

THE 6 KEY PILLARS OF A CREDIBLE TRANSITION PLAN

Net-zero ambition alone is no longer enough. To be considered credible, a climate transition plan must provide a clear, decision-useful roadmap grounded in science, supported by measurable targets and backed by real implementation levers.



WHAT A CREDIBLE TRANSITION PLAN MUST CONTAIN

1 Science- based alignment

- Be explicitly aligned with a 1.5°C pathway
- Use recognized climate scenarios (e.g. IPCC, NGFS)
- Explain why the chosen pathway is appropriate for the company's sector and geography

2 Comprehensive scope and coverage

- Coverage of Scope 1, 2 and relevant Scope 3 emissions
- Inclusion of all material activities, assets and value chains
- Explicit identification of excluded activities, with justification

3 Time- bound targets with interim milestones

- Long- term targets (2030, 2040, 2050)
- Short- and medium- term milestones
- Quantified trajectories, not just end- states

4 Clearly identified decarbonisation levers

- Concrete actions (technology shifts, asset retirement, procurement changes)
- Relative contribution of each lever to emissions reduction
- Real- world feasibility (technology availability, regulatory context)

5 Financial and strategic integration

- Alignment with financial planning (CapEx, OpEx, R&D)
- Evidence that the transition plan is:
 - a. Embedded in business strategy
 - b. Reflected in capital allocation decisions
- Disclosure of financing needs and constraints

6 Governance, accountability and monitoring

- Clear board- level oversight
- Management accountability
- KPIs and monitoring mechanisms
- Processes for updating the plan over time

RED FLAGS: SIGNALS THAT UNDERMINE CREDIBILITY

A structured review of red flags can reveal where a transition plan falls short. These signals help identify weaknesses in design, execution and overall alignment with credible transition expectations.

Strategy & science

- Net-zero or climate-neutrality target with no 1.5°C pathway justification
- Scenario referenced by name with no explanation of relevance or methodology
- Stated ambition inconsistent with actual emissions trajectory

Scope & coverage

- Partial emissions coverage without justification
- Material activities or assets excluded from scope
- Scope 3 systematically deferred with no milestones

Targets & timing

- No quantified interim targets between now and 2050
- Strongly back-loaded ambition (all effort in 2040–2050)
- Qualitative commitments with no measurable indicators

Operations & levers

- Decarbonisation levers vague or unidentified
- No quantification of each action's impact on emissions
- Excessive reliance on carbon offsets or unproven technologies

Finance & governance

- Transition plan disconnected from capex and investment decisions
- Continued investment in assets misaligned with the stated trajectory
- No board oversight, no KPIs, no update process



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