

Table of content for implementation guidance

Summary



Initial content overview – Draft table of content details (1/2)

Chapters	Sections	Subsections content
1. Introduction on what is transition planning	What are we talking about?	<ul style="list-style-type: none"> Difference between "transition planning" and transition plan (dynamic approach) Explain what is the transition plan in ERSR terms
	Why does a company need a transition plan?	<ul style="list-style-type: none"> Explanation of the regulatory needs to have a transition plan (i.e., compliance); Explanation of the opportunities to have a transition plan
	What if a company does not have one?	<ul style="list-style-type: none"> Positioning of the company in this case
2. Assess your current positioning	What do we need to build a credible and effective transition plan?	<ul style="list-style-type: none"> Presentation of the major steps to follow (ambition, internal implementation strategy) Prerequisites for transition planning (i.e. data layout, information and data escalation, measure before defining targets)
	Diagnosis of the existing transition planning	<ul style="list-style-type: none"> Maturity of the existing transition planning strategy
	Measure the baseline	<ul style="list-style-type: none"> Measure your emissions footprint Measure your fossil fuel exposure Measure your Taxonomic alignment and beneficial activities
	Establish your scenario analysis	<ul style="list-style-type: none"> Key assumptions and external factors Assess material impacts and risks Scenario analysis according to emissions footprint
3. Build your strategy	Identify the different stakeholders and their respective roles	<ul style="list-style-type: none"> Map the stakeholders (internal and external) and how they can contribute to the transition planning and start to operationalizing the plan
	Structure the governance over the transition planning strategy	<ul style="list-style-type: none"> Define the structure of management gathering the different stakeholders identified: objectives, targets, shares of information, progress grid for transition planning, decision-making mechanism
	Define your priorities	<ul style="list-style-type: none"> Each stakeholder identified shall identify their priorities regarding the transition planning (bottom-up and top-down considerations)
	Assess the different opportunities and dependencies	<ul style="list-style-type: none"> Assess the locked-in GHG emissions Identify and test transition and physical risks to the different operations
	Define your ambition	<ul style="list-style-type: none"> Explain and detail the process to set GHG reduction targets



Initial content overview – Draft table of content details (2/2)

Chapters	Sections	Subsections content
4. Plan your actions	Define your policies	<ul style="list-style-type: none"> Process and policies drafting (internal and external)
	Determine your implementation steps for transitioning	<ul style="list-style-type: none"> Operational deployment of the scenario analysis with steps need to introduce changes into the production process and priority actions
	Integrate the transition plan into your financial plan	<ul style="list-style-type: none"> After having identified the decarbonization levers, identify the financial resources needed tackle the implications of the transition plan for the financial performance, and cash flows over the short-, medium-, and long-term
	Develop your engagement plan	<ul style="list-style-type: none"> Engagement program with upstream value chain (suppliers); Engagement program with downstream value chain (clients)
	Set your internal metrics and targets	<ul style="list-style-type: none"> Set all the internal metrics and intermediary targets needed to ensure implementation and progress of the transition plan over time Ensure to prepare for auditing process
5. Monitor and progress	Disclose your transition plan	<ul style="list-style-type: none"> Define the external communication approach (transition plan format, etc.); Address the when you are going to disclose your TP if you don't have one yet
	Monitor your action plan	<ul style="list-style-type: none"> Use the metrics and targets to monitor delivery across company through the governance structure



THE FOLLOWING PAGES SHOW EXAMPLES OF EARLY DRAFTING.

PLEASE NOTE THIS IS WORK IN PROGRESS.

1. Introduction

1.1 What is a transition plan and transition planning?

A transition plan is a specific document outlining the steps, timelines, responsibilities, and resources required to successfully execute the necessary transition a company needs to do to operate successfully and contribute to a net-zero economy. It serves as a roadmap for implementing the changes identified in the transition planning phase. A transition plan provides clarity and direction to stakeholders involved in the transition process, ensuring that everyone understands their roles and responsibilities and that the transition progresses smoothly according to the established timeline.

In line with the European Commission's ambition to make Europe the first continent to achieve climate neutrality by 2050, the Commission has undertaken to standardize the publication of climate transition plans through the CSRD and the ESRS.

On the other hand, transition planning refers to the overarching process of preparing for significant changes within a company. It involves identifying the need for change, assessing potential risks and opportunities, and strategizing how to effectively navigate the transition while minimizing disruptions to operations. Transition planning encompasses a broad spectrum of activities, including analyzing market trends, evaluating organizational capabilities, and aligning resources to support the desired outcomes of the transition.

When disclosing on transition plans it's essential to differentiate between the two concepts. Companies should communicate their commitment to thorough transition planning, highlighting their strategic approach to managing change effectively and in their sustainability statements they can do it in **X, Y and Z**. Additionally, they should provide transparency by sharing the specifics of their transition plans, aiming to satisfy the objective of Disclosure Requirement E1-1 (§15) as well as covering as a minimum the data points mentioned in §16. By clearly articulating their transition planning process and the associated transition plan, European companies can enhance stakeholder confidence and demonstrate their readiness to navigate transitions successfully.

ESRS ANNEX II - ACRONYMS AND GLOSSARY OF TERMS - Table 2, Terms defined in the ESRS

Transition plan: A specific type of action plan that is adopted by the undertaking in relation to a strategic decision and that addresses: i. a public policy objective; and/or ii. 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.

Transition plan for climate change mitigation: An aspect of an undertaking's overall strategy that lays out the 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

This guidance is organized in such a way as to lead companies through the transition planning process, following the same steps companies should take to design a credible transition plan. Transition planning inherently involves a multitude of interconnected factors, from identifying triggers for change to orchestrating resources and timelines effectively. The ESRS transparency requirements relate to the transition plan and these are highlighted throughout this guidance. Such guidance serves as a roadmap, providing clarity and structure to what otherwise could be a daunting task.

1.2 Why does a company need a transition plan?

A transition plan is an important tool for companies facing significant challenges connected with the energy and climate transition, be them driven by regulatory, technological, social or market (client) forces. Firstly, a transition plan provides a structured framework for managing the complexities of change. It outlines clear objectives, timelines, and responsibilities, ensuring that everyone involved understands their role and the steps required to achieve the desired outcomes.

Secondly, a transition plan helps to mitigate risks associated with the transition process. By identifying potential obstacles and developing strategies to address them proactively, companies can minimize disruptions to operations and safeguard against financial losses or reputational damage. Additionally, governments worldwide are increasingly implementing regulations aimed at reducing carbon emissions and mitigating climate change. Having a climate transition plan helps companies ensure compliance with existing and future environmental regulations, avoiding potential fines, penalties, or legal liabilities associated with non-compliance. This aspect also extends to transition planning itself. In Europe, the [Corporate sustainability due diligence Directive](#) (CSDDD) will require certain companies to establish a transition plan.

Moreover, a transition plan promotes transparency and accountability within the organization. By communicating the rationale behind the transition and providing regular updates on progress, companies can foster trust and confidence among employees, investors, customers, and other stakeholders. This transparency also encourages collaboration and engagement, as stakeholders are more likely to support the transition when they understand its purpose and potential benefits.

Additionally, a transition plan facilitates effective resource allocation. By identifying the resources required to execute the transition, such as finances, technology, and human capital, companies can ensure that they have the necessary means to implement their plans successfully. This optimization of resources enhances efficiency and maximizes the likelihood of achieving the desired outcomes within the established timeframe.

In summary, a transition plan is essential for companies because it provides a roadmap for managing change, mitigates risks, promotes transparency and accountability, and facilitates effective resource allocation. By investing time and effort in developing a comprehensive climate transition plan, companies are more likely to succeed and contribute to the desired decarbonization of the economy.

1.

2. Strategy assessment/ Assess your current positioning

2.1. What do we need to build a credible and effective transition plan?

When disclosing its transition plan, a company must respond to all ESRS disclosure requirements, but those disclosure elements are not enough to structure and manage the transition plan over time.

To manage the transition plan and ensure it is credible and effective over time, the following aspects shall be covered in the internal transition planning process:

- **Ambition:** define the level of ambition the company wants to reach;
- **Internal implementation strategy:** structure the way the company will integrate the transition plan into the business plan (business activities, policies, products/services sold, internal stakeholder engagement);
- **External engagement strategy:** structure the way the company will engage with external stakeholders (value chain (suppliers and clients), industry peers, government, and public sector) in order to make the transition plan work over time;
- **Metrics and targets:** define metrics and targets which will enable to assess the progress in implementing the transition plan, the progress towards climate-related targets, etc.
- **Governance:** define the right governance structure to ensure progress is made over time.

This guidance will explain how a company can proceed to cover all steps and elements in a structured and business-oriented approach while responding to all ESRS disclosure requirements.

2.2. Diagnosis of the existing transition planning

2.2.1. Maturity of the existing transition planning strategy

[Points to develop

- Inclusion of business elements related to climate issues and within governance.
- Recall of the different major steps for transition planning for the companies
- Assess the maturity versus the ESRS disclosure requirements]

E1-1	Elements	Questions to be answered
16a	Explanation of how targets are compatible with limiting of global warming to one and half degrees Celsius in line with Paris Agreement	Did we define targets? Can we explain how? Can we explain if our targets are compatible with a 1.5°C trajectory?
16b	Disclosure of decarbonisation levers and key action	Did we already define a decarbonisation strategy?
16c	Disclosure of significant operational expenditures (Opex) and (or) capital expenditures (Capex) required for implementation of action plan	Did we define the financial planning to support the decarbonisation strategy?
16c	Financial resources allocated to action plan (Opex)	
16c	Financial resources allocated to action plan (Capex)	

16d	Explanation of potential locked-in GHG emissions from key assets and products and of how locked-in GHG emissions may jeopardise achievement of GHG emission reduction targets and drive transition risk	Did we perform a climate sensitivity analysis? Can we identify locked-in emissions?
16e	Explanation of any objective or plans (CapEx, CapEx plans, OpEx) for aligning economic activities (revenues, CapEx, OpEx) with criteria established in Commission Delegated Regulation 2021/2139	Did we assess our taxonomy alignment?
16f	Significant CapEx for coal-related economic activities	Do we have any Capex invested into coal-related economic activities?
16f	Significant CapEx for oil-related economic activities	Do we have any Capex invested into oil-related economic activities?
16f	Significant CapEx for gas-related economic activities	Do we have any Capex invested into gas-related economic activities?
16g	Undertaking is excluded from EU Paris-aligned Benchmarks	Are we included in EU Paris-aligned Benchmarks?
16h	Explanation of how transition plan is embedded in and aligned with overall business strategy and financial planning	Did we create a link between our decarbonisation strategy and our overall business strategy?
16i	Transition plan is approved by administrative, management and supervisory bodies	Do we have dedicated governance in place to manage our decarbonisation strategy?
16j	Explanation of progress in implementing transition plan	Did we already start implementing our decarbonisation strategy?

3. Build your strategy

[TBD]

4. Plan your actions

[TBD]