

Climate Transition Action Plans

TRANSFORMATION GUIDE

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Introduction

Transform to Net Zero is a cross-sector initiative to accelerate the transition to an inclusive net zero global economy. The initiative includes companies that are climate leaders in their industries – Danone, HSBC, Maersk, Mercedes-Benz, Microsoft, Natura & Co., Nike, Inc., Starbucks, Unilever, and Wipro – plus Environmental Defense Fund as a founding NGO member, and BSR as Secretariat.

To support companies in meeting targets backed up by transformation plans to achieve net zero no later than 2050, Transform to Net Zero is publishing a series of Transformation Guides. Each Transformation Guide shares experiences and lessons learned by Transform to Net Zero members when addressing a challenging issue in net zero implementation. A Transformation Guide does not prescribe a single way to tackle net zero implementation but instead invites readers to choose between and combine different approaches depending on which is best suited to their circumstances. The sixth in the series, this Transformation Guide focuses on how companies shape climate transition action plans (CTAPs) to guide their net zero transformations.

The Problem

As leading companies increasingly set ambitious net zero targets, investors and other stakeholders seek information detailing the processes and procedures used to reach those goals. To address this need, organizations such as [CDP \(Carbon Disclosure Project\)](#), [TCFD \(Taskforce on Climate related Financial Disclosures\)](#), [GFANZ \(Glasgow Financial Alliance for Net Zero\)](#), and initiatives such as the [UK Transition Plan Task Force](#) and the [United Nations Secretary General's High Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities](#) are developing guidance regarding key elements that should be included in climate transition action plans (CTAPs) that steer corporate strategy on achieving net zero. For example, in its guidance, CDP posits six principles of a CTAP: accountability, internally coherent, forward looking, time bound and quantitative, flexible and responsive, and complete.

Transform to Net Zero members have applied their commitment to a net zero future, and their leadership experience and knowledge of sustainability and climate, to construct individual company transition plans, which act as roadmaps to guide their net zero strategies. While their approaches to constructing the plans vary in perspective, they contain a common set of elements they believe must be incorporated in an effective CTAP.

This Transformation Guide first presents eleven key elements of a model CTAP. Five Transform to Net Zero members, Mercedes-Benz, Microsoft, Natura & Co., Nike, and Unilever then share their approaches to developing their individual Climate Transition Action Plans. The Transformation Guide concludes with a set of key takeaways, a checklist of actions and references to draw upon.

Eleven Key Elements

of Model Climate Transition Action Plans

While various initiatives are actively working on defining CTAPs, there is currently no consensus on the key elements CTAPs should contain. As climate leaders in their respective industries, the Transform to Net Zero members propose the following as key elements of a CTAP to provide a real-world perspective to the ongoing discussion on what constitutes credible net zero transformation.

- 1. Near- and long- term science-based targets** to reach 1.5°C-aligned value chains, including a target year for net zero greenhouse gas (GHG) emissions, and in line with [Race to Zero criteria](#). Targets should be verified by a third-party to be consistent with the latest climate science, and should also be consistent with relevant sector-specific guidance, as available.
- 2. Robust governance structures** that establish ownership and accountability to deliver targets, including:
 - a. Board-level oversight
 - b. Roles and responsibilities of management, with representation across all relevant business functions; and
 - c. Elements to drive employee engagement through skill development, training and change management to align the business culture with a net zero transformation.
- 3. Information about how climate considerations are integrated into financial planning** to demonstrate alignment between the CTAP and business strategy. This should include information on how climate considerations are integrated into capital allocation and financing decisions, expected changes in capital allocation and financing decisions, and high-level information on the impact of capital allocation and financing decisions on climate objectives.
- 4. GHG emissions accounting** of complete and consistent scope 1, 2, and 3 emissions inventories that have been verified by a third-party, enabling measurement of progress towards targets. The CTAP should be underpinned by the emissions inventories but does not necessarily have to include the full inventory itself.

Eleven Key Elements of Model Climate Transition Action Plans

5. **Low carbon and other climate-related initiatives** to decarbonize business operations and value chains and implement the near- and long- term science-based targets. This could include the following types of initiatives:
 - a. Innovation of low carbon products and services;
 - b. Actions to address the portfolio of high emissions products and services;
 - c. Integration of emissions considerations into decision making (e.g., use of internal carbon pricing); and
 - d. Evolving business models to pivot towards lower carbon areas.
6. **Net zero aligned carbon removal plans** with time-bound KPIs. CTAPs should include information on companies' general approach to emissions reductions within the value chain enroute to net zero, and how removals will address residual emissions in the target year.
7. **Value chain engagement strategy** that articulates how the organization will encourage suppliers, peers, and customers to transition to a low carbon economy. This can include education and incentives offered to suppliers to reduce scope 3 emissions, and to customers to promote low carbon products and services. These strategies should be guided by time-bound KPIs.
8. **Policy engagement strategy** to create an environment that enables 1.5°C-aligned GHG reductions in the real economy. The strategy should highlight collaboration with industry peers intended to send joint market signals to policymakers. An organization's policy engagement should be aligned with its CTAP.
9. **Cross-issue evaluation of impact** that adopts a systems approach to consider interlinkages between climate, nature, and society. Planned decarbonization activities should address concerns related to nature and biodiversity, and social impacts on communities.
10. **Strategy to promote a just and inclusive transition** that addresses the disproportionate distribution of climate impacts and climate transition costs on under-resourced communities. CTAPs can include opportunities for co-creation with affected communities that seek to counter injustices and build resilience.
11. **Transparency and reporting** covering all aspects of the CTAP. Organizations should disclose key assumptions including transition pathway uncertainties, possible implementation challenges, and respective contingency plans. Annual reporting should show progress against goals and targets. The CTAP's activities, metrics, and targets should be periodically reviewed and updated, and organizations should be open about what is not currently included in the CTAP but will be addressed in the future.

The Questions

01

How did your company develop its transition plan?

02

Who is responsible for leading the efforts, and which functions are involved?

03

What are the key components of your transition plan?

04

How are issues like growth and climate justice integrated into your plan?

05

How does your plan incorporate transparency?

Mercedes-Benz

APPROACH



The 2015 Paris Agreement was fundamental to Mercedes-Benz's net zero transformation, helping the company decide to focus on decarbonization across its products' full value chain. This starting point pushed the company to consider the whole lifecycle of its cars. With "Ambition 2039," in 2019 Mercedes-Benz built up a concrete milestone of a holistic, sustainable corporate strategy, aiming for a carbon-neutral new passenger car fleet and carbon-neutral production, and most importantly driving the supply chain to follow the 2039 ambition. The company also had to consider what measures it could take on its own and where it would need to build partnerships to meet its decarbonization goals. Mercedes-Benz's Climate Transition Action Plan is incorporated into the company's [Sustainability Report](#). Since then, the company regularly reviews its strategy and targets in decarbonization.

OUTLINE A CLEAR PROCESS

The first steps Mercedes-Benz took to develop its plan were 1) commit to the Paris Agreement alignment, 2) define what is in scope respective to Mercedes-Benz's use case, 3) identify measures needed to reach the decarbonization goal and 4) focus on transparency. The company took on a critical task at the start of the process to help all stakeholders understand the terms, what the targets mean, and what the priority measures will be.

INCORPORATE PLAN COMPONENTS INTO THE BUSINESS STRATEGY

The next big step was to incorporate the decarbonization strategy into an overall strategy, working to create a companywide net zero mindset. For a company operating in the transportation sector, this meant pivoting from a petrol mentality to an EV mentality. During this phase, internal conversations were critical. Mercedes-Benz did not want to implement a sustainability strategy or a carbon reduction strategy; the company wanted the CTAP to become part of a sustainable business strategy. Every department took part in the discussions, enabling them to deliver on commitments and be recognized when they deliver. This approach changed daily working life, the way products are developed and how the company handles climate protection with suppliers. Core components of the plan are continually updated. Recently, detailed information on implementation of sustainability was added to guide product architecture, such as low carbon tech, resource consumption, and circular economy.

BUILD IN A STRATEGY TO ADDRESS NET ZERO TRANSITION IMPACT ON EMPLOYEES

Electrification and digitalization are fundamentally changing the world of work. This transformation will lead to further development of all job profiles at Mercedes-Benz. The company is therefore putting lifelong learning

and continuing education for employees at the center of sustainable personnel development, creating a people transition plan as part of its CTAP.

Employees are already receiving a wide range of continuing education on digitalization and electrification. For the ongoing transformation of job profiles, the company offers, for example, suitably tailored digital retraining with individual support and defined target positions. As new opportunities arise at different locations, Mercedes-Benz supports employees and simplifies the transition between plants. In addition to the needs-based qualification of employees, Mercedes-Benz also relies on targeted recruiting of new talents who have the appropriate skills. The approach of Mercedes-Benz ensures a clear process for the transformation. Mercedes-Benz is in close contact with social partners in order to shape the change decisively and fairly for all parties involved.

PRACTICE TRANSPARENCY

Mercedes-Benz has completed robust analysis to catalogue the full suite of materials in its vehicles and is thus able to calculate a GHG footprint for each. The company's view on transparency is one of knowing the materials used in its worldwide fleet and calculating a fleet view on emissions. In terms of life cycle assessment, the company also includes its own production and collects energy data from all its production plants. This information is shared publicly as a [360 degree environmental check](#).

MERCEDES-BENZ REPORTING ON CTAP

Mercedes-Benz could migrate climate information related to CTAP from its wide reporting on sustainability. Currently, the main report on all sustainability topics is the annual Sustainability Report, which includes information about decarbonization targets and transparency in all GHG scopes. Together with its SASB, TCFD and CDP reports, a CTAP emerges. It is likely that the CTAP would also include information on Mercedes-Benz's sustainable finance framework, its climate policy outreach programs and responsible sourcing standards for Mercedes-Benz's suppliers.

Microsoft

APPROACH

Microsoft's carbon negative commitment originated in the company's desire to significantly reduce its carbon emissions in response to the IPCC's sobering [Global Warming of 1.5 ° C](#) special report. The company began with the development of an ambitious goal, grounded in climate science and in line with the [United Nations Global Compact Business Ambition for 1.5 ° C](#). Microsoft's plan, reflected in the company's [blog](#) and sustainability reports, serves as a roadmap for the company to decarbonize its processes and operations and influence decarbonization strategies beyond its "four walls."

SET THE GOAL AND WORK BACKWARD TO DEFINE ACTIONS

With the goal of a 55% reduction in all scopes by 2030 and removal of all operational and electricity-related emissions since the company was founded, the structure for the plan was created. In 2019, a small group of sustainability leaders across the company's business units, such as real estate, devices, and data centers, worked together to construct the goal. Now, sustainability leads are working with functional

leaders of, for example, procurement and finance, in their business units to define the actions that need to be taken. Public policy leads are also consulted to recommend policy engagement actions which would support the company's work.

INCORPORATE ACTIONS TO DECARBONIZE ACROSS THE VALUE CHAIN

With a goal of cutting emissions by more than half by 2030, Microsoft committed to reduce scope 1 and 2 to near zero by the middle of the decade through actions such as creating diesel-free data centers and electrifying campus transportation. For scope 3 emissions to be cut in half by 2030, Microsoft has taken initial steps such as updating its Supplier Code of Conduct to require suppliers to report and reduce their carbon emissions and expanding its internal carbon fee to cover scope 3 emissions.

BUILD IN PROCESSES TO ENGAGE WITH INTERNAL AND EXTERNAL STAKEHOLDERS

In 2022, Microsoft implemented an internal governance model focused on climate and



sustainability. This model is jointly facilitated by finance leadership and corporate affairs and works to align key stakeholders across Microsoft, including executive vice presidents, finance leads and sustainability teams.

The model seeks to drive deeper operational and financial accountability on carbon reduction targets, ongoing carbon reduction initiatives, and tracking overall progress to ensure it meets its 2030 goals. This includes introducing qualitative measures (in addition to existing quantitative measures) to track progress on initiatives that include long lead times to deliver. In addition, Microsoft has had an internal carbon fee since 2012.

Microsoft also engages in several forums with industry peers including Transform to Net Zero and Carbon Call, which is a collaboration with NGOs, academics and other corporates to align on what is needed for reliable, interoperable carbon accounting. The company engages in other forms of collaboration on decarbonization, for example with large and small enterprise customers.

The company also regularly discloses emissions to CDP and produces an annual sustainability report.

BE TRANSPARENT ABOUT SUCCESSES AND FAILURES

Microsoft's decarbonization efforts are heavily informed by a commitment to transparency and learning. For example, Microsoft commissioned CarbonPlan, a carbon market NGO, to conduct firsthand analysis on quality and integrity in carbon markets. The company also published several [whitepapers](#) on carbon removal. In 2022, Microsoft's Chief Environmental Officer delivered a candid [TED talk](#) on quality in carbon markets.

FACE THE CHALLENGE OF GROWTH

Microsoft's leadership understand that the company must continuously improve on its efforts to decouple GHG emissions from business growth on the path to fulfill its carbon negative commitment in 2030. As noted in Microsoft's 2021 Sustainability Report, this challenge is especially acute for scope 3 emissions reduction.

Natura & Co.

APPROACH



Natura &Co. began its net zero journey with three foundational steps which underpin its Climate Transition Action Plan: 1) defining the scope of GHG-based activities, 2) conducting a GHG inventory for all categories of business functions, and 3) setting targets and planning reductions over time. The first two critical steps focused on harmonizing emissions measurement across brands and geographies. Natura &Co. is now working to set priorities and implement actions for these reductions in the short-, mid-, and long-term. Many of the principles integral to Natura &Co.'s approach to net zero are reflected in the company's [Factsheet on Net Zero](#).

MEET THE CHALLENGE OF HARMONIZING ACROSS BRANDS AND GEOGRAPHIES

Natura &Co. is comprised of four purpose-driven brands: Avon, Natura, The Body Shop and Aesop. Each brand is at a distinct stage in its journey to reach net zero. Natura has been carbon neutral since 2007. With Natura &Co. LatAm representing half its revenue, it is taking inspiration from the procedures and processes used in the region to harmonize approaches across the brands whilst recognizing different economic and political contexts.

FULLY ENGAGE IN SUSTAINABILITY ACROSS BUSINESS UNITS

In line with its belief in the importance of collaboration, Natura &Co. is developing and implementing the plan in partnership with a broad spectrum of operational units to embed sustainability into the business model. This involves working with business units to advance the understanding of alternatives needed to put in place the impacts of decarbonization, as well as placing sustainability at the heart of business strategy and the decision-making process.

A significant effort is made to identify and apply synergies in decarbonization procedures between brands. While there is often overlap, occasionally there is a need to take a more nuanced approach, such as replicating the same processes within different IT systems. In addition, in some instances Natura &Co.'s brands pursue actions tailored to their market's way of doing business. For example, one brand is pursuing a specific business travel policy on account of 10% of GHG emissions being tied to business travel, in comparison to 2% for other brands.

FOCUS ON RESEARCH AND DEVELOPMENT EFFORTS

Natura &Co. integrates R&D carbon footprint analysis within its plan. Researchers use a footprinting model to analyze the carbon impact of proposed raw materials or packaging materials. When a new product is launched, the model is also deployed for comparison with the average carbon footprint of existing products.

CULTIVATE CROSS-FUNCTIONAL AND HIGH LEVEL BUY-IN FOR THE PLAN

While Natura &Co.'s culture celebrates the brands' autonomy, guidance on net zero is standardized in response to market and investor demand for a unified voice and consistent reporting. The Sustainability Team leads the carbon agenda, cooperating with all departments to facilitate cross-functional approaches.

INCORPORATE CLIMATE JUSTICE INTO THE PLAN

For Natura &Co., nature-based solutions play a key role in the strategy to reduce carbon emissions. It has set targets to achieve 95%+ renewable or natural ingredients by 2030, to build on its long-term experience working with local and traditional communities to access specialty ingredients for products, and to create economic value, especially for the Amazon region. This experience makes integrating climate justice into the CTAP a logical step.

FACE THE CHALLENGE OF GROWING THE BUSINESS ALONGSIDE REACHING NET ZERO AMBITIONS

Natura &Co. recognizes that business growth presents a major challenge to addressing absolute reduction. Growth implies additional effort and will depend on the disruptive solutions it is committed to finding through innovation and partnership.

Nike

APPROACH



Recognizing that climate change is one of the biggest risks to our planet and to sport, Nike has embedded sustainability into every part of the business. The critical elements of Nike's climate plan are outlined and reported on in the company's annual [Impact Report](#). Near-term climate action is focused on reaching its 2025 Targets – 29 enterprise goals focused on addressing the needs of the planet and people across Nike's value chain. The plan starts with bold action in Nike's owned and operated spaces, but with 95% of carbon impacts occurring in the supply chain, it focuses on reducing carbon across these key areas 1) raw materials, 2) manufacturing, 3) logistics and 4) circularity.

DEVELOPING A CLIMATE PLAN FOCUSED ON CRITICAL AREAS OF IMPACT

Nike examined the largest areas of impact across the supply chain and focused immediate action toward solutions that will spur the largest overall emissions reductions. The company noted that raw materials were a significant challenge, and an emphasis on innovation could identify potential long-term solutions. Likewise, Nike is increasing its use of recycled materials, creating more durable materials, using better chemistry, and making products that are easier to refurbish or recycle.

Nike is also reducing the carbon associated with movement of finished goods. The plan includes minimizing air freight, employing alternative fuels in ocean freight, and instituting innovative programs like no rush shipping to minimize emissions on last mile delivery. Likewise, Nike is expanding the use of on-site renewable electricity at distribution centers as well as using virtual power purchase agreements, biomethane and LED lighting.

Finished Goods and Materials Manufacturing makes up more than a third of the company's footprint, and therefore these segments are key to unlocking Nike's net zero ambition. Nike's approach includes leveraging longstanding supplier relationships by accelerating this work through key initiatives that include enhancing supplier ambition through the Supplier Climate Action Program (SCAP), improving access to financing, and enhancing collaboration with governments and other brands to advocate for policies that enable greater access to renewable energy.

BUILD AND NURTURE LONGSTANDING RELATIONSHIPS WITH SUPPLIERS

Nike focuses on building longstanding relationships with suppliers to foster trust, spur continuous improvement, increase operational efficiency, and expand the use of renewable energy. Nike shares best practices with suppliers to create shared value. Nike's SCAP is a critical component of its climate plan since it supports new layers of the supply chain

to take ambitious climate action. Thirteen suppliers are part of the Supplier Sustainability Council (SSC), which account for up to 65% of strategic supplier emissions. Nike is building a 10-year climate action plan jointly with these suppliers, who set scope 1 and scope 2 science-aligned 2030 targets.

LEVERAGE FINANCING MECHANISMS TO SUPPORT SUPPLIERS

Suppliers often face difficulty obtaining financing to invest in decarbonization solutions. Nike is working with the [International Finance Corporation \(IFC\)](#) to scale up global trade finance in Asia. The IFC program was used in the past as part of a supplier rating system, incentivizing suppliers for robust performance against sustainability metrics. More recently, Nike is leveraging leadership programs, such as SCAP, to provide even more competitive rates for stronger ambition.

ENGAGE IN POLICY DEVELOPMENT TO SUPPORT DECARBONIZATION OF GLOBAL SUPPLY CHAIN

Renewable electricity (RE) is typically cost-competitive with fossil fuels, but in critical geographies in Nike's supply chain, policy and regulatory mechanisms often do not exist that enable suppliers to procure RE from the grid or through other offsite mechanisms. Nike's responsible supply chain, procurement and public affairs teams work together to enable greater deployment of renewable energy solutions where most of its products are manufactured – Vietnam and Indonesia. The company's overall approach is to find avenues to engage with policy makers to increase suppliers' access to cost-effective and competitive clean energy solutions.

INTEGRATE NET ZERO AMBITIONS WITHIN CORPORATE GOVERNANCE

Board level governance consists of 1) an incentive program in which Nike's executive pay is tied to the achievement of sustainability targets, 2) regular communication with the Chief Sustainability Officer, 3) quarterly conversations on progress towards targets. Nike is also working with suppliers to identify the risks of climate change on workers within the supply chain and to provide a safe operating space for employees and manufacturers.

ADDRESS THE CHALLENGE OF BUSINESS GROWTH

Nike is a growth company. Although it has made progress in circularity, Nike knows there is opportunity in the materials space. Nike's ambition is to move closer to closed-loop circularity by replacing more of these materials with recycled items. [Nike Grind](#) is an example of this.

Unilever

APPROACH

Unilever's climate commitments are part of its overall approach to sustainability, which is integrated into its business strategy, the [Unilever Compass](#). The Compass informed the development of Unilever's [Climate Transition Action Plan](#) (CTAP). The plan follows a systems approach to climate action, taking into consideration nature, forests, plastics, and social issues in designing and meeting climate goals. The plan covers operations, value chain, brands and products, and actions to influence wider society.

Unilever's plan is public facing, rather than a technical document aimed at experts. It provides context, information on governance and accountability, and honest discussion about the key issues and potential challenges. The plan development process included input from a broad range of internal and external stakeholders across Functions, including colleagues from Sustainability, Strategy, Supply Chain, Procurement, Finance, and R&D, among others.

INCLUDE TARGETS, TIMELINES, AND SCOPES

Unilever's CTAP includes both a long-term 2039 net zero target and 2030 interim targets to deliver early action and build momentum. It took time to align internally on the specific information that should be included. The plan

provides explanations of emissions scopes (i.e., "direct" emissions arising from Unilever's operations versus "indirect" emissions from the wider value chain), different levels of ambition aligning to a 1.5°C or 2°C global temperature rise, offsetting, carbon removals, and what is meant by net zero. This breadth and level of detail, coupled with clear and accessible language, provides credibility and clarity, and helps to educate stakeholders who do not work directly on sustainability.

DESCRIBE ACTIONS THAT HAVE A WIDER INFLUENCE ON SOCIETY

Unilever found that the majority of its overall footprint is emissions in its value chain from indirect consumer use of its products, for example from the energy used to power a washing machine that is using its brands' detergents. The company also found it had limited impact on changing consumer behavior. In this context, the CTAP describes actions that influence wider societal decarbonization and economy-wide energy transitions. Unilever's CTAP includes descriptions of actions to influence public policy,



Climate Transition Action Plan



Unilever's work around the annual UN Climate Change Conference, and participation in industry and cross-sectoral initiatives, such as Transform to Net Zero. Unilever also discloses the company's relationships and actions with trade unions as related to its net zero ambitions.

OUTLINE GOVERNANCE PROCESSES

Unilever was the first company of its size to put the CTAP before shareholders for a non-binding advisory vote, and it was overwhelmingly approved by 99.6% of votes cast. In addition to the company's regular sustainability reporting and disclosures, Unilever publicly shares its progress towards CTAP commitments through its annual CTAP Update Reports, which are an integral part of the company's **Annual Reports and Accounts**. The company proposes to regularly review its CTAP and submit an updated plan to shareholders every three years. Unilever has provided third party verification of the CTAP.

SPEAK OPENLY ABOUT WHAT IS NOT IN THE CTAP

While Unilever is clear that it will achieve zero emissions operations by 2030, the CTAP does not include an estimate of the extent of absolute emissions reductions that the

company can achieve by 2039. Instead, Unilever transparently communicates that, at the time of writing, it is impossible to know how much of its 2039 net zero goal will need to be met via carbon removals, which is why its focus is squarely on short- and medium-term emissions reductions. However, the plan sees Unilever commit to balancing absolute emissions by 2039 with removals and to aligning its ambition and actions with the latest science.

Currently the plan does not include a detailed discussion of climate justice nor the just transition. However, it does recognize the social and economic impacts of the climate crisis on people, for example the need to ensure an income stream to farmers affected by climate impacts. Action to contribute to a fairer, more socially inclusive world is a core pillar of the Unilever Compass, and a key advocacy perspective for the company. Just transition and climate justice issues will be included in future iterations of the plan.

Key Takeaways

- 1. Set targets based on science.** Climate transition action plans should be undergirded by deep understanding of companies' scope 1, 2, and 3 GHG emissions. Plans for achieving net zero should be grounded in research to support a range of specific actions required to reach near- and long-term goals.
- 2. Focus the plan on critical areas of impact across business units and brands.** Plans should present solutions to address areas which contribute most to the company's emissions footprint. Research and development actions should be covered by the plan. Plans should empower brands and business units with knowledge and tools to manage daily activities so that they can understand their impact.
- 3. Include approaches to address impacts across the value chain and support suppliers' focus on decarbonization.** Mechanisms to mitigate impacts across supply chains are a critical component of climate transition action plans. Developing clear Codes of Conduct and offering support and incentives to suppliers for emissions reductions can help build trusting relationships with suppliers that will add to the plans' margin of success.
- 4. Incorporate mechanisms to address concerns of key stakeholders.** Plans must address the needs of financial institutions and investors and provide a roadmap for working with public policymakers to support climate forward policies. Mechanisms for addressing climate impacts on under-resourced communities and clean energy transition impacts on employees should be included.
- 5. Build in governance and communication systems to foster transparency.** Company leaders and boards must be provided with regular opportunities to reflect on decarbonization progress. Provide transparency through the publication of annual sustainability reports, progress reports, and whitepapers, and engage in public presentations. Be clear about successes and failures.
- 6. Promote disruptive solutions to support future business growth.** In parallel with reaching net zero ambitions, companies will necessarily face the challenge of providing continued business growth. Solutions focused on decoupling business growth from carbon emissions, promoting circularity and fostering innovative partnerships should be included in climate transition action plans.
- 7. Develop a public facing-plan.** A stand-alone, public facing CTAP offers a strategic advantage that can help with investor and consumer relations, and talent retention and acquisition.

Climate Transition Action Plans

Checklist

- ✓ Ensure that the plan is grounded in science-based net zero goals.
- ✓ Develop a roadmap which works backwards from goals to determine future actions.
- ✓ Focus transition plan actions on areas of greatest impact across the value chain.
- ✓ Include knowledge and tools to support business units and brands.
- ✓ Develop mechanisms to work with suppliers to address critical impacts across the value chain.
- ✓ Design systems to enable corporate governance.
- ✓ Incorporate means to regularly communicate progress to key stakeholders such as financial institutions and the public.
- ✓ Build in mechanisms to address critical issues such as climate justice and impact on employees from clean energy transitions.
- ✓ Include a focus on addressing future growth while continuing to make progress on decarbonization.

Resources

- [CDP Climate Transition Plan: Discussion Paper](#)
- [Task Force on Climate-related Financial Disclosures Guidance on Metrics, Targets, and Transition Plans](#)
- [GFANZ Recommendations and Guidance: Financial Institution Net-zero Transition Plans](#)
- [UK Transition Plan Task Force](#)
- [United Nations High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities](#)
- [IFC External Corporate Site](#)
- [Mercedes-Benz Sustainability Report](#)
- [Mercedes-Benz 360 Degree Environmental Check](#)
- [Microsoft Carbon Negative by 2030](#)
- [Microsoft TedTalk: How to fix the "bugs" in the net-zero code](#)
- [Microsoft carbon removal: Lessons from an early corporate purchase](#)
- [Natura & Co. Factsheet on Net Zero](#)
- [Nike FY21 Impact Report](#)
- [Nike Grind](#)
- [The Unilever Compass](#)
- [Unilever Climate Transition Action Plan](#)

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Secretariat

