commentaries[48] observe that climate strategy benefits business strategy, and that what is good for the climate is also good for business. A business' motivation for developing a climate transition plan might depend on the company's values and whether its strategy is focused on mitigating risk and/or maximising opportunities associated with the climate transition. Motivations might arise from an assessment of the company's long-term financial viability and from proactive engagement with value chain companies, industry peers,

[41] From Concept to Capital Flows: The Investor Perspective on Transition Finance - IIGCC (November 2024)
[42] Scaling Transition Finance: Findings of the Transition Finance Market Review - Transition Finance Market Review (2024)
[43] Transition Finance Basics - GFANZ Workshop Series, Glasgow Financial Initiative for Net Zero (GFANZ) (May 2024)
[44] Index Guidance to Support Real-Economy Decarbonization Consultation - GFANZ (October 2024)
[45] Assessing the Credibility of a Company's Transition Plan: Framework and Guidance - Assessing Transition Plan Collective (ATP) and World Benchmarking Alliance (September 2024)
[46] Such as the EU Sustainable Finance regime and the related EU Taxonomy Regulation.
[47] E.g., Frameworks to Assess Transition, a Climate Bonds Initiative programme and Annex 1 in The State of Play: 2023 Climate Transition Plan Disclosure - CDP (2023).
[48] E.g., How Climate Change Affects Business Strategy - Cote, C., Harvard Business School (May 2024)

governments, communities and civil society[49]. Developing and publishing a climate transition plan may help companies to maximise opportunities for value creation and enhance their risk management activities as summarised in Table 1.1.

Table 1.1: Value creation opportunities and risk management enhancement possibilities from climate transition planning and disclosure of transition plans

Value creation	Risk management
■ Higher employee attractiveness ■ Green job creation ■ Positive customer perceptions ■ Reducing costs while reducing carbon footprint ■ Driving revenues ■ Creating/enhancing competitive advantage ■ Technology advancement / increased automation ■ Optimising business models ■ Access to subsidies and tax incentives ■ Better financing access (e.g.: access to transition finance) ■ Lower cost of capital ■ Higher market valuation	■ Minimising exposure and increasing resilience to climate-related physical and transition risks ■ Minimising potential adverse impacts from climate-related policy and legal changes ■ Being more resilient to technology evolution ■ Preparing for changes to markets, such as changing demand for products and services ■ Preserving or enhancing reputation ■ Mitigating risk of action by competitors ■ Substantiating claims and commitments and mitigating risk of successful legal actions ■ Reducing exposure to energy and commodity price volatility

Source: WBCSD, Harvard Business School, ERM[50]

i TIPS FOR EXCHANGES - HOW TO ADAPT THIS CHAPTER FOR YOUR MARKET

✓ Add to 'Defining climate transition plans' any definitions that apply to issuers within your jurisdiction.

✓ Add details of legislation or plans that apply to issuers in your jurisdiction.

✓ Explain how climate transition plans can be used to mobilise transition finance through the exchange.

[49] TPT Transition Planning Cycle [p.34], Transition Plan Taskforce (April 2024)
[50] The Climate Drive - WBCSD Climate Transition Roadmaps Masterclass Series - WBCSD, Harvard Business School, and ERM and academic research

2. Align

CHAPTER 2: ALIGN

Set out the **main components** of a climate transition plan, as well as the contents of **key frameworks and standards** that companies may seek to align their transition planning and plans with.

This chapter, "Align", helps a company to understand and set a trajectory that aligns with relevant frameworks and practices on transition planning and transition plan disclosure. It is important to align transition planning practices with emerging consensus on the components of credible transition plans as this supports a common understanding of the way in which companies define their ambitions, and the consistent evaluation and comparison of plans.

A variety of transition plan tools are available including credibility assessments, performance guidance, disclosure frameworks and benchmarking tools[51]. There is evidence of growing consensus about the main components required to make a corporate transition plan useful and credible[52], although some concerns remain about potential fragmentation of laws, frameworks, standards and guidance (collectively referred to in this Chapter as "resources") that inform corporate transition planning and plans[53].

This chapter aims to support companies to design their transition plans in alignment with emerging consensus on the five main components of credible transition plans. However, the context for internal corporate transition planning exercises should also be informed by the company's unique circumstances. Companies that have already designed a plan may wish to assess how well their transition planning and associated disclosures already align with the main components described in this Chapter to identify opportunities for further alignment.

2.1 Main components of climate transition plans

This section provides a high-level overview of the main components of transition plans, based on common features that apply across various climate transition planning and disclosure resources. Guidance and frameworks may describe and structure the main

[51] Moving Transition from Plans to Action: A Transition Planning Primer - WBCSD and ERM Sustainability Institute (November 2024)
[52] For example, in "Assessing the credibility of a company's transition plan: framework and guidance," the Assessing Transition Plan Collective (ATP-COL) identifies common indicators across 28 different frameworks in Annex 1 – Consensus areas among transition plan frameworks. Also the International Transition Plan Network seeks to support international norms in relation to transition plans. See also The State of Play 2023: Climate Transition Plan Disclosure - CDP (June 2024)
[53] IOSCO Report on Transition Plans - IOSCO (November 2024)

components of transition plans differently, however publicly available mapping[54] shows the high degree of commonality between them.

Overview of the five main components of a Climate Transition Plan

Across transition plan guidance and resources, there is emerging consensus on the five main components of a Climate Transition Plan (Figure 2.1).The five main components are to be applied using the three principles of "ambition, action and accountability" to guide companies' climate transition planning efforts:

- **Ambition** reflects the urgency for companies to act in response to observed and anticipated changes in the climate.
- **Action** reflects the need to translate the ambitions into concrete steps that will be taken over appropriate time horizons to implement the climate transition plan.
- **Accountability** refers to the means by which climate transition plans are integrated into processes for business, financial planning and governance, including how roles and responsibilities for delivery of the plan are defined and supported by incentives and the corporate culture.

Figure 2.1: The 5 main components of a Climate Transition Plan

Foundations	Integrating into governance	Stakeholder engagement	Implementation Strategy	Metrics & Targets
Foundations for the plan, including the strategic ambition, objectives, and priorities	How the plan is governed, monitored, and resourced, including tracking performance over time	Taking account of feedback from engagement activities with stakeholders and partners.	Actions to execute the plan, including implications for business decisions, policies, operations, financial plans & products & services	GHG emissions metrics and reduction targets, financial metrics used to assess & monitor progress in implementation
Guidance in Section 2.2	**Guidance in Section 2.3**	**Guidance in Section 3.4**	**Guidance in Sections 3.1, 3.3, 3.5 & 3.6**	**Guidance in Section 3.2**

Source: UN SSE

Companies that are required or choose to conduct their corporate transition planning and prepare their associated disclosures in accordance with a particular standard or framework should defer to the descriptions and categorisations specified by the standard or framework over the descriptions in this section. As it is an evolving practice, companies using this

[54] For example, TPT – ESRS mapping; TPT – IFRS S2 mapping; TPT – TCFD mapping; IOSCO's Framework scan; Assessing Transition Plan Collective (ATP-COL) Assessing the credibility of a company's transition plan: framework and guidance, Annex 1 – Consensus areas among transition plan frameworks; Net Zero Tracker's comparison of five net zero initiatives. See also Transition Plan Elements Mapping - Exponential Roadmap Initiative (2024) and Decoding Corporate Climate Transition Plans: A Comparative Analysis of 14 Frameworks - Nicolajsen et al. (2025)

guidance should monitor developments[55] in transition planning, as the main components may be complemented and refined over time.

2.2 Foundations - Strategic ambition

Setting the company's strategic ambition is a dynamic, internal exercise that defines the objective and means by which the company plans its transition and contribution to a low-GHG emissions and climate-resilient economy over time. The strategic ambition forms the foundation of the transition plan.

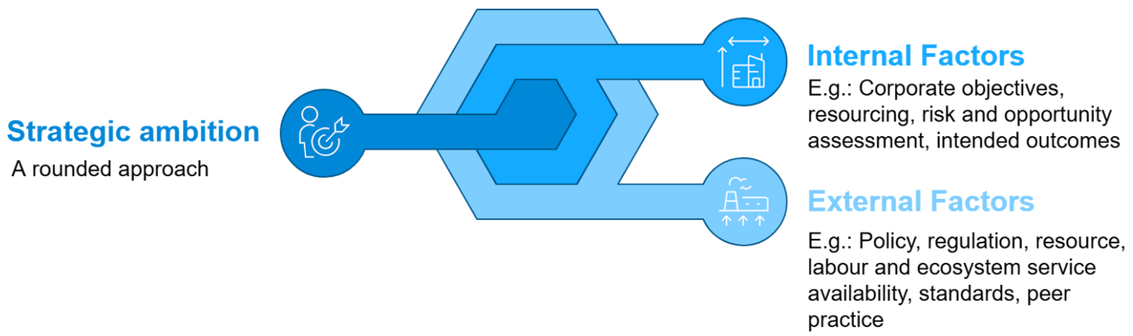
In setting the strategic ambition, the company should take **a rounded approach**[56] that takes into account:

- External and internal factors that inform strategic ambition.
- The external impacts of the strategy on stakeholders, the economy and the environment.
- The internal implications of the strategic ambition for the company, its business model and value chain, including how to capture opportunities.
- The system or context within which the company operates, including interdependencies, relationships and the effect of pursuing climate transition objectives on other sustainability goals.
- Dependencies and risks that inform transition plan success or failure, for example, incentives, carbon pricing, supportive policy environment, pace of transition etc.
- The company's analysis of climate-related risks and opportunities.
- Unintended consequences of the strategy.

2.2.1 External and internal factors that inform strategic ambition for the climate transition plan

A range of external and internal factors should be considered to inform the definition of strategic ambitions, as summarised in Figure 2.2

Figure 2.2: External and internal factors that influence strategic ambitions for climate transition plans



Source: UN SSE

[55] For example, the International Transition Plan Network aims to facilitate dialogue to support global norms on transition planning and associated disclosure
[56] TPT Disclosure Framework Box 1 page 18

External factors that might inform the strategic ambition include[57]:

- **Policy considerations** including:
  - **International climate goals**, such as the 2015 Paris Agreement goal to limit warming above pre-industrial levels to well below 2^{0}C, while pursuing efforts to limit the temperature increase to no more than 1.5^{0}C above pre-industrial levels.
  - **The geopolitical environment** for example, threats to energy security and trade or critical resources[58].
  - **National decarbonisation strategies, commitments and policies** by governments in jurisdictions in which the company operates and that set the operating context and policy environment within which strategic ambitions are developed. The profile of targets and commitments set by governments, including science-based and sectoral transition pathways and climate mitigation and adaptation goals, is subject to adjustment and change. Various organizations[59] provide regularly updated records of commitments made by countries, regions, cities, and companies. National policies might include incentives and policies to support companies transition to a low-GHG emissions and climate resilient future.
- **Regulatory frameworks** including applicable regional and national laws and regulations and other prescriptions that might require a company to use specific frameworks or standards for transition planning or regulations that influence or overlap with the strategic ambition[60]. Such regulations might include permitting processes, carbon pricing mechanisms and subsidies, financial regulation and legal framework covering, for example, sustainability litigation risks.
- **Market and economics** including:
  - Capital availability and costs
  - Energy and commodity prices
- **Public acceptance**, including possible concerns about local effects of transition, such as impacts on the local environment or employment.
- **Consumer and client behaviour**, including whether there is willingness to reduce demand, adapt behaviours or pay a “green premium.”
- **Physical infrastructure and logistics**, including availability of infrastructure and logistics for transport, distribution and storage.
- **Technology** readiness levels and innovation, efficiency improvement and technology lock-in.
- **Resource availability** of land, raw materials and other inputs.
- **Ecosystem services** affected by climate change impacts, for example, decreased water availability for power generation.

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[57] This list draws on: A Framework for Assessing and Managing Dependencies in Corporate Transition Plans - Oxford Sustainable Finance Group (August 2024)

[58] Example commentary from the Climate Governance Initiative

[59] For example, Net Zero Tracker conducts an annual stocktake of commitments; Climate Watch Data has an open online platform that records countries’ net zero commitments and Climate Action Tracker tracks governments’ climate actions and commitments

[60] For example, EFRAG’s Implementation Guidance draft on Transition Plan for Climate Change Mitigation (paragraph 4.1.6) refers to the possible relevance of Climate Neutrality Plans under the EU Emissions Trading System to transition plans.

- **Labour availability** including skilled workers.
- **Standards and frameworks** that define a credible transition plan. For example, many standards and frameworks encourage or require alignment of transition plans with 1.5^{0}C global pathways[61]. Race to Zero's Lexicon[62] defines a 1.5^{0}C aligned global pathway as being "*in line with credible scenarios that yield a long-term outcome of about 1.5^{0}C with (i) an assigned probability (e.g. 50%) and (ii) an amount of overshoot (e.g. no or low) both of which should be explicitly specified.*"
- **Climate scenarios** that model the range of uncertainty across different indicators under particular outcomes, including temperature outcomes, and therefore inform decisions about how the strategic ambition compares with possible futures.
- **Sector pathways** developed to show opportunities for particular industries to contribute to the climate transition, or risks to which they may be particularly exposed.
- **Peer practices and plans**[63] that can help a company assess its strategic ambition compared with peer companies.

Internal factors that might inform strategic ambition include:

- **Existing corporate objectives, priorities and business model** and whether, how and to what extent strategic ambitions for contributing towards a low-GHG emissions and climate resilient economy fit with those existing objectives, priorities and business model structure and with past, current and future mitigation efforts and strategies.
- **Resourcing, finances and skills** available to support and execute the strategic ambition (see also Guidance at Chapter 3.5). The climate transition plan might also be used to inform capital allocation and investment decisions within the company.
- The company's **assessment of climate-related risks and opportunities**.
- The **intended use case for the transition plan** (as discussed in Chapter 1) and **Intended outcomes** the company wishes to achieve. These could include reducing GHG emissions, enhancing resilience to the effects of climate change, responding to climate related risks and opportunities already identified by the company, outcomes aligned with particular temperature or business outcomes, contributing to the economy-wide transition, capturing opportunities and enhancing long term value, supporting confidence in companies' plans and countering greenwashing (see also guidance at Chapter 2.2.3).

2.2.2 Defining strategic ambition

Defining the strategic ambition of the corporate climate transition plan is likely to involve the following steps:

- **Assessing external and internal factors** (as described above) to develop and define strategic ambition. The assessment is likely to take account of bottom up considerations, such as the transition levers and resources available to the company to execute the plan, and top down factors, such as national commitments with which the plan seeks to align and why.

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[61] Net Zero Tracker's Insights show a very high degree of convergence across multiple net zero initiatives that net zero pledges should follow 1.5^{0}C aligned global pathways

[62] Race to Zero Lexicon Version 2.0 - Race to Zero (June 2022)

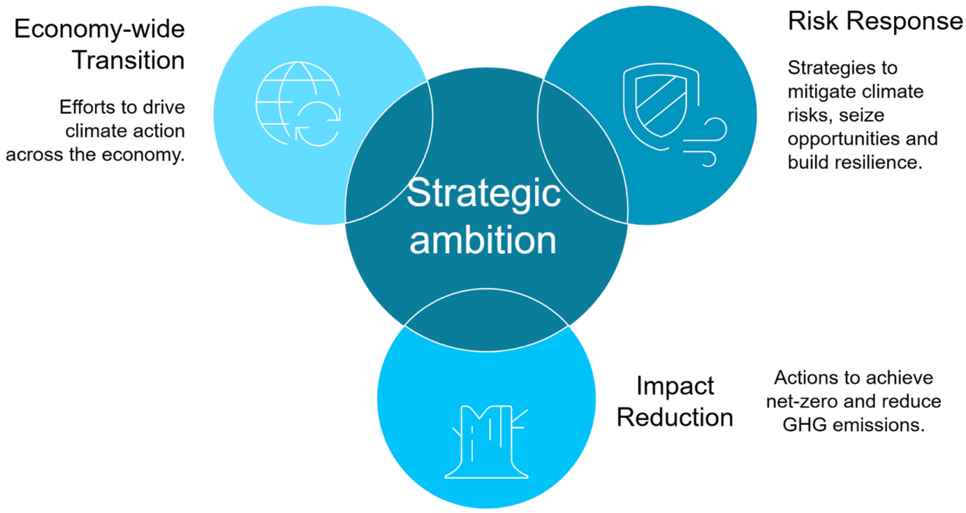
[63] See for example Net Zero Tracker's overview of net zero or other targets set by over 2,000 of the largest publicly traded companies in the world by revenue

- **Building trust** through soliciting internal and external stakeholder views on draft strategic ambitions could also help with defining strategic ambition. Trust is one of the main pillars on which the value of transition planning rests. Knowledgeable stakeholders such as regulators, investors and NGOs might see through surface-level efforts sooner or later, so building trust at the outset is important.[64]
- **Checking coherence** with the company's past, current and future mitigation efforts, advocacy and policy interactions, overall strategy and business model and with the urgency to act based on actual or potential climate-related risks and opportunities.
- **Defining the scope** of the strategic ambition, including how the ambition will be applied to the value chain[65] as well as to directly owned, controlled and operated entities and facilities, and products and services.
- **Defining the time horizon(s)** over which the strategic ambition will be advanced through the transition plan.
- **Assessing interconnections** between the climate transition plan and related matters, including biodiversity loss, adaptation activities, the Just Transition and social risks. Whilst this guidance focuses on climate transition plans, there is growing consensus[66] that they should consider interconnections between environmental and social crises and related solutions.

2.2.3 Describing the strategic ambition as the foundation of the climate transition plan

As the main foundational element of a climate transition plan, the strategic ambition must clearly express its focus and intentions. There are various ways to do this as summarised in Figure 2.3.

Figure 2.3: Describing the strategic ambition for the climate transition plan[67]



Source: UN SSE

- **A climate-related risk response approach** focuses on mitigating risks, maximising opportunities and building climate resilience.

[64] Moving Transition from Plans to Action: A Transition Planning Primer - WBCSD and ERM Sustainability Institute (November 2024)
[65] For example, Beyond Value Chain Mitigation is a mechanism through which companies can accelerate the global net zero transition by going above and beyond their science-based targets to support mitigation activities and investments that fall outside the company's value chain
[66] See for example: Nature, Climate, and Prosperity: Unlocking the Power of Integrated Action - UNDP (2024)
[67] UN SSE, drawing on the three interrelated channels for designing a transition plan in TPT's Disclosure Framework 2023, section 2.2

- **A climate impact reduction plan**, which could include a net zero transition plan or pledge and a GHG emissions reduction plan. This could be aligned with science-based plans and/or climate scenarios that seek to achieve particular temperature outcomes to underpin the net zero pledge or commitment.
- **Contributing to the economy-wide transition** through engagement across the value chain and with partners, by developing levers and capabilities that can be applied widely and by developing products and services that align with transition objectives.

The company's strategic ambitions are central to and form the foundation of the climate transition plan. The strategic ambitions may include one or more of the features described in Figure 2.2 and should describe which one or more it seeks to address.

2.3 Governance

A key part of transition planning is ensuring the right governance, structures, and people are in place to set the tone from the top and drive successful delivery at all levels of business.[68] As an integral part of a company's overall strategy, climate transition plans must be overseen by the Board of Directors. Various organisations provide resources[69] offering advice for Board directors and non-executive directors on their roles relating to the governance aspects of climate transition planning. Governance structures differ between companies, but generally roles and responsibilities are likely to include:

- **Setting or approving the strategic ambition for the climate transition plan:**
  - checking its alignment with the company's overall strategy,
  - taking account of material climate-related physical, transition and liability risks and opportunities;
  - considering the implications of the climate transition plan for the business as whole; and
  - (if necessary) challenging executives on their strategic ambitions, targets, commitments, proposed activities and other choices.
- **Integrating the climate transition plan into governance structures and organisational arrangements, including into:**
  - financial planning, budgeting for transition plan activities, integrating the results into financial planning, investment and resource processes,
  - the design of remuneration and incentive programmes, so that they support achievement of the climate transition plan,
  - monitoring mechanisms to check progress against the climate transition plan, against targets and pathways towards the strategic ambition, to assess trends or changes in performance, possible unintended consequences and to take necessary corrective actions.

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[68] TPT Transition Planning Cycle - Transition Plan Taskforce (April, 2024)
[69] Including Transition Planning Toolkit: Governance Compass - Chapter Zero (2023); Transition planning: a global outlook for board directors - The Climate Governance Initiative (2024); Essential Guide to Engaging the Board and Executive Management) - A4S (2021); Engaging the Board and Executive Management Tools - A4S (2021); and How to Set Up Effective Climate Governance on Corporate Boards - World Economic Forum (2019).

- **Allocating and defining roles and responsibilities** across the Board, executive leadership and management teams to ensure oversight and implementation of the climate transition plan, including:
  - how and how frequently information should flow between operational, management, leadership and Board functions,
  - whether a cross-functional working group should be established to support coordination of activities related to the climate transition plan
  - whether committees should be established to support governance activities, such as a sustainability steering or investment committee,
  - ensuring mechanisms are in place to incentivise executives and to hold them accountable.
- **Agreeing implementation actions and targets** to ensure alignment with the overall strategic ambition and the defined roles and responsibilities.
- **Skills assessment:** Determining whether the appropriate skills, competencies and knowledge are in place within the Board and across the organisation to understand climate change concepts relevant to climate transition planning, and the expectations of regulators, stakeholders and financial stakeholders.
- **Encouraging the engagement of stakeholders**, including employees, to understand how they will contribute to and be impacted by the climate transition plan.

TIPS FOR EXCHANGES - HOW TO ADAPT THIS CHAPTER FOR YOUR MARKET

- ✓ Explain how companies can align with any listing requirements or guidance on governance that apply in your jurisdiction.
- ✓ Consider the interconnectedness of any new or enhanced climate governance considerations with existing corporate governance requirements or guidance applicable in your jurisdiction.

3. Implement

CHAPTER 3: IMPLEMENT

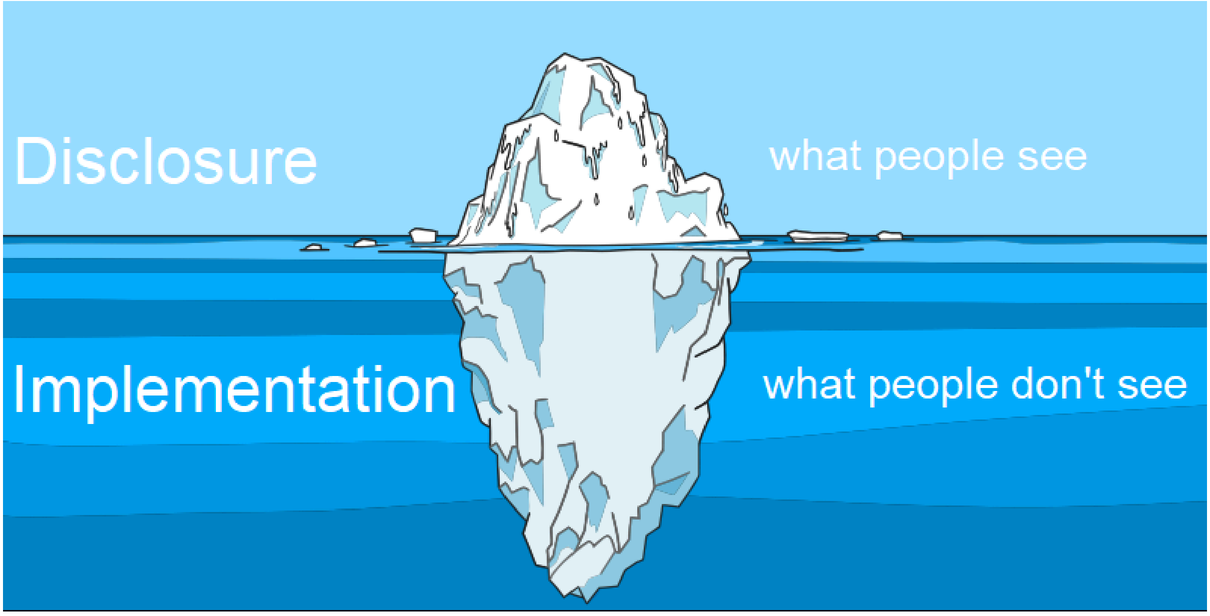
Considers **practical aspects** of transition planning to **turn the strategy into tangible actions** over time, including setting metrics and targets and identifying and prioritising actions.

Chapter 3 provides guidance on *how* to implement the strategic ambition by supporting it with tangible steps and actions and targets over time. Together, the strategic ambition and the implementation strategy form the climate transition plan. This Chapter provides guidance on:

- The **implementation strategy,** including the actions necessary to execute the plan and whether and how aspects of the business such as decisions, policies, operations, financial plans and products or services will be affected by the execution of the climate transition plan.
- **Metrics and targets** including the GHG emissions metrics and reduction targets and financial metrics that are or will be used to assess and monitor progress of the climate transition plan.
- Whether and how the plan takes account of feedback from **engagement activities** across a wide range of stakeholders and partners.

As shown in Figure 3.1, work to implement the strategic ambition represents a significant investment of time, engagement and financial resources and forms the basis for the climate transition plan that is publicly disclosed. Implementation assumes that the strategic ambition for the climate transition plan has been agreed and that governance mechanisms are in place to ensure that the “tone from the top” has been established early in the transition planning process.

Figure 3.1: The implementation and disclosure iceberg



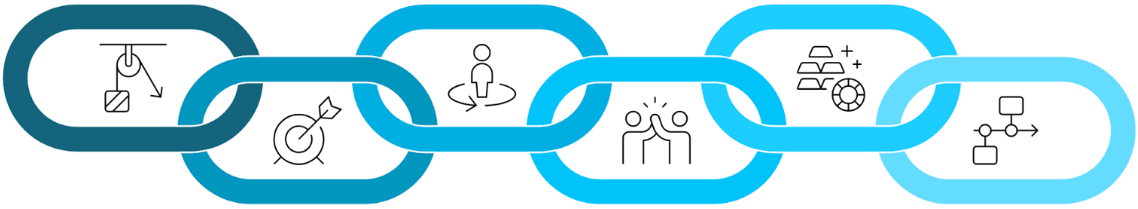
Source: UN SSE based on WBCSD[70]

This chapter outlines the considerations that typically apply when companies approach implementation; both deciding how to turn their strategic ambitions into action and targets, and building these into a climate transition plan that is integrated into the overall business strategy and supporting processes. These indicative implementation steps are summarised below and in Figure 3.2 and each point is discussed in turn in this chapter. Although presented as separate steps in this guidance, they are interdependent and designed to be applied in a coordinated manner, rather than individually or sequentially.

- **Evaluate transition levers (Section 3.1)** – Which mechanisms could most effectively be used to advance and execute the climate transition plan and associated strategic ambitions?
- **Set metrics and targets (Section 3.2)** – What targets represent quantifiable outcomes of climate transition plan success and which metrics will be used for driving and monitoring interim progress towards those targets?
- **Define Actions (Section 3.3)** – What actions will be taken to advance the transition plan targets and strategic ambitions?
- **Engagement (Section 3.4)** – How can engagement with internal and external partners, including portfolio companies, service providers, investment managers, trade associations and policy makers help to identify actions and strategies for success?
- **Resourcing and financial planning (Section 3.5)** – What resourcing (financial, workforce, experts etc) and financial planning is needed to support implementation of the climate transition plan and how will this be mobilised?
- **Processes (Section 3.6)** – What processes could be developed, adapted and integrated to manage and monitor progress towards the intended outcomes of the climate transition plan?

[70] Moving from plans to action: A transition planning primer - WBCSD (November 2024)

Figure 3.2: Interdependent implementation steps



Source: UN SSE

3.1 Implementation Strategy - Evaluate transition levers

Transition levers refer to the various methods an organisation can use to support its transition. These may include actions like capital investment, workforce training, and collaboration with industry or government.[71]

Transition levers enable the company effectively and efficiently to achieve the strategic ambitions of the climate transition plan, while continuing to build and run a resilient business. Evaluating which levers most effectively capture opportunities, minimise future risks, translate into tangible actions, and protect and enhance long term value for the business and its stakeholders depends on the profile of the business. However, when assessing their transition levers and associated actions, companies may find it helpful[72] to:

- Conduct an **emissions reduction capacity assessment** to estimate the proportion of emissions that are economically feasible to abate[73].
- Consider the **sensitivity of plans** to changes in key assumptions, external factors on which plans depend, and the implications of sensitivity analysis for identifying transition levers.
- Use **financial information and estimates of potential financial impacts**[74] of climate related risks and opportunities to prioritise actions and levers. This may include changes in operating costs, direct costs, revenues, demand, production capacity, capital expenditures, asset values or useful lives and return on investment in technologies designed to mitigate or adapt to the impacts of climate change.
- Consider the **technical feasibility** of potential transition levers. This could involve looking for alternatives to the processes that currently generate GHG emissions, changing equipment or substituting technologies. For hard to abate and energy intensive sectors, the choice is challenging and not all the technologies are as yet available at the scale required[75].

[71] TPT Transition Planning Cycle - Transition Plan Taskforce (April 2024)
[72] The list is adapted from the TPT's Transition Planning Cycle guidance and WBCSD's "Moving transition from plans to action: A transition planning primer"
[73] CPP Investments has proposed a Carbon Abatement Capacity Assessment Framework that could be used for this purpose: see Carbon Abatement Capacity Assessment Framework, CPP Investments (November 2022)
[74] Climate-related financial impact guide – supporting business assessment and disclosure - WBCSD (2024)
[75] Assessing the Credibility of a Company's Transition Plan: Framework and Guidance - Assessing Transition Plan Collective (ATP) and World Benchmarking Alliance, page 15 (September 2024)

- Use appropriate **climate scenarios**[76] to evaluate the range of uncertainty about the speed, scale, timing and potential impacts of climate-related risks and opportunities. Use the results of the evaluation to inform decisions about timing and resourcing for mitigation or other strategic actions, such as product innovation to reduce embodied carbon, measures to build and enhance resilience and investment in adaptation and mitigation approaches. Climate change adds a dimension of significant uncertainty to strategic planning, including uncertainty about future emissions pathways and associated levels of warming, future societal preferences and values, the interdependent nature of the transition, limitations on the availability of data and evolving scientific knowledge[77]. Scenario analysis can be used to consider a range of possible futures and enable decisions that maximise resilience of the corporate strategy to those potential futures.
- **Risks and opportunities assessments**[78] can be used to identify the most potentially viable commercial opportunities, as well as which products and services are most exposed to climate risks and need a low-carbon alternative soon.
- Assess possibilities for **engaging and influencing key stakeholders**, internally and externally, who can encourage actions that will contribute to the climate transition (see also Chapter 3.4 - Engagement below).
- Review relevant **sectoral guidance** (see Annex 2 - Resources for examples) that can help identify opportunities for the sector to contribute to the climate transition, as well as risk types to which the sector is likely to be particularly exposed.

3.2 Set metrics and targets

Targets represent measurable outcomes of climate transition plan success, and metrics are used to drive and monitor ongoing progress towards those targets. Metrics and targets are an integral part of a climate transition plan that should align with strategic ambition, be integrated into business planning and incorporated into corporate roadmaps where appropriate.

3.2.1 Define and align the target:

Targets may be defined as high level ambitions, such as to achieve net zero by a particular date, or may be more specific, e.g. reducing absolute or relative GHG emissions by a particular percentage. The way in which a target is defined may depend on its alignment with science or sectoral pathways and the timescales over which the target applies.

- **Science-based targets.** Many standards and frameworks call on companies to set science-based targets. "*Science-based target setting is key to avoiding greenwashing while creating a commonly understood language for climate action among stakeholders, including regulators, investors and consumers. It implies relying on a common set of climate metrics to strengthen their reliability and comparability across companies and sectors*[79]." For example, targets that align with the Paris Agreement may be based on

[76] For an introduction to climate transition scenarios, see "Demystifying Climate Transition Scenarios" WBCSD (July 2022)
[77] List from the TPT Transition Planning Cycle p.22
[78] Various resources are available including the Guide to Navigating Climate Risks - WEF (December 2024)
[79] Responsible Business Conduct for Climate Action : Strengthening the Contribution of Business to Climate Goals - OECD Business and Policy Papers No. 68 - OECD (2024)

emissions reduction pathways that aim to limit global mean temperature rise to 1.5°C[80]. Targets can be set using methods prescribed by initiatives such as the Science-Based Targets Initiative[81].

- **Sector-aligned targets.** Some initiatives connect sector-specific pathways[82] to science, relating the remaining carbon budget for a specific temperature goal to the actions that specific sectors can take to reduce and remove emissions, recognising that sectoral trajectories to net zero might differ.
- **Alignment with national or regional plans.** Targets may be aligned with national or regional plans for decarbonization, climate mitigation or adaptation, for example Nationally Determined Contributions (NDCs) submitted as part of the Paris Agreement.[83]
- **Alignment with carbon market compliance mechanisms.** Targets may be aligned with or exceed carbon emissions caps imposed on participants under carbon market compliance mechanisms, including carbon trading schemes.
- **Target type, purpose and link to finance.** Targets may be operational, financial or related to governance practices, engagement, risk mitigation or physical risk adaptation. They can include financial targets explaining how plans are to be resourced (capital and operational expenditure plans), research and development costs, and alignment of investments with the transition plan (e.g. the split between new and legacy or stranded assets). There is widespread consensus that targets should include GHG emissions reductions[84]. Information about targets should include how they were determined.

3.2.2 Define the time horizons over which targets are to be achieved

Defining time horizons includes various aspects such as:

- **Designate a base year** for all targets to facilitate monitoring over time.
- **Align time horizons with the nature of the transition risk or opportunity** being addressed, considering: Short-term; Medium-term; Long-term (as defined by the organisation)
- **Interim targets should be included**. Long-term targets are often supported by short-term and interim targets to: Maintain momentum; Set clear goals; Ensure accountability; Support action within the current strategy and management cycle.

3.2.3 Define the scope of the targets

The scope of the targets will depend on the type and purpose of the target as described in paragraph 1(d) above. The following broad principles may help to define the scope as appropriate.

- **GHG emissions covered by the target:** There is widespread consensus that targets should take into account Scope 1, 2 and 3 GHG emissions, although different targets

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[80] Adapted from "Paris-consistent climate change mitigation scenarios: A framework for emissions pathway classification in line with global mitigation objectives" Environment Working Paper No. 222 - OECD (September 2023) and "Guidance on use of Sectoral Pathways for Financial Institutions" - GFANZ (June 2022)
[81] SBTi Corporate Net Zero Standard - Science Based Targets Initiative (March 2024)
[82] For example, the Leadership Group for Industry Transition (LEAD-IT) materials for heavy industry sectors and A repository of sector-specific decarbonisation benchmarks informing 1.5^{0}C aligned corporate climate action, Version 1.0 New Climate Institute(April 2024)
[83] Nationally Determined Contributions (NDCs): The Paris Agreement and NDCs - UNFCCC
[84] Based on Net Zero Tracker Insights series

may be set for each emissions scope, recognising the different emissions reductions levers relevant for reducing each emissions source. Companies should explain in their transition plan which scopes of GHG emissions and which categories of Scope 3 GHG emissions[85] are within the target.

- **Geographical scope:** The geographies and regions covered by the targets should be defined.
- **Business/operational scope:** The business and operational scope of the targets should be defined, including in terms of the activities and facilities covered.
- **Target type:** Targets may be expressed in absolute or relative/intensity terms.
- **Target breakdown** (if appropriate): Targets may be disaggregated, for example, across material and non-material GHG emissions or for different regions or activities.
- **Extent of GHG emissions reductions:** There is a moderate level of convergence[86] between net zero initiatives on the minimum emissions reduction percentages required for "credible" net zero with some initiatives specifying that emissions should be reduced by more than 90% in order for targets to be credible.

3.2.4 Check feasibility and credibility

When targets and interim targets have been determined on a preliminary basis, management may wish to assess the feasibility of the targets and associated assumptions before finalising them. Feasibility tests may involve:

- Comparison with peer practices in the same sector or region[87].
- Checking key assumptions that inform the targets and how they are or might be informed by evolving scientific knowledge and practice.
- Considering whether reliance on technologies like CDR or carbon capture utilisation and storage (CCUS) and bioenergy with carbon capture and storage (BECCS) is appropriate, and will be regarded by users of the transition plan as credible.
- Evaluating whether a sufficient variety of scenarios has been used to inform targets given the high level of uncertainties about the future.
- Identifying the extent to which targets apply to actions within, and outside of, the company's control.
- Deciding what actions will be taken if targets are missed or if they need to be revised.
- Whether, and to what extent, the targets could be independently verified or assured as being credible, including: the scope of the engagement; the level of assurance or verification sought; the professional standards[88] against which the engagement is to be performed; and who could be engaged as the assurance or verification provider.

See Chapter 4 for information that should be disclosed in cases where verification or assurance has been obtained for targets and other aspects of a climate transition plan.

[85] The Science Based Targets Initiative's Corporate Net-Zero Standard sets out criteria for the scope and coverage of targets, including the percentage of total Scope 3 GHG emissions that should be included within the target boundary.
[86] Based on Net Zero Tracker Insights series
[87] Examples of transition plan practices across different sectors and countries are published by various organisations including the Transition Pathway Initiative, CDP - see web article here - and IFAC in "Getting to Net Zero: A Global Review of Corporate Disclosures"
[88] E.g., International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements - International Auditing and Assurance Standards Board (IAASB) (2024)

3.3 Implementation Strategy - Define actions

Decisions on what type of **actions** are necessary to move the transition levers and advance the targets will depend on a wide range of factors. Actions can include the following:

- **Innovation** to tailor existing or develop new products and services (see, for example, Box 3.1).
- **Efficiency measures** to reduce GHG emissions and climate impacts, change energy sources and enhance value creation opportunities.
- **Policies and conditions** to enhance transition plan opportunities.
- **Mitigating actions** to minimise climate-related risks.
- **Developing skills** and **attracting talent** to support the transition plan.
- Finding **new sources of energy and infrastructure** to support the transition plan.
- **Sector-specific actions**[89] informed by sector guidance and engagement with peers.

Box 3.1 - Tailoring products and services innovation in transition planning

Actions to tailor or develop new products and services in line with the climate transition plan could include the following:

- ✓ Integrate helpful information on climate impacts of products (e.g., Environmental Product Declaration or Life Cycle Assessment) into business practice and operations. These will become an essential source of information to drive the development of alternative products and services.
- ✓ Integrate consideration of the environmental impacts of materials into the R&D and product design phase.
- ✓ Leverage climate-related scenario analysis and financial impact analysis to prioritize products and services that are profit drivers, have the potential to become significant profit drivers or have a high risk of faltering in a low-carbon economy.
- ✓ Finance technologies that solve and enable action on climate change, such as renewable energies and more efficient processes.
- ✓ Focus business development on new markets and business areas for low-carbon products and services. This could include organic growth, acquisitions, or joint ventures.
- ✓ Prioritize internal engagement, awareness, and collaboration to understand the priorities of relevant stakeholders to foster an innovative culture and support the development of innovative products and services.
- ✓ Consider external factors such as customer and market demand and establish robust processes for dealing with uncertainties.

Source: WBCSD[90]

Actions and decisions relevant to achieving GHG emissions reduction targets may involve considering:

- How to minimise **locked-in emissions**[91] in long-term decision making.
- How to manage and reduce **residual emissions**[92]. This could include:

[89] See for example TPT sector-specific guidance including Asset Managers Sector Guidance and Asset Owners Sector Guidance (2024)
[90] Moving transition from plans to action: A transition planning primer - WBCSD and ERM (November, 2024)
[91] According to Assessing the Credibility of a Company's Transition Plan: Framework and Guidance - Assessing Transition Plan Collective (ATP) and World Benchmarking Alliance, Annex 3 (September 2024), locked-in emissions are estimates of future GHG emissions that are likely to be caused by a company's production assets or sold products within their lifespan.
[92] Residual emissions refer to those GHG emissions that remain even after all feasible efforts have been made to eliminate them.

- Carbon credits and offsetting to compensate for GHG emissions that companies cannot directly reduce, and/or
- Carbon Dioxide Removal (CDR)[93], which is a process of removing CO2 from the atmosphere and storing it.

There is consensus[94] that these approaches should be considered as an option for achieving interim and other targets *after* other decarbonisation activities.

Assessing and prioritising actions can include:

- **Considering uncertainties** associated with planned actions, including data limitations, delivery risks, the range of applicable assumptions, how to mitigate risks.
- **Balancing actions** that equip the company to execute the transition plan, but also to meet its existing priorities and enhance overall business model resilience.
- **Managing timescales,** so as not to unduly delay action, or indeed to go too fast too soon.
- **Understanding trade-offs**[95] between different actions and strategies and dependencies for success of plans and targets.
- **Resourcing** planned actions adequately (see Resourcing and Financial Planning below).

"*Priority should be given to actions that directly reduce emissions, build resilience and avoid locking in carbon over the long term*[96]."

3.4 Engagement

Steps for using engagement to support transition plans include identifying:

- **Who needs to be involved**, possibly determined through stakeholder mapping exercises, and at what stage. Key stakeholders may include[97]: entities along the value chain (e.g. investors, suppliers[98], customers etc); industry counterparts (e.g. peers, membership bodies, industry associations); governments, public sector organisations (e.g. regulators), local communities and civil society; and internal stakeholders (e.g. workers, contractors, etc.).
- Internal and external **stakeholder concerns** and how transition plans could offer solutions.
- Key **influencers and potential champions** who can advocate for the climate transition plan and drive its implementation.

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[93] For more information see, e.g.: Carbon Dioxide Removal and the Journey to Net Zero - A call to action for business - WBCSD (2024)
[94] Net Zero Tracker database "To credibly claim a net zero target, organisations should aim to reduce direct and indirect emissions from their value chain to the greatest extent possible, rather than relying on attempted compensation through offsetting practices."
[95] TPT's Transition Planning Cycle (page 25) provides illustrative examples of synergies and conflicts between mitigation and adaptation that can be used to identify trade-offs. For example, adaptation with consequences or trade-offs for either mitigation or adaptation include increasing air conditioning (mitigation trade off) and biofuels and bioenergy use (adaptation trade off) while actions that can result in a win-win (no trade-off) investment in renewable energy and passive ventilation for building cooling requirements. Also, trade-off between short-term vs long-term.
[96] Moving Transition from Plans to Action: A Transition Planning Primer - WBCSD and ERM Sustainability Institute (November 2024)
[97] List from the TPT Transition Planning Cycle p.8 see also p.35 for characteristics of a good practice engagement programme.
[98] See for example, Engaging Supply Chains on the Decarbonisation Journey, SBTi (2023) and GFANZ Workshop in a Box - Engagement Strategy (2023)

- How to **continue** engagement with relevant stakeholders throughout the **life** of the transition plan, so that the company stays ahead of their expectations and future trends and mitigates regulatory, legal and reputational risks.

Priority steps to promote stakeholder engagement as part of transition planning are summarised in Box 3.2.

Box 3.2: Promoting stakeholder engagement as part of transition planning

Engagement plans should consider both immediate actions as well as longer-term communication channels concerning the transition plans, including:

Immediate actions

- ✓ **Conduct** detailed internal and external stakeholder mapping and engagement to identify who needs to be involved and at what stage. Also, identify internal and external stakeholder concerns, pain points, and how transition planning could offer solutions.
- ✓ **Identify** key influencers and potential champions within the organization who can advocate for the transition plan and drive its implementation. Engage these internal stakeholders early in the process.
- ✓ **Identify** the gaps in skills and capacity needed for transition planning and plan to fill those gaps through upskilling key employees, talent recruitment, and other capacity-building activities.
- ✓ **Remain** in constant contact with regulators, investors, and community organizations to stay well ahead of their transition planning expectations and future trends to ensure access to capital and avoid regulatory, legal, and societal backlash.
- ✓ **Create** processes or structures, such as an external advisory board, that enable regular engagement with stakeholders.

Future needs and opportunities

- ✓ **Customize** internal engagement strategies to specific organizational contexts. Engaging with corporate and operational functions may require different approaches, KPIs, and performance management scorecards.
- ✓ **Define** a long-term process for collaboration and shared responsibility across functions. It allows transition planning to be successfully sustained throughout the cycle.

Source: WBCSD[99]

3.5 Implementation Strategy - Resourcing and financial planning

As an integral part of a company's overall business strategy, climate transition planning should be aligned and integrated with financial planning. This can be achieved either through a separate, but fully costed transition plan, or by integrating transition planning into the wider business strategy and financial planning processes so as to consider how the plan affects resourcing, including staffing, financing, and investment. Benefits from aligning transition and financial planning include gaining a better understanding of the possible financial implications of the actions needed to deliver the climate transition plan, in turn making it more likely that targets will be achieved. Alignment activities can also help the company evaluated whether it will be profitable in a net zero world and estimate the funding needed to execute the climate transition plan [100].

[99] Moving transition from plans to action: A transition planning primer - WBCSD and ERM (November, 2024)
[100] An Introduction to Aligning Transition Planning and Financial Planning - A4S Accounting for Sustainability (January 2025)

As well as the steps summarised in Box 3.3 below, the following factors may apply when considering the transition plans' financial and resourcing needs and outcomes:

- How to **estimate, model and budget** for the costs of new investment or finance needed to fund the climate transition plan, given uncertainty about the pace and scale at which the transition could unfold[101].
- Sources and processes for securing **new or additional capital expenditure**, including for investment in research and new technologies. This could include considering:
  - Making the case for additional budget in the context of competing commercial pressures;
  - The effect of existing **budget planning cycles,** that may be shorter than the time horizons of the climate transition plan;
  - Whether **financial instruments** (such as sustainability-linked, transition or green bonds) need to be developed to raise transition finance;
  - The **criteria used by financial institutions** to determine the credibility of climate transition plans (see Annex 3), make capital allocation decisions and assess whether to provide climate transition finance[102].
- Changes that might **affect the financial statements and financial projections** including changes in:
  - Operating or maintenance costs,
  - Cash flow,
  - The expected useful life of assets,
  - The expected fair valuation of assets,
  - Revenue forecasts and portfolio composition.
- The potential **costs of inaction**, given that delayed climate action is expected to both increase negative impacts and make decarbonisation goals more costly to achieve[103].

Box 3.3 - Aligning transition planning and financial planning

The following checklist outlines the key steps companies should consider when aligning their transition planning efforts with their financial planning processes:

✓ **Calculate** the overall emissions abatement or environmental improvement capacity and cost requirements (e.g., Capital Expenditure, Operational Expenditure, and Return on Investment) for selected transition levers. The lower the costs, the cheaper it is to reduce emissions or improve environmental outcomes, and therefore, the more attractive the action.

✓ **Utilize** available tools and approaches, such as Marginal Abatement Cost Curve (MACC) analysis, to identify the lowest-cost emission reduction measures with the highest greenhouse emissions abatement potential and use this process to prioritize investments in greenhouse gas emission mitigation.

[101] Resources that could help with this include: Planning the Transition to Net Zero - Carbon Quotient; Net Zero - A Practical Guide for Finance Teams - A4S; How to Finance Your Climate Transition Plan - Earth Finance (May 2024)
[102] Guidance for issuers seeing climate transition finance is set out in the Climate Transition Finance Handbook - International Capital Market Association (June 2023). Sector specific guidance might also apply. See for example: Assessing Climate Transition Risk: Methodologies and Roles for Financial Institutions - United Nations Environment Programme (2024)
[103] See for example: The Cost of Inaction - Climate Policy Initiative website (January 2024)

- **Quantify** risks and opportunities associated with the financial impact of climate-related issues and conduct sensitivity analysis to evaluate how changes in variables such as carbon taxes, policy incentives, or energy costs will impact results.
- **Integrate** the cost of action into the prioritization framework so the 'cost of the plan' is understood and can be aligned with budget availability and other constraints (e.g., internal capacity, external dependencies). Understanding the cost of inaction is, in some cases, just as important.
- **Define** metrics and targets for monitoring and managing the performance of critical elements of the transition plan (e.g., low carbon product revenues or avoided land remediation costs).
- **Integrate** climate- and nature-related metrics into corporate finance methods (e.g., ROCE, IRR, NPV) for investment appraisal criteria.
- **Evaluate** the current and potential effects of climate change and nature loss on financial statements by linking impacts, risks, and opportunities to specific financial statement line items (e.g., impairment and provisions for balance sheet, profit for income statement, etc.).

Source: WBCSD[104]

- **Understand** and estimate capital expenditure (capex) requirements for development of new low-emissions assets or retrofitting of existing assets in order to reduce GHG emissions and to make assets more resilient to climate-related physical risks.
- **Identify** as early as possible existing assets that could become stranded as the company and wider economy decarbonises. Consider investment strategies and possible alternative opportunities for or uses of such assets.
- **Estimate** possible shifts in the value of existing assets depending on how suited they are to a net zero world.
- **Consider** the effects on capex and operating expenditure (opex) of developing new products to support the climate transition plan.
- **Consider** the impact of transition planning on operating costs (opex) from changes to energy sources, procurement and efficiency, changes in transportation practices, people and skills (e.g. hiring new staff or consultants to assist with transition planning work) or research and development costs and benefits.
- **Estimate** possible changes to future revenue streams and associated costs of sales attributable to: the introduction of new low-emissions products and services or retirement/reduction of old high-emissions product lines and services; changes in the availability, quality and price of products and materials due to physical impacts of climate change; emphasis on the circular economy.

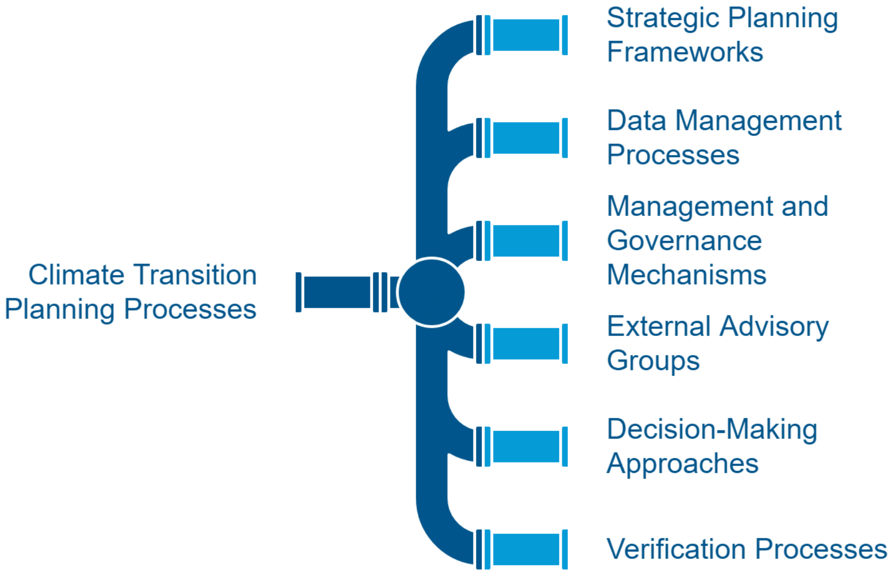
Source: A4S[105]

3.6 Implementation Strategy - Processes to support transition plan implementation

While some new processes might need to be developed to implement a climate transition plan, in many cases, existing processes and practices can be used and adapted to support the transition plan. This can include processes used for strategy and governance, risk management, carbon and change management and data collection. Figure 3.3 illustrates some of the processes that might contribute to transition plan implementation.

[104] Moving transition from plans to action: A transition planning primer - WBCSD and ERM (November, 2024)
[105] An Introduction to Aligning Transition Planning and Financial Planning - A4S Accounting for Sustainability (January 2025)

Figure 3.3: Processes that contribute to climate transition plan implementation



Source: UN SSE

Processes that support transition planning and that can be adapted or developed include:

- **Strategic planning frameworks** - Although the timing and degree to which climate change could impact companies will vary, each company's overall strategy acts as a linchpin around which climate transition plans should be developed. The climate transition plan should align with, and ideally be integrated into, the company's overall strategy; and the transition levers should be *"applied by an entity in accordance with the duties of the entity's directors and senior managers, constitutional documents and relevant law or regulation*[106]."
- **Data management processes** may be used or adapted to collect information relevant to the transition plan and associated targets, including GHG emissions data, materials use, energy use, finance invested or required and value chain information.
- **Management and governance mechanisms** The transition plan is a dynamic plan and therefore, transition planning is not a one-time activity; plans will have to be regularly reviewed and updated[107]. Governance mechanisms should therefore be flexible, progressive and responsive to new information and external developments. See also Chapter 2 for governance aspects of climate transition plans.
- **External advisory groups or stakeholder engagement channels** that provide expertise and opportunities for regular engagement with stakeholders, for example investor communications, customer focus groups, or community or civil society dialogues.
- **Decision-making approaches** that offer new ways of integrating climate considerations into business strategy and avoid unintended consequences. For example, integrated

[106] TPT Disclosure Framework - Transition Plan Taskforce (October 2023)
[107] TPT Disclosure Framework - Transition Plan Taskforce (October 2023)

thinking, systems thinking and emergence strategy[108] or Foresight and Futures practices[109].

- **Verification/assurance processes (internal or external) –** There is a moderate level of convergence amongst net zero initiatives that climate transition plans should be independently verified by third parties, as this enhances credibility as to whether the plan can truly deliver the intended targets. Therefore, management should consider whether and to what extent elements of the transition plan and associated disclosures could/should be verified or assured either as an extension to existing engagements or as a separate verification or assurance exercise.
- **Complementary tools -** As transition planning becomes an established practice, companies might integrate complementary tools that are being developed into existing processes, such as forward-looking alignment metrics, assessment methodologies, software and analytical tools.
- **Value chain** - Particular challenges might arise when integrating climate strategy into business strategy throughout the value chain and therefore warrant development of new or adapted engagement processes.

TIPS FOR EXCHANGES - HOW TO ADAPT THIS CHAPTER FOR YOUR MARKET

✓ Add details of any particular targets or other implementation requirements that apply to issuers in your jurisdiction.

✓ Establish or promote capacity building programmes for your issuers to support them in developing the internal skill sets required for implementation of the transition plan.

✓ Review available sectoral guidance on transition planning and transition plans[110] and consider highlighting implementation guidance applicable to key sectors present in your market.

✓ Review available tools to support transition planning and identify key tools to highlight for your market participants, according to sector, key risk types and geography. See Annex 2 for a list of potential tools and resources.

[108] Thinking Big in Corporate Climate Action: A "playbook" on emergence strategy and how it can drive systems change - Deloitte and RMI (2023)
[109] Shifting to Long-term Decision-making for Climate Resilience - WBCSD (2023)
[110] For example, see the Sector Guidance prepared by the TPT for various financial and real economy sectors.

4. Communicate

CHAPTER 4: COMMUNICATE

Helps companies to **understand and apply** the standards and frameworks that can be used for disclosure about transition plans, including **what and how to disclose.**

In some jurisdictions companies are required or encouraged to publicly disclose their climate transition plans in a way that complements existing disclosures (e.g., governance and strategy disclosures and financial statements). The disclosures a company makes about their climate transition plan depend on a number of factors, including compliance obligations, reliance on particular disclosure frameworks or standards, management's communication objectives, and the outputs from stakeholder engagement activities, including investor feedback.

This Chapter provides guidance on:

- **What to disclose**: The guidance in section 4.1 is provided in the form of a disclosure checklist. When companies have aligned with the main components of climate transition plans set out in Chapter 2, and they have followed the implementation guidance in Chapter 3, most of the information required for disclosure should be available. This Chapter helps companies to pull together that information in an effective, credible and investor-useful way by providing a list of key elements of disclosure expected across the main disclosure frameworks and guidance.
- **The location and structure of disclosures**: In some cases, requirements about where and how to disclose information about climate transition plans (and sustainability information more generally) are prescribed by national or regional regulators and those prescriptions take priority over this guidance. In the absence of requirements concerning where and how information should be disclosed, section 4.2 of this guidance provides examples of possible approaches.
- **The characteristics of decision-useful information**: Disclosure frameworks typically describe the characteristics that make information useful to readers, for example, that it should be understandable. This means that disclosures should avoid using technical jargon and inaccessible language. Section 4.3 of this guidance outlines some of the common characteristics listed by the main disclosure frameworks.

Some aspects of disclosure that apply to sustainability information generally are not covered here as they are not specific to disclosures about climate transition plans. For example, this guidance does not cover the requirement to make a statement of compliance with standards or frameworks a company is required, or has chosen to apply.

4.1 What to disclose about climate transition plans

The checklist provided in Box 4.1 is intended as a starting point for determining disclosures and is to be applied and read in conjunction with:

- Applicable laws that require development and/or disclosure of a climate transition plan and associated guidance, such as that developed by the IFRS Foundation and EFRAG[111].
- Disclosure Frameworks or Standards that the company is required or chooses to follow.
- The Hallmarks of Climate Transition Plan Credibility in Annex 4.

The list is organised to include headings that align with the five main components of climate transition plans. However, it does not automatically follow that information should be organised according to these headings in public disclosures. Guidance on the location and structure of disclosures is provided below.

Box 4.1: Disclosure Checklist

Foundations/Strategic ambition

- ✓ Describe the strategic ambition, objectives and priorities for the climate transition plan and whether/which:
  - external and internal factors inform the strategic ambition,
  - trade-offs, synergies and co-benefits were considered in designing the strategic ambition.
- ✓ Explain whether the impacts and dependencies of the climate transition plan have been assessed and taken into account in devising the strategic ambition, including impacts and dependencies relating to stakeholders, the economy and the natural environment.
- ✓ Explain whether and how the strategic ambition for the climate transition plan is aligned with particular intended outcomes (e.g., temperature outcomes or national or international climate goals).
- ✓ How does the strategic ambition respond to climate-related risks and opportunities identified by the company?
- ✓ What business outcomes are expected from successful implementation of the plan (e.g., changes to the business model and effects on financial performance)?
- ✓ What are the timeframes over which the strategic ambition is to be achieved?

[111] See Disclosing information about an entity's climate-related transition,including information about transition plans, in accordance with IFRS S2 - IFRS (June 2025) and Draft Implementation Guidance: Transition Plan for Climate Change Mitigation - EFRAG (November 2024), issued to support regulatory compliance with the Corporate Sustainability Due Diligence Directive and associated EU laws.

Assumptions, inputs, dependencies, risks and contingencies

- ✓ Describe the key assumptions[112] that inform the climate transition plan and the sources on which those assumptions rely, including climate scenarios, future market trends and technological advances and sector-specific pathways.
- ✓ Describe how the transition plan deals with uncertainty, including contingency plans and criteria for changing commitments based on new conditions.
- ✓ Explain whether there is a mechanism for collecting feedback from shareholders and stakeholders on the progress of the company's transition plan.
- ✓ Explain how past decisions (e.g., investment in or acquisition of facilities) affect the progress of the climate transition plan.

Governance

- ✓ Describe the oversight and accountability mechanisms that ensure the climate transition plan is adequately overseen and monitored.
- ✓ Describe the skills, competencies and training that equip the Board and management with the knowledge and tools to develop and monitor the climate transition plan.
- ✓ Explain any updates to the climate transition plan, based on new decisions and circumstances, or resulting from the Board's review of the plan and assessment of new circumstances.
- ✓ Describe whether and how incentive and remuneration structures are aligned with the strategic ambition of the climate transition plan.

Implementation Strategy and Metrics and Targets

- ✓ Describe how the climate transition plan is to be achieved including:
  - The *transition levers* that will be used to advance the plan.
  - The *metrics and targets* that define success in terms of quantifiable outcomes and interim targets or performance indicators to monitor progress and strategies/actions for achieving targets, including use of carbon offsets.
  - The *actions* that will be implemented to advance the plan.
- ✓ Explain how the plan will be *resourced,* including in terms of past and future investments, any conditions on which finance relies and the integration of climate transition plan considerations into the company's overall financial planning.
- ✓ Describe the *processes* used to support the climate transition plan (e.g.: internal controls, risk management) and to what extent they have been integrated with the company's overall business processes.

Engagement strategy

- ✓ Describe whether (and if so, how) business partners and stakeholders with whom the company has conducted *engagement* activities have influenced the actions to be taken to implement the climate transition plan

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[112] TPT Transition Planning Cycle - TPT (2024) provides a list of assumptions & dependencies that companies may wish to consider (p. 22)

- ✓ Describe the company's *lobbying and policy advocacy* activities and how they align (or otherwise) with the strategic ambitions of the climate transition plan and with social or other commitments.

Assurance

- ✓ State whether the plan or any part(s) thereof has been assured or verified by a third party and at what level, whether in line with domestic requirements for assurance or management's objectives.

Source: UN SSE

4.2 Location and structure of disclosures about climate transition plans

Decisions about where and how to disclose information about climate transition plans depend on whether requirements about the location and structure of information are prescribed by national or regional regulators, in which case those prescriptions take priority over this guidance.

Given that the location and structure of public disclosures is set out by regulators in some jurisdictions, standard setters are generally not prescriptive about where and how disclosures must be made. IFRS S1 (paragraph 60) states that a company is required to provide disclosures required by IFRS Sustainability Disclosure Standards "as part of its general purpose financial reports"[113]. The way in which such reports are described and the information they can or must contain differs between jurisdictions. However, generally such reports are prepared on an annual basis and contain management commentary, governance statements and financial statements.

In the absence of specific requirements on where and how to disclose information about climate transition plans, one or more of three possible approaches are typically used when deciding how to disclose information. The pros and cons of each approach are outlined in Table 4.1 below.

[113] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information - IFRS Foundation (June, 2023)

Table 4.1: Approaches to Climate Transition Plan Disclosure

Transition plan disclosure approach	Pros	Cons
1. Separate information Disclosure provided in a dedicated report, website or other reporting channel that is distinct from, but might incorporate information from, other public reports.	Clarity about where information on the climate transition plan can be found.	Connectivity with other information (e.g. about financial performance) might not be clear.
2. Integrate information Disclosure embedded into relevant sections of the annual report. For example, information about the strategic ambition might be integrated with other disclosures about the company's strategy, and information about the financial effects of the climate transition plan might be integrated into the financial statements.	Could support requirements for companies to provide information in a way that enables readers to understand connections between different disclosures.	Integration could add to the length and volume of the report.
3. Utilise navigation tools Provide navigation tools, including content tables and icons, that help readers to understand where they can find embedded information about the climate transition plan.	Can make information more accessible to readers and help them understand where to find information easily, as well as minimising duplication.[114]	Can add a layer of work and complexity (and possibly expense if professional designers are involved) for companies seeking to explain how their reports have been constructed and organised.

Source: UN SSE

The "separate, integrate and navigate" approaches are not mutually exclusive and can be used in combination. For example, high-level information about the climate transition plan might be integrated into a general purpose financial report, with navigation tools showing where more detailed information might be found, possibly in a separate report. Whichever approach is chosen needs to be clearly articulated with the reasons defined.

Cross-referencing between different information sources can be used by companies to minimise duplication and manage the volume of reports (Box 4.2).[115]

Box 4.2: Managing information and minimising duplication using cross-references

Both ISSB Standards and ESRS permit sustainability information, including specific data points to be included in the general purpose financial report or sustainability statement by cross reference to another section of the report or to a distinct report issued by the company provided that:

- The cross-referenced information is available on the same terms, at the same time as the sustainability disclosures, using the same language and can be clearly identified, and
- The complete set of sustainability disclosures is not made less understandable, readable or cohesive by including information by cross reference.

If cross-referencing is used:

- The referenced information is treated as forming part of the sustainability information. It must

[114] Both the ISSB Standards and ESRS allow companies to provide cross-references to information presented in other reports or in other parts of the same report in order to minimise duplication, subject to the conditions summarised in Box 4.1.

[115] For further detailed mapping see TPT Technical Mapping resources for ESRS, TCFD and IFRS S1 available at Transition Plan Taskforce Resources: IFRS Sustainability Knowledge Hub.

therefore satisfy all the requirements of ISSB Standards or ESRS and should be authorized by the body or individual that authorizes the main report or statement in which sustainability information is published.

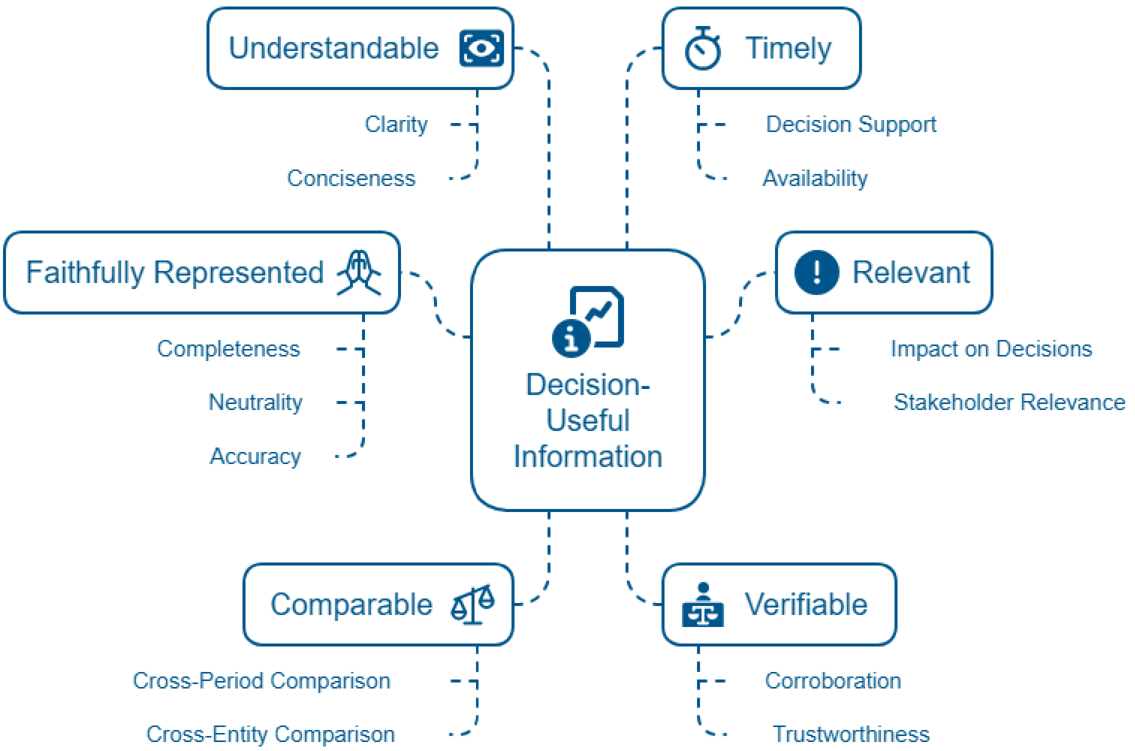
- The report within which information is located must be clearly identified in sustainability-related financial disclosures, including how to access the report and the cross reference shall be to a precisely specified part of that report.
- Where information is provided under ESRS, information provided outside, but cross referenced in the sustainability statement must be subject to at least the same level of assurance as the sustainability statement and meet the same technical digitalisation requirements as the sustainability statement.

Source: UN SSE

4.3 The characteristics of decision-useful information

Both ESRS[116] and ISSB[117] Standards set out the characteristics that make information decision-useful. The characteristics are summarised in Figure 4.1 and below. They are not covered in detail in this guidance, as they pertain to sustainability disclosure generally. Nevertheless, they should continue to be applied when preparing climate transition plan disclosures.

Figure 4.1: Characteristics of Decision-useful information



Source: UN SSE (based on ESRS and ISSB)

- **Relevant** - information that makes a difference to or affects decisions of key stakeholders, including investors.

[116] ESRS 1 Annex B
[117] IFRS S1 Annex D

- **Faithfully represented** - the information is complete, neutral and accurate.
- **Comparable** - current year information can be compared with information provided in previous periods and with information provided by other companies so that similarities and differences in information can be identified.
- **Verifiable** - information can be corroborated, including from inputs and data points in disclosures and users of information can have confidence in the information.
- **Understandable -** the information is clear and concise, it is provided in clear language, avoids duplication and should be comprehensible to any reader with reasonable knowledge.
- **Timely** - available at a time that supports decision-making by users of the information.

TIPS FOR EXCHANGES - HOW TO ADAPT THIS CHAPTER FOR YOUR MARKET

- ✓ Ensure alignment of content to the provisions of any applicable requirements in the jurisdiction, for example pertaining to the location of disclosure.
- ✓ Consider highlighting examples of local good practice transition plan disclosures.
- ✓ Consider highlighting available sectoral disclosure guidance[118] for any key sectors present in your market.

[118] For example, see the Sector Guidance prepared by the TPT for various financial and real economy sectors.

Annex 1: SSE Climate Transition Plans Advisory Group Members

The SSE gratefully acknowledges the valuable inputs to this document made by the experts listed here.

Special thanks goes to Co-chairs of the SSE Climate Advisory Group, Ms Julia Hoggett, CEO of the London Stock Exchange and Mr Ng Yao Loong, Head of Equities, SGX Group and their representatives.

Market	Title	Name		Organisation
Argentina	Mr	Julian	Galles	Mercado Argentino de Valores
Argentina	Mr	Nicolas	Helman	Mercado Argentino de Valores
Bangladesh	Mr	Md Faisal	Huda	Chittagong Stock Exchange
Bangladesh	Mr	Md. Robiul	Awwal	Chittagong Stock Exchange
Belgium	Ms	Anne-Sophie	Pijcke	Euronext
Belgium	Mr	Daniel	Bouzas Luis	UNEP FI
Belgium	Mr	Jan	Vandermosten	Principles for Responsible Investment
Brazil	Mr	Cesar	Sanches	B3 The Brazilian Stock Exchange
Canada	Ms	Ariane	Bourassa	TMX Group Limited
China	Mr	Aaron	Yip	Securities and Futures Commission
China	Ms	Violet	Law	Securities and Futures Commission
Czech Republic	Mr	Luboš	Mazanec	Prague Stock Exchange
Egypt	Ms	Mayar	Helal	Egyptian Exchange
Egypt	Mr	Mostafa	Hawas	Egyptian Exchange
Ethiopia	Ms	Sonia	Essobmadje	United Nations Economic Commission for Africa
France	Ms	Camille	Leca	Euronext
France	Mr	Thibaud	Laval	Euronext
Germany	Mr	Daniel	Sonnenburg	Deutsche Börse Group
Greece	Mr	Alexandros	Floros	Athens Exchange Group
Greece	Ms	Lillian	Georgopoulou	Athens Exchange Group
Greece	Mr	Ioannis	Delatolas	Athens Exchange Group
Indonesia	Mr	Ignatius Denny	Wicaksono	Indonesia Stock Exchange
Iran	Ms	Reza	Jabbary	Tehran Securities Exchange
Jamaica	Ms	Patricia	Smith-Lindo	Jamaica Stock Exchange
Japan	Ms	Natsuho	Torii	Japan Exchange Group
Japan	Ms	Anna	Hill	Japan Exchange Group
Japan	Ms	Mikiko	Takara	Japan Exchange Group
Jordan	Ms	Dr. Rasha	Dayyat	Amman Stock Exchange

Market	Title	Name		Organisation
Kazakhstan	Ms	Madina	Kassymbayeva	Kazakhstan Stock Exchange
Korea (ROK)	Mr	Joongsuk	Han	Korea Exchange
Korea (ROK)	Ms	Sungmin	Kim	Korea Exchange
Luxembourg	Ms	Chiara	caprioli	Luxembourg Stock Exchange
Luxembourg	Ms	Vitaline	Copay	Luxembourg Stock Exchange
Luxembourg	Ms	Elodie	Van de Woestyne	Luxembourg Stock Exchange
Luxembourg	Ms	Laetitia	Hamon	Luxembourg Stock Exchange
Luxembourg	Ms	Marie-Adélaïde	Bullukian	Luxembourg Stock Exchange
Malaysia	Mr	Hezri	Adnan	Bursa Malaysia Bhd
Malaysia	Mr	Ikram	Rafie	Bursa Malaysia Bhd
Malaysia	Mr	Jonathan	Dason	Bursa Malaysia Bhd
Netherlands	Ms	Flavia	Bedicks	CDP
Netherlands	Ms	Pauline	Engelberts	ABN AMRO Clearing
Oman	Mr	Aadil	AlSaadi	Muscat Stock Exchange
Philippines	Ms	Eunice	Ostaco	The Philippine Stock Exchange, Inc.
Philippines	Mr	Resurreccion	Velarde	The Philippine Stock Exchange, Inc.
Philippines	Mr	Roel	Refran	The Philippine Stock Exchange, Inc.
Singapore	Ms	Megan	Teo Yam Hong	Singapore Exchange Group
South Africa	Ms	Belaina	Negash	GEPF
Spain	Ms	Bárbara	Romeu	Bolsas y Mercados Españoles (BME)
Switzerland	Mr	Tobias	Lehmann	SIX Swiss Exchange
Turkiye	Ms	Banu	Budayoglu Yılmaz	Borsa Istanbul
Türkiye	Ms	Secil	Sayin Kutluca	Capital Markets Board
United Kingdom	Ms	Roberta	Ravelli	IFRS Foundation
United Kingdom	Ms	Kate	Ryan	International Transition Plan Network/E3G
United Kingdom	Mr	Ben	Gilbey	International Transition Plan Network/E3G
United Kingdom	Ms	Claire	Dorrian	London Stock Exchange Group
United Kingdom	Mr	David	Harris	London Stock Exchange Group
United States	Mr	Bob	MacKnight	S&P Global
United States	Ms	Alexandra	Kornberger	Nasdaq
United States	Ms	Nina	Eisenman	Nasdaq
United States	Ms	Emma	Chandler	CDP
United States	Mr	Bob	Macknight	S&P Global
United States	Ms	Christa	Clapp	S&P Global

Annex 2: Resources

This Annex categorizes and lists some of the main resources (including standards, frameworks and guidance) available at the time of publication that can assist companies either to initiate or enhance their transition planning and disclosure. Many of the resources are also referred to in footnotes in the Model Guidance.

As transition planning and disclosure is an evolving corporate practice, new frameworks, resources, and guidelines are constantly being developed and adapted. The resources cover a range of guidance and criteria and for ease of reference are therefore organised into categories in this Annex.

General aspects of transition planning and plans

- ***The Glasgow Financial Alliance for Net Zero (GFANZ)*** has developed voluntary, principles-based, globally applicable, pan-sector and sector-specific transition guidance[119] with broad applicability for a globally consistent approach to transition planning for real economy companies and financial institutions that builds on the work of the TCFD and draws on resources produced by financial sector net-zero alliances and a wide range of civil society and technical bodies.
- ***IFRS Foundation hosts the Transition Plan Taskforce's (TPT) disclosure materials.*** The TPT developed a wide range of pan-sector and sector-specific resources that draw on the components identified by GFANZ of a good transition plan and a range of other resources that can be used for transition planning and disclosure. The TPT's disclosure materials are now available on the IFRS Sustainability Knowledge Hub[120]. Other (non-disclosure specific) TPT resources, including guidance on the transition planning cycle can be found on the ***International Transition Plan Network (ITPN)*** website[121]. ITPN was launched by E3G at New York Climate Week in 2024. ITPN is a membership network that will support continued global momentum for transition planning through dialogue and collaboration, enabling international norms and national action.
- ***The Investor Group on Climate Change (IGCC)*** has published a guide[122] setting out investors' expectations of corporate climate transition plans.
- ***The International Capital Markets Association (ICMA)*** provides guidance[123] and common expectations on the practices, actions and disclosures to be made available by issuers when raising funds for their climate transition strategy.
- ***CERES*** provides a blueprint[124] for implementing a leading climate transition action plan with advice on how to build on existing disclosures and to advance transition planning across six action areas.

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[119] GFANZ
[120] IFRS Sustainability Knowledge Hub
[121] International Transition Plan Network
[122] Corporate Climate Transition Plans: A Guide to Investor Expectations - IIGCC (March 2022)
[123] Climate Transition Finance Handbook: Guidance for Issuers - ICMA (July 2023)
[124] Blueprint for implementing a leading climate transition plan - CERES (June 2024)

Sector-specific guidance

Sector specific pathways towards transition are particularly important for hard to abate sectors where net-zero options are not always immediately feasible or available. In addition to the sector-specific guidance listed above (within general resources), the following guidance is available:

- ***UN High Level Expert Group on Net Zero commitments of non-state entities***[125] recommends that companies should "reference credible sector pathways consistent with limiting warming to 1.5°C with no or limited overshoot (e.g.: IPCC, IEA, NGFS, One Earth Climate Model (OECM)) and explain any material difference between the non-state actor's transition plan and sector pathways."
- ***The Mission Possible Partnership***[126] offers guidance and net-zero strategies for seven sectors (aluminium, concrete and cement, chemicals, steel, aviation, shipping and trucking.)
- ***The European Commission*** work on sectoral pathways[127] is under development for fourteen sectors.
- ***Ademe's Industry Department***[128] offers sectoral transition plans for nine sectors - steel, aluminium, cement, ethylene, chlorine, ammonia, paper & pulp, glass and sugar. Each of the sectoral roadmaps comprises four components.
- ***The SBTI Net Zero Standard***[129] provides sectoral decarbonization pathways to help determine appropriate residual emissions for companies - covers forest, land and agriculture, power, cement, iron and steel, service buildings and residential buildings.
- ***TPT and GFANZ*** offer guidance for real economy sectors and finance subsectors and GFANZ also distinguishes sector approaches used to inform assessments by financial institutions[130].
- ***The Japanese[131] and Dutch[132] Governments*** offer industry specific initiatives.
- ***Climate Bonds Initiative*** offers guidance for particular industries, including the agriculture and food sector[133].
- ***The Leadership Group for Industry Transition*** tracks how countries and companies are planning to decarbonize heavy industry sectors[134]

[125] High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities
[126] Sector Transition Strategies - Mission Possible Partnership
[127] Transition pathways for European industrial ecosystems - European Commission
[128] Sectoral Transition Plan for Industry - Finance ClimAct
[129] Standards and Guidance - Science Based Targets Initiative
[130] Guidance on use of Sectoral Pathways for Financial Institutions - GFANZ (June 2022)
[131] Transition Finance - Ministry of Economy Trade and Industry of Japan
[132] Decarbonisation options for the Dutch PVC industry - PBL Netherlands Environmental Assessment Agency (February 2020)
[133] Transition in Action: Agri-food - Climate Bonds Initiative (May 2024)
[134] Industry Transition Tracker

- ***Carbon Tracker*** provides a range of resources on the energy transition, carbon budgets and sector specific guidance, such as Oil and Gas Transition Plans: A user guide[135].

Aspects: Particular aspects of transition planning and plans, such as net-zero targets, pledges and commitments and/or expectations of particular groups.

- ***UN High-level Expert Group on the Net Zero Emissions Commitments of Non-State Entities***[136] makes ten practical recommendations to bring integrity, transparency and accountability to net-zero plans and pledges.
- ***International Organization for Standardization (ISO) Net Zero Guidelines***[137] provides guidance on what companies and others can do to contribute to global efforts to limit warming to 1.5^{0}C by achieving net zero no later than 2050.
- ***SBTi Corporate Net Zero Standard***[138] provides guidance for real-economy companies that wish to commit to setting and submitting science-based net-zero targets for validation through the SBTi.
- ***Transform to Net Zero – Climate Transition Action Plans***[139] describes experiences and lessons learned by Transform to Net Zero members when addressing challenges in net zero implementation.
- ***GARP*** provides guidance on climate transition plans for risk professionals[140].
- ***The Platform on Sustainable Finance***[141], an advisory body to the European Commission, provides analyses to support financial market participants' assessment of the core elements of transition plans, aligning with the European Commission's recommendations on transition finance.

Planning: The process of transition planning implementation and associated actions

- ***Cambridge Institute for Sustainable Leadership (CISL)*** – Targeting Net Zero A Strategic Framework for Business Action[142] describes key tasks for business to take when delivering net zero in a business context and/or influencing societal transition towards that ambition.
- ***We Mean Business Coalition*** – Climate Transition Action Plans[143] provides guidance on best-in-class practices and common core transition plan elements based on surveys and review of transition plan guidance documents.

[135] Oil and Gas Transition Plans User Guide - Carbon Tracker (July 2024)
[136] High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities
[137] IWA 42:2022 Net zero guidelines - ISO (2022)
[138] SBTi Corporate Net-Zero Standard - Science Based Targets Initiative (March 2024) Note that at the time of writing Version 2.0 of the SBTi Corporate Net-Zero Standard has been released for consultation
[139] Climate Transition Action Plans - Transform to Net Zero (September 2022)
[140] Climate Transition Planning: A Guide for Risk Professionals - GARP (November 2023)
[141] Building trust in transition: core elements for assessing corporate transition plans - EU Platform on Sustainable Finance (January 2025)
[142] Targeting Net Zero: A Strategic Framework for Business Action - CISL
[143] Climate Transition Action Plans - We Mean Business Coalition, CDP, CERES, Environmental Defense Fund (October 2022)

- ***World Business Council on Sustainable Development (WBCSD)*** provides a range of resources, including a transition plan design overview[144], which provides inspiration for companies getting started with development of transition plans.

- ***The Exponential Roadmap Initiative***[145] supports companies to take radical climate action across four pillars: 1) reducing own emissions; 2) reducing value chain emissions; 3) providing and scaling climate solutions: and 4) accelerating action in society.

- ***The Board of the International Organisation of Securities Commissions (IOSCO)***[146] released a report on transition plans that examines the landscape of frameworks and developments in jurisdictional and industry practices. The report identifies the challenges associated with transition planning and plans.

- ***Climate Interactive*** developed the En-Roads Climate Solutions Simulator,[147] which is an online simulator, based on the best available science and a wide range of existing integrated assessment, climate and energy models.It helps users explore the impact that policies, such as electrifying transport, pricing carbon and improving agricultural practices, have on hundreds of factors like energy prices, temperature, air quality and sea level rise.

Disclosure: Reporting and disclosure of transition plans

- ***IFRS Sustainability Disclosure Standard IFRS S2*** includes several requirements that are relevant to transition plans. Requirements in IFRS S2 include the disclosure of information about any plan a company has to transition towards a lower-carbon economy, including the key assumptions and the dependencies on which the plan relies. The IFRS Sustainability Knowledge Hub includes Transition Plan Task Force climate transition plan disclosure materials[148].

- ***CDP*** Technical Note – Reporting on Climate Transition Plans[149]

- ***GRI*** Climate Change Draft[150] includes proposed disclosure requirements on transition plans that align as far as possible with CDP, ESRS, IFRS S2 and the US SEC.

Assess: Criteria for monitoring and assessing transition plans

- ***The Transition Pathway Initiative***[151] provides robust, independent assessment methodologies and data to support the financial decisions necessary to realise a low-carbon economy.

- ***Corporate Responsibility Monitor*** Methodology[152] analyses the climate strategies of major global companies, including the leadership and integrity of climate pledges.

[144] Design climate transition plans - an overview - The Climate Drive
[145] The Exponential Roadmap Initiative
[146] IOSCO Report on Transition Plans - ISOCO (November 2024)
[147] En-Roads Climate Solutions Simulator developed by Climate Interactive
[148] Transition Plan Taskforce Resources - TPT (Now hosted on IFRS Sustainability Knowledge Hub)
[149] CDP Technical Note: Reporting on Climate Transition - CDP (August 2024)
[150] GRI's Climate Change draft: how it supports the sustainability reporting landscape - GRI
[151] Transition Pathway Initiative
[152] Corporate Climate Responsibility: Guidance and Assessment Criteria for Good Practice Corporate Emission Reduction and Net-Zero Targets - New Climate Institute (April 2024)

- ***Race to Zero*** Starting Line and Leadership Practices 3.0[153] sets out the criteria for assessing the plans of Race to Zero members.

- ***Climate Bonds Initiative*** – Guidance to assess transition plans[154][155] sets out five hallmarks to determine whether a transition plan is sufficiently comprehensive.

- ***Chapter Zero*** provides guidance for non-executive directors[156] and audit committee[157] members when implementing transition plans according to the TPT Framework.

Mapping: Analysis of synergies and differences between frameworks and guidance on transition planning and plans

- ***Reclaim Finance***[158] offers a checklist that summarises the transition plan expectations and criteria of a range of frameworks.

- ***Oxford Net Zero***[159] provides a systematic mapping of thirty-seven net zero voluntary standards and guidance and identifies areas of convergence, divergence and gaps across initiatives advising on corporate climate action.

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[153] Race to Zero Criteria - UNFCCC
[154] Guidance to Assess Transition Plans - Climate Bonds Initiative (September 2023)
[155] Navigating Corporate Transitions: A tool for financial institutions to assess and categorise corporates by their transition credibility and maturity - Climate Bonds Initiative (May 2024)
[156] Transition Planning Toolkit: Scorecard - Chapter Zero (November 2023)
[157] Audit Committee Dialogue: Integrating nature-related financial disclosures - Chapter Zero and AFS (October 2024)
[158] Avoiding Greenwashing in Transition Plans - Reclaim Finance
[159] Governing Net Zero: assessing convergence and gaps in the voluntary standards and guidelines landscape - Becker et al., (2024) Oxford Net Zero

Annex 3: Definitions of climate transition plans

Summary of Key Transition Plan Definitions

International Financial Reporting Standards (IFRS)[160] Sustainability Disclosure Standard IFRS S2, defines a climate-related transition plan as *"an aspect of an entity's overall strategy that lays out the entity's targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions."*

The Transition Plan Taskforce (TPT)[161] recommends that *"a good practice transition plan clearly articulates the entity's Strategic Ambition. This comprises its objectives and priorities for responding and contributing to the transition towards a low GHG emissions, climate-resilient economy. It also sets out whether and how the entity is pursuing these objectives and priorities in a manner that captures opportunities, avoids adverse impacts for stakeholders and society and safeguards the natural environment."*

The European Sustainability Reporting Standards[162] define a transition plan as "*a specific type of action plan that is adopted by the undertaking in relation to a strategic decision that addresses a public policy objective and/or an entity specific action plan organised as a structured set of targets and actions, associated with a key strategic decision, a major change in business model, and/or particularly important actions and allocated resources."* A transition plan for climate mitigation is defined as "*an aspect of an undertaking's targets, actions and resources for its transition towards a lower-carbon economy, including actions such as reducing its GHG emissions with regard to the objective of limiting global warming to 1.5°C and climate neutrality."*

The Network for Greening the Financial System (NGFS)[163] defines a transition plan as a *"key product of the transition planning process and...an external facing output for external audiences, such as investors, shareholders and regulators."* From the NGFS perspective, transition plans *"should reflect an entity's integrated approach to reducing its emissions (climate mitigation) and simultaneously adapting to the impacts of climate change that will arise even where the goals of the Paris Agreement are met (climate adaptation)."*. In addition, NGFS defines transition *planning* as "the internal process undertaken by a firm to (i) develop a transition strategy to deliver climate targets that firms may voluntarily adopt or that are mandated by legislation of the appropriate authority and/or (ii) prepare a long-term response to manage the risks associated with its internal strategic planning and risk management processes undertaken by a financial institution to prepare for risks and potential changes in business models associated with the transition to allow an emission and climate-resilient economy."

The Climate Bonds Initiative[164] defines a transition plan as a *"time-bound and trackable strategy and roadmap presenting the plans and actions for reducing emissions in line with a science-based pathway to net zero."*

CDP[165] states that *"a credible transition plan is a time-bound action plan that outlines how an organization will achieve its strategy to pivot its existing assets, operations, and entire business model towards a trajectory aligned with the latest and most ambitious climate science recommendations, i.e., halving greenhouse gas (GHG) emissions by 2030 and reaching net-zero by 2050 at the latest, thereby limiting global warming to 1.5°C."*

[160] IFRS S2 Climate-related Disclosures - IFRS Foundation (2023)
[161] Transition Plan Taskforce (TPT) Framework - TPT (page 15) (October 2023)
[162] Annex II of Delegated Regulation (2023) 5303, Table 2 "Terms defined in the ESRS" - Council of the European Union (August 2023)
[163] Connecting Transition Plans: Financial and non-financial firms, Network for Greening the Financial System (NGFS) Technical Document - NGFS (April 2024)
[164] Guidance to Assess Transition Plans - Climate Bonds Initiative (September 2023)
[165] CDP Technical Note: Reporting on Climate Transition Plans - CDP (August 2024)

The Institutional Investor Group on Climate Change (IIGCC)[166] states that *"a climate transition plan (or climate transition action plan) is a time-bound plan that outlines how a company will align its business model with its decarbonisation goals."*

The Association of Chartered Certified Accountants (ACCA)[167] says *"simply put, a transition plan is the approach to change in order to deliver your objective, for instance an emissions reduction [...] A net-zero transition plan is a roadmap for stopping the release of greenhouse gases into the atmosphere. It includes goals such as using clean energy, reducing emissions and ensuring a system is in place to track progress. The collective plan aims to fight climate change and keep global warming in check [...]Ultimately the goal is to create a more sustainable and climate-friendly world.*

The Glasgow Financial Alliance for Net Zero (GFANZ)[168] states that "A *net-zero transition plan is a set of goals, actions, and accountability mechanisms to align an organization's business activities with a pathway to net-zero GHG emissions that delivers real-economy emissions reduction in line with achieving global net zero. For GFANZ members, a transition plan should be consistent with achieving net zero by 2050, at the latest, in line with commitments and global efforts to limit warming to 1.5°C, above pre-industrial levels, with low or no overshoot*."

The Assessing Transition Plan Collective (ATP-Col)[169] defines a transition plan as "*an aspect of a company's overall long-term strategy that lays out a set of short-, mid- and long-term targets, actions and resources, with accountability mechanisms, to align the company's business activities with a net-zero GHG emissions pathway that delivers real-economy emissions reductions with the objective of limiting global warming to 1.5^{0}C and minimising the company's systemic climate transition risks*."

CERES' Blueprint for Implementing a Leading Climate Transition Action Plan[170] defines a climate transition plan as "*a forward-looking, quantitative set of actions a company will take in the near- and medium- term to reduce GHG emissions and align business strategies and policy advocacy with limiting climate change to 1.5^{0}C in a way that is just and equitable*."

[166] Corporate Climate Transition Plans: A Guide to Investor Expectations - IIGCC (March 2022)
[167] The Role of the CFO and Finance Function in the Climate Transition - ACCA (November 2023)
[168] Financial Institutions Net Zero Plans : Fundamentals, Recommendations and Guidance - GFANZ (November 2022)
[169] Assessing the Credibility of a Company's Transition Plan: Framework and Guidance - Assessing Transition Plan Collective (ATP) and World Benchmarking Alliance (September 2024)
[170] Blueprint for Implementing a Leading Climate Transition Action Plan - CERES (June 2024)

Annex 4: Assessing the credibility and progress of corporate climate transition plans

Climate transition plans that satisfy tests of credibility enhance access to capital to support plans, support business efficiency, satisfy compliance requirements and minimise claims of “greenwashing” or “greenwishing”.

In this Annex, **Box A4.1** lists some of the main climate transition evaluation and assessment initiatives. **Figure A4.1** and the associated text summarise the main features a climate transition plan must have in order to be credible. **Box A4.2** provides an overview of some of the organisations tracking progress of corporate activity on transition plans.

Box A4.1 - Selected transition plan evaluation assessment initiatives

- ACT Initiative has a rating system that combines quantitative and qualitative information on a company’s past, present and projected future to reveal its alignment with the low-carbon transition (See the ACT method in ACT - Assessing Low Carbon Transition)[171]

- CDP provides a list of elements that make a credible transition plan (see CDP Technical Note: Reporting on Climate Transition Plans)[172]

- Climate Action 100+ assesses the world’s largest corporate greenhouse gas emitters on their net zero transition (see the benchmark methodology and disclosure framework in the Climate Action 100+ Net Zero Company Benchmark 2.0,[173] and the company assessments on the Climate Action 100+ webpage)[174]

- Climate Bonds Initiative provides a short guidance document on the basic markets of a credible transition plan and requirements for Climate Bonds Certification (see CBI’s Guidance to Assess Transition Plans)[175]

- Climate Arc offers TransitionArc, which is a one stop tool to assess corporate transitions on climate goals[176]

- The EU Platform on Sustainable Finance[177] has published recommendations for financial market participants on assessment of corporate transition plans (see pages 55 - 57 of “Building Trust in Transition”)

- The IGCC has identified five common principles important for credible transition plans from a review of existing transition plan frameworks and guidance (see IGCC’s Corporate Climate Transition Plans: A guide to investor expectations)[178]

[171] ACT: Assessing Low Carbon Transition - CDP and ADEME (March 2023)
[172] CDP Technical Note: Reporting on Climate Transition Plans - CDP (August 2024)
[173] Net Zero Company Benchmark - Climate Action 100+ (March 2023)
[174] Climate Action 100+
[175] Guidance to Assess Transition Plans - Climate Bonds Initiative (September 2023)
[176] Tools - Climate Arc
[177] EU Platform on Sustainable Finance - Building Trust in Transition: Core elements for assessing corporate transition plans (January 2025)
[178] Corporate Climate Transition Plans: A Guide to Investor Expectations - IIGCC (March 2022)

- Net Zero Tracker explores how countries and companies are doing on net zero targets and provides a summary of what good net zero looks like across a number of schemes (see the Net Zero Stocktake)[179]
- New Climate Institute evaluates the transparency and integrity of companies' climate pledges in four key areas - tracking and disclosure of emissions, setting specific and substantiated targets, reducing emissions and taking responsibility for unabated and residual emissions (see the Corporate Climate Responsibility Monitor, 2024)[180]
- OECD Guidance on Transition Finance sets out elements of credible corporate transition plans that aim to align with the temperature goals of the Paris Agreement[181]
- The TPI Centre evaluates and tracks the quality of companies' governance/management of their greenhouse gas emissions and of risks and opportunities related to the low-carbon transition as well as their carbon emissions against different climate scenarios (see the TPI's methodology report: Management Quality and Carbon Performance)[182]

Hallmarks of a credible climate transition plan

A credible climate transition plan should align to the following characteristics summarised in Table A4.1.

Table A4.1: Hallmarks of a credible climate transition plan

Hallmark	Description
Strategic coherence	■ Include actions and targets that support a strategy for the climate transition. ■ Be coherent and align with the business strategy, sector-specific pathways to net-zero and linked strategies, for example on nature and the just transition. ■ Be supported by financial planning including capital and operating expenditure. ■ Explain how it addresses climate-related risks and opportunities identified by the company.
Scope	■ The plan covers the whole organisation and its value chain or explains exclusions.
Governance and accountability	■ Governance mechanisms define roles, responsibilities, skills requirements and accountability for the plan as well as a regular review process.
Engagement	■ The design of the CTP and its regular review takes account of stakeholder feedback obtained through engagement activities and across the value chain.
Action and targets	■ Actions should describe the companies' enabling actions and the technological and economic feasibility of those actions, how it will get there and what the evolution of the business is expected to look like as the transition plan unfolds. ■ Targets should align with science and ambitious climate goals, including targets to reduce

[179] Net Zero Stocktake 2023 - Net Zero Tracker (June 2023)
[180] Corporate Climate Responsibility Monitor - New Climate Institute (April 2024)
[181] OECD Guidance on Transition Finance - OECD (October 2022)
[182] TPI's methodology report: Management Quality and Carbon Performance - Transition Pathway Initiative (November 2023)

	Scope 1, 2 and 3 GHG emissions, measured according to a baseline, over specific near and long-term timeframes and be verified or verifiable. ■ Key performance indicators (KPIs) should measure success towards the transition, be defined according to timeframes, be monitored regularly and be verified or verifiable ■ Successful achievement of actions and targets should not depend on offsets.
Time horizons	■ The plan should be time-bound and its goals (e.g.: net-zero) achieved by 2050. ■ The plan should explain how decisions made in the past affect the progress of the company's transition plan. ■ Robust climate scenario analysis should inform assumptions in the plan.
Communication and transparency	■ Climate transition plan details are included in public disclosures, providing consistent, comparable and balanced updates on ongoing progress in implementing the plan.

Tracking progress on climate transition plans

Box A4.2 provides an overview of some of the organisations tracking progress of corporate activity on transition plans.

Box A4. 2 - Tracking corporate activity on transition plans

Many companies are developing transition plans and associated practices. However, there is a great deal of variation in the approaches taken by companies and in the maturity of their transition planning and disclosure. For example:

- The International Federation of Accountants (IFAC)'s *'Getting to Net Zero: A Global Review of Corporate Disclosures'*[183] examined disclosure trends in emissions reduction targets and transition plans of the 40 largest exchange-listed companies in 15 jurisdictions, for a total of 600 companies. The jurisdictions include G7 countries and 8 non-G7 countries for the 2020 reporting year. The study found that the nature and scope of company targets and plans varied in terms of emissions covered, timeframes and carbon offsets in 2020. Only 24% of companies that reported a target and transition plan also quantified the past or future cost associated with implementing their disclosed plan.
- In their report "*The State of Play - 2023 Climate Transition Plan Disclosure*,"[184] CDP found that of the 5,906 companies that disclosed through CDP, over 1 in 4 said that they have a 1.5^{0}C aligned climate transition plan in place. CDP's report finds that nearly 40% of companies with a climate transition plan already disclose at least two thirds of the key indicators in the climate change questionnaire that align with a credible climate transition plan. In 2023, over 8,600 companies (about 36% of all disclosing companies) said that they plan to develop a climate transition plan within 2 years.
- The Transition Pathway Initiative (TPI) hosts an online tool[185] that analyses over one thousand companies' management of GHG emissions and risks and opportunities associated with the low-carbon transition. The tool gives an overview of the preparedness of different sectors for the low carbon transition. TPI also publishes their assessment of companies' transition plans according to stated criteria[186].

[183] Getting to Net Zero: A Global Review of Corporate Disclosures - IFAC (November 2022)
[184] The State of Play: 2023 Climate Transition Plan Disclosure - CDP (June 2024)
[185] TPI Online Tool - All Sectors - Transition Pathway Initiative
[186] TPI State of Transition Report 2024 - Transition Pathway Initiative (September 2024)

- Net Zero Stocktake's 2024 assessment assesses the trends and status of net zero target setting activities across the largest 2,000 publicly listed companies in the world.[187]
- The UN High-Level Expert Group on the Net Zero Emissions Commitments of Non-state Entities has over 8,000 corporate signatories. Research found that one-third of the world's largest publicly traded businesses have made net-zero commitments, but only half of them show how their targets are embedded in their strategy.
- The United Nations Framework Convention on Climate Change (UNFCCC)'s Race to Zero campaign[188] has over 10,000 corporate signatories.
- Climate Action 100+ publishes Progress Updates[189] reflecting their assessment of selected companies' net zero planning, based on Climate Action 100+'s Benchmark Framework, Disclosure Framework and Alignment Assessment.
- The World Benchmarking Alliance's Climate and Energy Benchmark[190] measures the readiness of companies to transition to a low-carbon economy using the future-oriented Accelerated Climate Transition (ACT) methodologies.
- The EY Global Climate Action Barometer 2024

Source: UN SSE

[187] Net Zero Stocktake 2024 - Net Zero Tracker
[188] Who's in: Race to Zero - UNFCCC
[189] Climate Action 100+ Progress Update 2023 - Climate Action 100+ (2023)
[190] Climate and Energy Benchmark - World Benchmarking Alliance

Note

About UN SSE

The SSE initiative is a UN Partnership Programme organised by UNCTAD, the UN Global Compact, UNEP FI and the PRI. The SSE's mission is to provide a global platform for exploring how exchanges, in collaboration with investors, companies (issuers), regulators, policy makers and relevant international organisations can enhance performance on environmental, social and corporate governance issues and encourage sustainable investment, including the financing of the UN Sustainable Development Goals. The SSE seeks to achieve this mission through an integrated programme of conducting evidence-based policy analysis, facilitating a network and forum for multi-stakeholder consensus-building, and providing technical guidelines, advisory services and training.

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www.SSEinitiative.org

The SSE is a UN Partnership Programme of

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PRI Principles for Responsible Investment