

Climate change transition plan

A transition plan is an aspect of an organisation's overall business strategy that sets out targets and actions supporting its transition towards a low-carbon economy. A table of contents for a transition plan is included as a framework for fund managers. This framework has been adapted from TCFD's transition plan elements in the TCFD Guidance on Metrics, Targets and Transition Plans.¹

Table of contents

1. Introduction

- **Overview:** Sets out the purpose, context and goals of the plan, including brief background on the organisation.
- **Plan assumptions:** Describes the organisation's assumptions, particularly around transition pathway uncertainties and implementation challenges.

2. Strategy / approach

- **Overall goals and targets:** Statement on alignment to a global temperature goal (for example, 1.5°C), relevant regulatory mandates, and/or sectoral decarbonisation strategies.
- **Risk management and mitigation:** Describes the risks the organisation faces from a transition to a low-carbon economy. Describes how these pathway risks will be mitigated and managed.
- **Prioritised opportunities:** Describes the opportunities and how the organisation intends to maximise its prioritised climate opportunities as the world transitions to a low-carbon economy.
- **Use of offsets:** The plan should indicate a clear position on the use of carbon credits, such as whether these will be considered as part of the plan and under what circumstances.

3. Strategy / approach

- **Action plans:** Outlines short-term and medium-term tactical and operational plans. The plan includes current and planned initiatives to reduce climate-related risks and increase climate-related opportunities.
- **Financial plans:** Describes the supporting financial plans, budgets, and related financial targets (for example, the amount of capital and other expenditures supporting the decarbonisation strategy).

¹ https://assets.bbhub.io/company/sites/60/2021/07/2021-Metrics_Targets_Guidance-1.pdf

4. **Performance measurement**

- **Metrics:** Defines metrics the organisation will monitor to track progress against plans and targets, including related operational and financial performance metrics, metrics aligned with the cross-industry, climate-related metric categories, and industry-specific or organisation-specific metrics.
- **Targets including GHG emissions reductions:** The transition plan should include quantitative and qualitative targets. For GHG emissions targets, the plan indicates the type and scope of GHG emissions included, as well as the extent of GHG emissions across territories, timeframes, or activities. The transition plan specifies the dates when targets are intended to be reached and includes targets during the plan's time horizon (a timetable for the plan's roadmap). For fund managers, these targets should extend beyond the organisation's own GHG emissions and include Scope 3 GHG emissions associated with funds.

5. **Management of transition plan**

- **Approval and oversight:** Describes who has approved and endorsed the plan, and how oversight of its implementation will take place. It is good practice for the plan to be approved or endorsed at board level.
- **Accountability:** Describes where accountability for implementing the plan will be vested. Accountability should be accompanied with adequate capacity and resourcing to ensure the plan can be implemented effectively.
- **Incentives:** How remuneration and other incentives will be aligned with the organisation's climate goals.
- **Review:** Commitment, methodology and timeframes for periodic review of the transition plan and implementation progress.