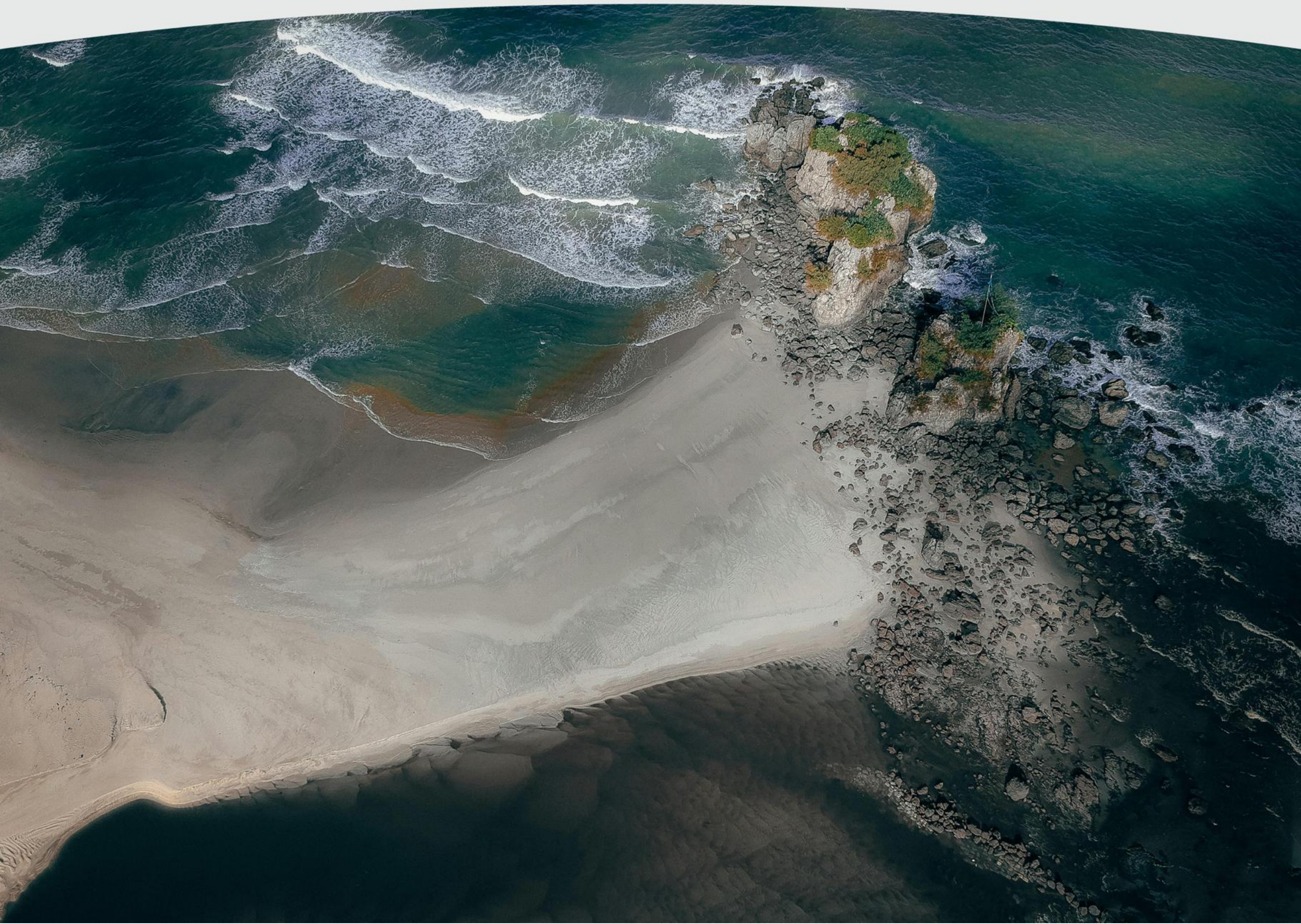
CDP Technical Note

Reporting on Climate Transition Plans

CDP Corporate Questionnaire



Version

Version	Revision date	Revision summary
1.0	February, 2022	First published version.
2.0	February, 2023	Second published version.
3.0	June 28, 2024	Question numbers updated to align with the CDP Corporate questionnaire 2024
3.1	May 21, 2025	Question numbers corrected, mapping updated, links updated

Contents

About this document

This technical note provides guidance on how organizations disclosing through CDP can demonstrate that they have a credible climate transition plan in place - as described in CDP's climate transition plan discussion paper. This understanding will support disclosure requests for 2025 and beyond.

CDP has also published its Financial Services Transition Plans and Net Zero Commitments technical note for financial institutions that would like to disclose financial sector-specific details on their climate transition plans.

For further information on CDP's work in this area see CDP's Transition plan webpage.

1. Introduction

1.1 What is transition and why are climate transition plans important?

What do we mean by transition and what is a climate transition plan?

Transitioning refers to taking actions that:

- align a business model with a world in which two key outcomes are pursued:
    - global average temperature increase is limited to no more than 1.5°C above pre-industrial levels.
    - the integrity, resilience, and ecological function of ecosystems is restored.
- enable a thriving economy that works for people and planet in the long term.

A credible transition plan sets out how an organization will achieve the above.

Why are climate transition plans and disclosure about them important?

Organizations typically set emissions reduction targets, commit to monitoring their progress on climate action, and reduce their exposure to climate-related risks. A climate transition plan is an encompassing instrument that enables organizations to align their strategies with the latest and most ambitious climate science recommendations. This alignment is achieved through clear, measurable targets, actionable strategies and robust accountability mechanisms to track progress effectively.

While long-term strategic planning is not new, the scale and urgency of the transition, reinforced by evolving regulation, investor expectation, and scientific advancements have made transition planning a business imperative. Organizations now face increasing pressure to not only develop credible transition plans but also to demonstrate their implementation through complete and annual disclosure. During 2024 there were several developments that increased the urgency for organizations to develop and disclose credible climate transition plans some of these developments include:

- Key recent developments in the multilateral policy space demonstrate that transition plans have gained momentum:
    - In October 2024, the G20 Sustainable Finance Working Group (SFWG) published its Recommendations for Credible, Robust and Just Transition Plans. These recommendations have been welcomed in the Finance Ministers & Central Bank Communiqués from the G7 and the G20.
    - In the margins of COP29, the Taskforce on Net Zero Policy, established at COP28 to support the High-Level Expert Group on Net Zero Emissions Commitment of Non-State Entities (HLEG) took stock of net zero policy across the G20 and concluded that transition plans are a foundational tool to enable strategic reorientation of companies and portfolios for net zero at an early stage.
    - The International Organization of Securities Commission (IOSCO) published its Report on Transition Plans, recognizing transition plans as a tool to support investor protection and market integrity.
    - The Network for Greening the Financial System (NGFS), the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB) have been assessing the role of

transition plans in the global financial architecture. A 2025 report by the FSB has concluded that transition hold potential for enhancing financial stability assessments.

- The need for a climate transition plan has also been accelerated by the evolving regulatory landscape.
    - Over 30+ jurisdictions are drawing more attention to transition plans through their alignment with the ISSB standards.
    - The United Kingdom's (UK) Transition Plan Taskforce (TPT) published its final version of its foundational document, with the UK Financial Conduct Authority (FCA) now exploring how this guidance can support organizations disclosing transition plans under IFRS S2.
    - The IFRS Foundation has taken responsibility over the TPT disclosure guidance and is expected to publish educational materials to support jurisdictions in the implementation of transition plan requirements.
    - The European Union's (EU) Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence (CSDDD) include requirements for companies in scope of the regulation to develop and implement transition plans. To complement the regulation, EFRAG published in December 2024 a draft implementation guidance on transition plans.

2. Credible climate transition plans

A credible climate transition plan is one that sets out how a business will position itself to thrive in a 1.5°C world.

2.1 CDP's definition of a credible climate transition plan

A credible climate 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 environmental science[1] 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.

Based on CDP data and research into established frameworks, CDP considers a credible climate transition plan to be defined by the five following characteristics:

- It supports a strategy for the climate transition i.e., actions that need to occur for an organization to pivot towards a 1.5°C world, with five- to ten-year near-term science-based targets (SBTs), i.e., emissions reduction targets in line with 1.5°C pathways. Along with long-term SBTs, which aim to achieve net-zero by 2050 at the latest.
- It contains verifiable and quantifiable key performance indicators (KPIs) which:
    - measure the success of an organization's climate transition; and
    - are tracked regularly.
- It is succinctly integrated into an organization's existing mainstream filings (in annual financial reporting/sustainability reporting/overall business strategy)[2], and provides an accountability mechanism.
- It is guided by the principles outlined in section 2.2.

[1] As communicated by scientifically reliable and reputable institutions such as the *Intergovernmental Panel on Climate Change* (IPCC) and the *Science Based Targets initiative* (SBTi).

[2] The exact reporting system utilized may vary by organization. For better accountability, (1) ease of integration and (2) reporting frequency should be the key factors used to assess where to integrate the transition plan.

- It contains the key elements outlined in section 2.3.

These criteria demonstrate to investors and other key stakeholders that an organization is aligning with ambitious long-term environmental goals, and that its business model will transition, in order to be relevant (i.e., profitable) in a 1.5°C world. To enhance business resilience, avoid potential regulatory shocks, organizations should aim to align, as a minimum, with relevant Paris-aligned policy goals in the jurisdictions where they operate, including both direct operations and their broader value chain operations. Given the number of countries that have committed to net-zero emissions, it is critical that investors and other stakeholders are able to assess an organization's plans to align with such a future (refer to NetZero tracker).

2.2 Principles for a credible climate transition plan

CDP has developed six fundamental principles that will guide the preparation of a credible climate transition plan:

1. Accountability: The plan has clearly defined roles and responsibilities. This includes effective governance mechanisms, where the board and C-suite executives are accountable for implementation of the plan.
2. Internally coherent: The plan is fully integrated within the organization's business strategy and financial planning, ensuring alignment with its broader objectives and decision-making processes.
3. Forward looking: The plan should reflect considerations of the short- and long-term timeframes, trending towards 2050, while ensuring alignment with international environmental agreements. It reflects the urgency to act, emphasizing the near-term actions (within the next five years) as critical to achieving long-term environmental ambition.
4. Time bound and quantitative: The plan includes quantifiable targets and key performance indicators with defined timeframes, incorporating relevant metrics.
5. Flexible and responsive: The plan is regularly reviewed and updated[3], with a defined feedback mechanism in place (e.g., shareholders, at AGMs).
6. Complete: The plan covers the whole organization and its value chain, i.e., any exclusions from the plan must not be material to the organization and/or its impact on the natural environment (ensuring the double materiality principle applies to the disclosure of exclusions).

[3] In alignment with the 2021 update to the TCFD's recommendations, with its integration of transition plans, transition plans should at a minimum be reviewed every five years for continuous relevancy and efficacy and updated if required. The TCFD also notes that progress against the plans should be reported annually, alongside any material, substantive changes to the plan be reported annually (if required)

2.3 Elements of a credible climate transition plan

The key elements of a climate transition plan are described below, and they are the outcome of an extensive technical review.

The table below indicates how each element relates to the TCFD's 2021 update to its report on "*Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (2017 annex)*" and the Transition Plan Taskforce's Disclosure Recommendations

Transition Plan Element	Description	TCFD Pillar	TPT Element
GOVERNANCE	This demonstrates that an organization has board-level oversight of the climate transition plan and that there are defined governance mechanisms in place, to ensure proper implementation of the plan.	Governance	Governance
SCENARIO ANALYSIS	A climate transition plan should be underpinned by robust scenario analysis[4] used to identify potential substantive climate-related risks and opportunities.	Strategy	Foundations
FINANCIAL PLANNING	As part of its strategy to achieve net zero, an organization should outline time-bound financial planning details of its transition. For example, Capital Expenditure (CAPEX), Operating Expenditure (OPEX), Revenue, etc.		Implementation Strategy
VALUE CHAIN ENGAGEMENT & LOW-CARBON INITIATIVES	A climate transition plan should include time-bound actions to decarbonize business processes (and those of its value chain), with time-bound KPIs. This includes three distinct elements[5]: (1) value chain engagement; (2) increasing the share of revenue from low-carbon products and services; and (3) implementing emissions reduction initiatives for both its direct and indirect operations.		Implementation Strategy & Engagement Strategy
POLICY ENGAGEMENT	A climate transition plan should demonstrate that an organization's public policy		Engagement Strategy

[4] While scenario analysis itself is not the transition plan, it plays a critical role in shaping it. By assessing multiple climate-related scenarios, including those aligned with 1.5°C pathways, organizations can evaluate the potential risks and opportunities arising from different climate futures. These insights help define strategic priorities, set credible emissions reduction targets, and ensure resilience

in the face of regulatory, market, and physical climate risks.

[5] The focus should be on the most relevant parts of the value chain – not necessarily all three distinct elements will be relevant for every sector/organization.

	engagement[6] aligns with its climate commitments and strategy.		
RISKS & OPPORTUNITIES	A climate transition plan should outline an organization's process for addressing identified climate-related risks and maximizing substantive climate-related opportunities.	Risk Management	Foundations
TARGETS	A climate transition plan should contain time-bound, verified science-based targets which are in line with the latest climate science. Organizations should set near-term SBTs to halve emissions by 2030 and should also set a net zero long-term target – by 2050 at the latest.	Metrics & Targets	Metrics and Targets
SCOPE 1, 2 & 3 ACCOUNTING WITH VERIFICATION[7]	A climate transition plan should be accompanied by an annual Scope 1, 2 & 3 emissions inventory that is complete, accurate, transparent, consistent, relevant, and verified by a third-party.		Metrics and Targets

[6] Public policy engagement includes direct policy and lobby group engagement.
[7] The inventory accounting includes emissions and energy sources accounting.

2.4 Coverage of CDP's climate transition plan elements across other frameworks/standards

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

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

CDP credible climate transition plan elements		Standards/Frameworks/Initiatives: IFRS (ISSB)	SEC	EFRAG (ESRS)	TPT	GRI	GFANZ
Governance	Board level oversight						
	Board expertise on climate-related issues						
	Executive management accountability & feedback mechanisms						
	Executive incentives linked to climate performance indicators						
Strategy to achieve Net Zero	Existence of a "1.5°C world" aligned transition plan within business strategy & shareholder feedback						
	Link between identified (and potential) climate-related risks, opportunities & company strategy						
Scenario Analysis	Details of scenario analysis						
Financial Planning	Financial planning details associated with a 1.5°C world						
	Low carbon products or services						
Value chain engagement & Low-carbon initiatives	Low carbon initiatives - direct operations						
	Value chain engagement						
Policy engagement	Alignment of public policy engagement with climate ambition & strategy						
Risks & Opportunities	Process for identifying climate-related risks & opportunities						
	Climate-related risks - risks, potential financial impact and response strategy						
	Climate-related opportunities - opportunities, potential financial impact and response strategy						
Targets	Emissions reduction targets - absolute & intensity						
	Other climate-related targets						
	Net-zero targets						
Scope 1, 2 &3 accounting with verification	Comprehensive and third-party verified emissions accounting						

Full coverage

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

Partial coverage

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

Not applicable

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

3. Reporting on your climate transition plan

CDP's corporate questionnaire collects data on all climate transition plan elements. Questions which align directly to the climate transition plan elements (as currently defined above) are set out below.

3.1 Map of credible climate transition plan elements against the 20 CDP Corporate questionnaire

To demonstrate a credible climate transition plan and existing efforts to transition to a 1.5°C world, an organization should report on the direct and supporting questions within the CDP Corporate questionnaire, such as those outlined below:

- DIRECT INDICATORS (*): These questions allow organizations to indicate that their climate transition plan includes forward-looking and quantitative information, such as associated financial planning details and climate-related targets. This also refers to questions that explicitly mention "climate transition plans" in the questionnaire.
- SUPPORTING INDICATORS: Beyond the direct indicators, other CDP questions allow organizations to report actions and data that evidence the robustness and credibility of their climate transition plan. These supporting indicators are not necessarily forward looking but allow organizations to report information that complements their climate transition plan, e.g., activities and data such as emissions accounting and verification, or how climate has impacted their strategy or engagement in the reporting year.

The table below maps the 2025 CDP Corporate questionnaire question numbers (direct and supporting indicators) to the key elements of a credible climate transition plan (in section 2.3). For further information on the following questions please see CDP's Guidance for Companies.

Climate Transition plan element	Aligned 2025 CDP question number	Relevance
GOVERNANCE	4.1.1, 4.1.2 (Board level oversight)	To ensure accountability for developing an ambitious plan as well as implementation of the plan's ambitions, board level oversight of the climate transition plan is crucial in steering business strategy towards a 1.5°C aligned trajectory.
	4.2 (Board expertise on climate-related issues)	Addressing climate change requires specific expertise related to climate change and its impacts, and the potential direct and indirect effects on the business. Ensuring this capability exists within governance structures indicates an organization's competence in delivering on its climate transition plan and increases the chance of success.
	4.3, 4.3.1 (Executive management accountability & feedback mechanism)	Executive management have responsibility for (1) developing and implementing a climate transition plan, and (2) frequently reporting to the board on progress towards realizing the plan's ambitions.
	4.5, 4.5.1 (Executive management incentives linked to climate performance indicators)	To incentivize conscious action and commitment in implementing the plan, it is recommended that executive management incentives are linked to climate performance indicators.
	5.2*	An organization's climate transition plan should:

Climate Transition plan element	Aligned 2025 CDP question number	Relevance
STRATEGY[8]	(Existence of "1.5°C world" aligned transition plan within business strategy & shareholder feedback)	• **be aligned with a 1.5°C world**: to signal climate ambition. • **be publicly available**: to demonstrate transparency. • **integrated into the business strategy**: to fulfil the principle of internal coherence. • **have a defined shareholder feedback mechanism**: to incentivize regular feedback collection.
	5.3.1 (Link between identified (and potential) climate-related risks, opportunities & company strategy)	Here, organizations can explain how climate-related risks and opportunities influenced their strategy and climate transition plan, specifically in areas of products/services, value chain, investment in R&D and operations.
SCENARIO ANALYSIS	5.1, 5.1.1, 5.1.2 (Details of scenario analysis)	Scenario analysis is used as a strategic tool to inform the development of the climate transition plan, based on several potential future climatic states.
FINANCIAL PLANNING	5.3.2, 5.4*, 5.4.1* (Financial planning details associated with a credible climate transition)	Financial planning is crucial when demonstrating that an organization is aligning with climate goals (as elaborated in its climate transition plan), and that it will be relevant (i.e., profitable) in a 1.5°C world. Organizations can use these CDP questions to demonstrate how they have aligned their financial planning with their climate transition plan in the reporting year and at milestone years '2025' and '2030'. Financial details may describe revenue, CAPEX, and/or OPEX projections which are crucial for realizing the plan's ambition.
	7.74, 7.74.1 (Low-carbon products or services)	Organizations can develop their low-carbon products or services portfolio over time to signal how they intend on transitioning their existing revenues, operations, and entire business model towards a 1.5°C trajectory.
VALUE CHAIN ENGAGEMENT & LOW-CARBON INITIATIVES	7.55.2 (Low-carbon initiatives – direct operations)	One of the key elements of a climate transition plan is that it contains time-bound actions to decarbonize business processes and implement emissions reduction initiatives.
	5.11, 5.11.1, 5.11.2, 5.11.5, 5.11.6, 5.11.7, 5.11.9 (Value chain engagement)	Organizations are facing risks in the value chain that have material environmental and financial implications; hence, value chain engagement plays a significant role in realizing a climate transition plan. For example, organizations with significant emissions in their supply chain can leverage their buyer power and engage their suppliers on developing their own transition plan which aligns with 1.5°C world.
POLICY ENGAGEMENT	4.11, 4.11.1, 4.11.2	Ensuring that an organization's climate transition plan is supported by fully aligned external policy engagement

[8] Strategy is not an individual element of a climate transition plan – instead, the transition plan is how an organization achieves its strategy to pivot towards a 1.5C aligned trajectory. The inclusion of strategy in this table is due to the fact that it appears as a module in CDP's questionnaire and contains a number of key indicators which provide information on an organization's climate transition plan.

Climate Transition plan element	Aligned 2025 CDP question number	Relevance
	(Alignment of public policy engagement with climate ambition & strategy)	(policy, law, regulation, and trade associations) demonstrates an ambitious effort towards achieving a 1.5°C world. For many organizations, a successful climate transition will depend on an accommodative policy landscape, thus companies should advocate for climate-positive policies that impact their relevant sector(s) and are consistent with their climate transition plan. Organizations should also lobby against climate-negative policies which could affect their ability to transition.
RISKS & OPPORTUNITIES	2.2.1, 2.2.2 (Process for identifying climate-related risks & opportunities)	To demonstrate forward planning (which is crucial for a climate transition plan), an organization's transition plan should include or reflect a process for identifying, assessing, and responding to climate-related risks and opportunities.
	3.1, 3.1.1 (Climate-related risks – risks, potential financial impact and response strategy)	Details of the risks posed to an organization by climate-related issues, and the estimated potential financial impact of these risks at the corporate level, as well as the response strategy to manage these risks.
	3.6, 3.6.1 (Climate-related opportunities – opportunities, potential financial impact and response strategy)	Details of the opportunities posed to an organization by climate-related issues, and the estimated potential scale of these opportunities at the corporate level as well as the response strategy required to take advantage of these opportunities.
TARGETS	7.5.3*, 7.53.1*, 7.53.2* (Emissions reduction targets – absolute & intensity)	The plan includes near- and long-term, verified science-based targets which are in line with the latest climate science to reach a 1.5°C world, with time-bound KPIs. Where this is not feasible, the targets should align to CDP recommended best practice.
	7.54.1*, 7.54.2* (Other climate-related targets)	Ambitious climate transition plans will include other climate-related targets, including, but not limited to, increased low-carbon energy consumption or production targets.
	7.54.3* (Net-zero target)	The plan includes a net zero target, in line with the latest climate science, with time bound KPIs. Third-party verification is considered best practice.
SCOPE 1, 2 & 3 ACCOUNTING, WITH VERIFICATION	7.5, 7.6, 7.7, 7.8, 7.9.1, 7.9.2, 7.9.3 (Comprehensive and third-party verified emissions accounting)	A climate transition plan should be accompanied by a complete, accurate, transparent, consistent, and relevant inventory of all three scopes of emissions. Any individual organization may find it important to fully disclose to Sections Emissions Methodology and Exclusions and Scope 1, 2, and 3 Emissions Inventory • Third-party verification is necessary for credibility and transparency on progress against a climate transition plan. • Companies should calculate and disclose all material categories of scope 3 and provide an explanation for categories that are not relevant.

4. Appendix - List of frameworks and initiatives related to climate transition plans

The following frameworks and initiatives informed CDP's approach to Climate Transition plans:

- Task Force on Climate-Related Financial Disclosures (TCFD) – now IFRS - ISSB
- Climate Safe Lending Network (CSLN)
- Accelerate Climate Transition (ACT)
- Climate Action 100+
- Say on Climate initiative [CIFF]
- Oxford Martin Principles for Climate-Conscious Investment
- Alliance for Corporate Transparency
- Australasian Centre for Corporate Responsibility (ACCR)
- The International Capital Market Association (ICMA)
- Glasgow Financial Alliance for Net Zero (GFANZ)
- The Institutional Investors Group on Climate Change (IIGCC)
- Investor Climate Action Plans (ICAPs)
- Transition Pathway Initiative (TPI)
- Climate Bonds Initiative (CBI)
- Transition Plan Taskforce (ISSB)
- Assessing Transition Plans Collective (ATP-Col)
- Transition Arc (Climate Arc)