



**2024 GSMA X CDP**

# **SPOTLIGHT ON CLIMATE TRANSITION PLANS**

July 15, 2024

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# Spotlight on Climate Transition Plans

Exploring global trends, the transition journey pathway, and unique considerations to accelerating the transition to a net-zero carbon economy

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15 July 2024





## Agenda

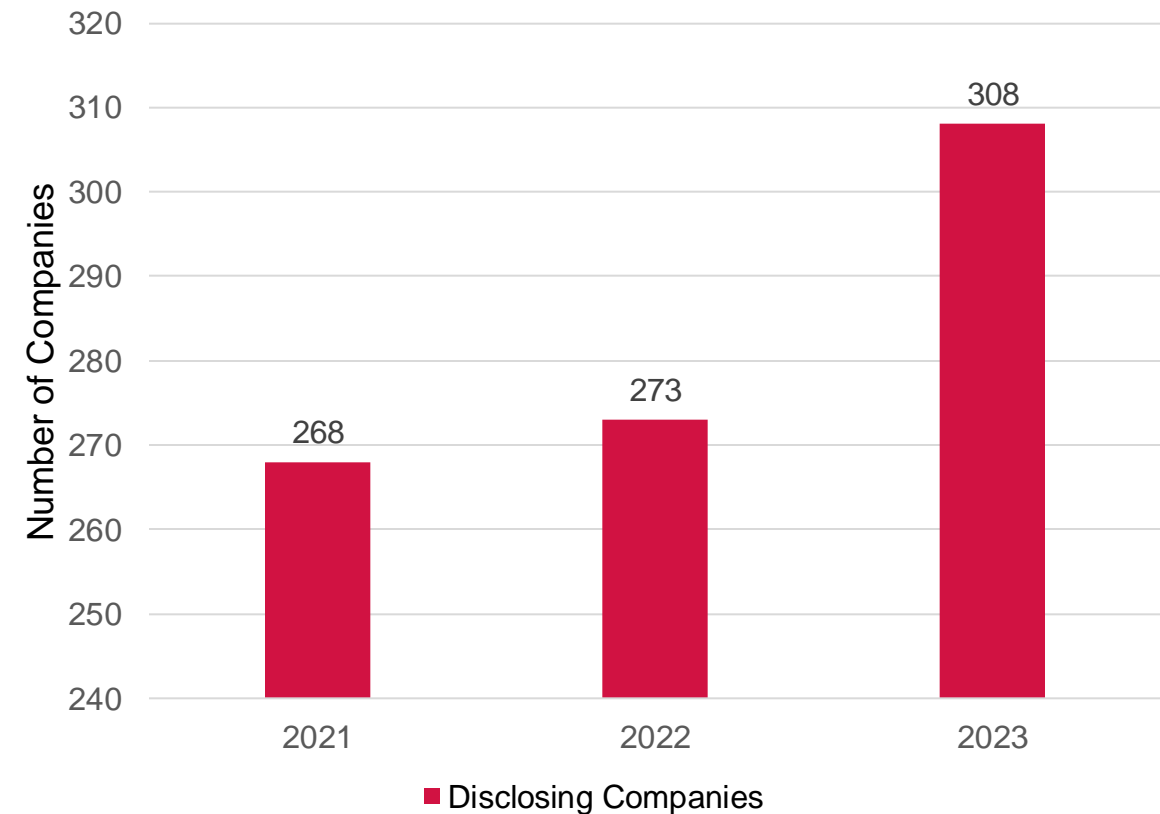
- ▼ **Transition plans a Business Necessity**
- ▼ **Climate Transition Plan Disclosure**
- ▼ **Credible Climate Transition Plans**
- ▼ **CDP Climate Transition Plan Journey**
- ▼ **Getting Started**
- ▼ **Q&A**

# Disclosure and Transition Plans a Business Necessity

# 2023 TELECOMMUNICATIONS CDP DISCLOSURE SNAPSHOT

- ▼ A record-breaking **308 telecommunications organizations** disclosed their climate impacts, risks, and opportunities across their operations and value chains via CDP's climate change questionnaire
  - ▼ Nearly **13% YoY** increase from 2022
  - ▼ **29%** disclosed the presence of 1.5-degree aligned climate transition plan.
- ▼ **52 telecommunications companies** have committed to setting science-based targets or already have verified targets in 2023

Telecommunication Services Disclosure Through  
CDP's Climate Change Questionnaire



# Shifting landscape: Transition Plan adoptions within corporate and financial ecosystem



## Aligned

## Expanding alignment

-  **TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES  
since 2018
-  **EU TAXONOMY**  
Reflected since 2023
-  **IFRS**  
S2 since 2024
-  **GFANZ**  
Financial Institution Net Zero  
Transition Plan Recommendations



Furthering alignment with TPT



Furthering alignment with European Sustainability Reporting Standards (ESRS) ongoing via an official partnership



Partially aligned with TNFD disclosure recommendations, working towards full alignment



# Why are Climate Transition Plans important?



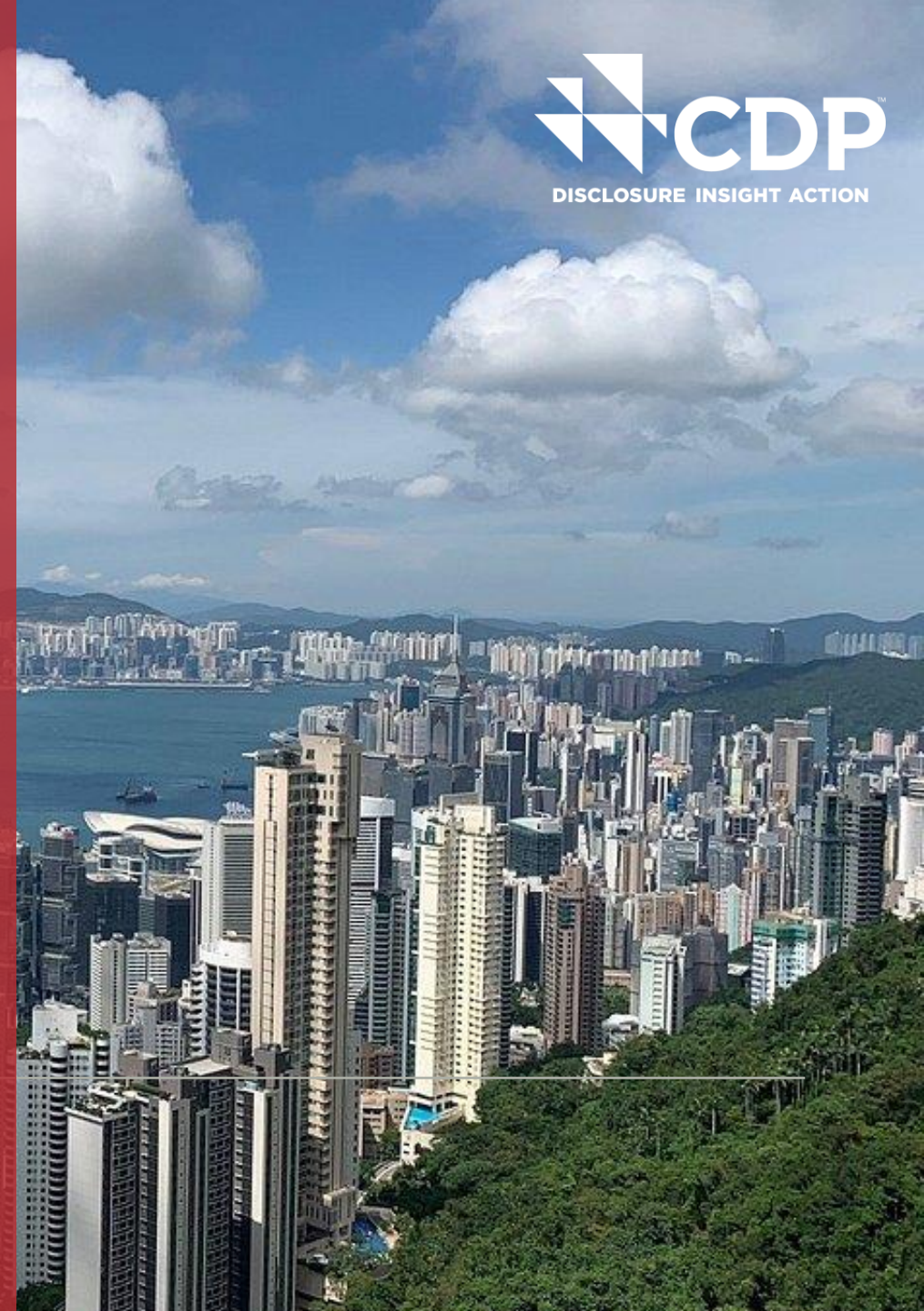
Climate Transition Plans turn data into action.



Better prepare the private and public sectors to transition.



Support investors in making capital allocation decisions.

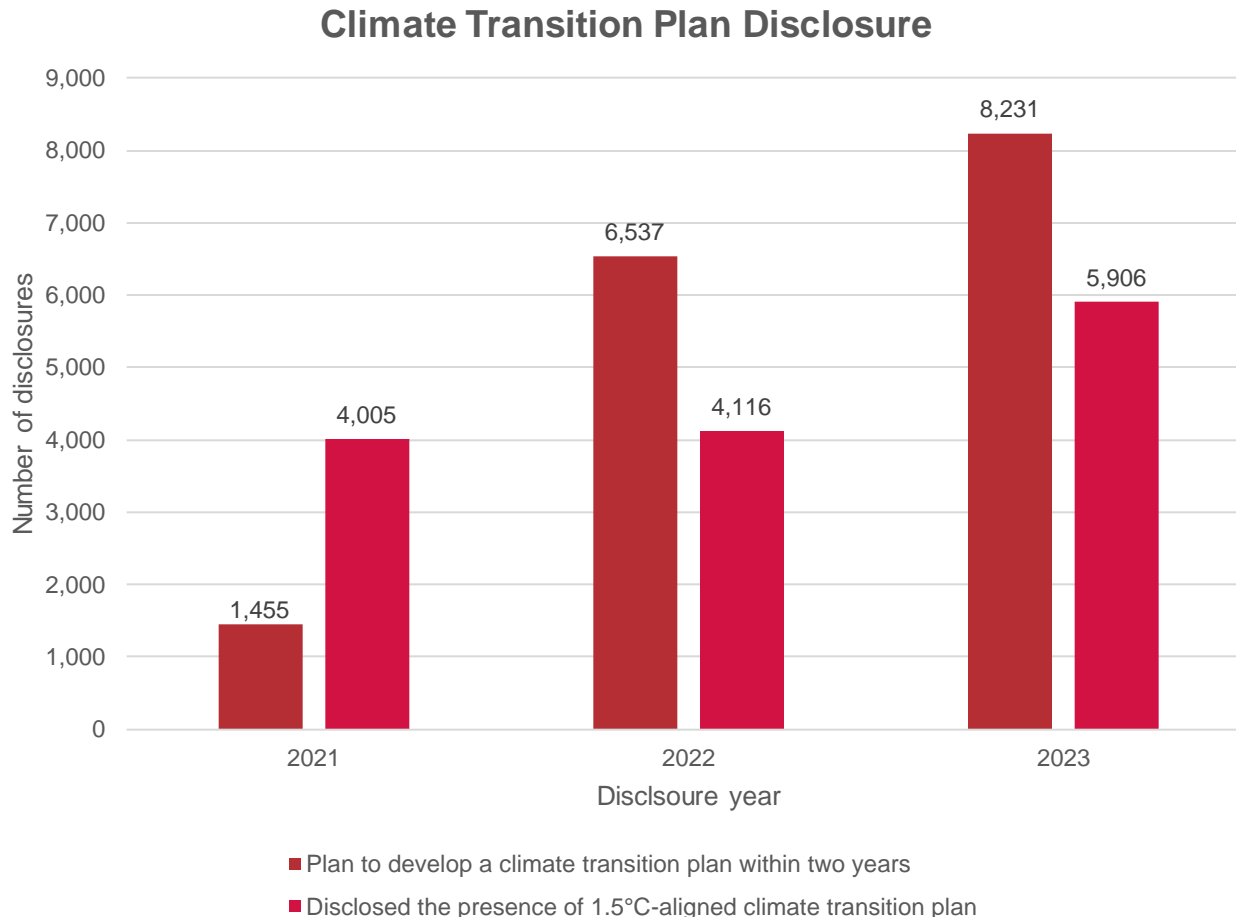


# Climate Transition Plan Disclosure



# Climate Plan Disclosure 2021 – 2023

## Climate transition plan disclosure through time



- ▶ The number of climate transition plan disclosures only rose slightly in 2022, largely due to the a “low-carbon” transition plan to a climate transition plan that aligns with a 1.5°C-aligned world.
- ▶ The climate transition plan disclosure rate is increasing at pace with over **5,900** companies’ disclosure plans in 2023.
- ▶ Promisingly, the number of disclosers signalling the **intention to develop a climate transition plan in two years** now makes up **35% of disclosers**.

# Credible Climate Transition Plans

# ELEMENTS OF A CREDIBLE CLIMATE TRANSITION PLAN



Governance



Scenario analysis



Financial planning



Value chain engagement &  
low carbon initiatives



Policy engagement



Risks & opportunities



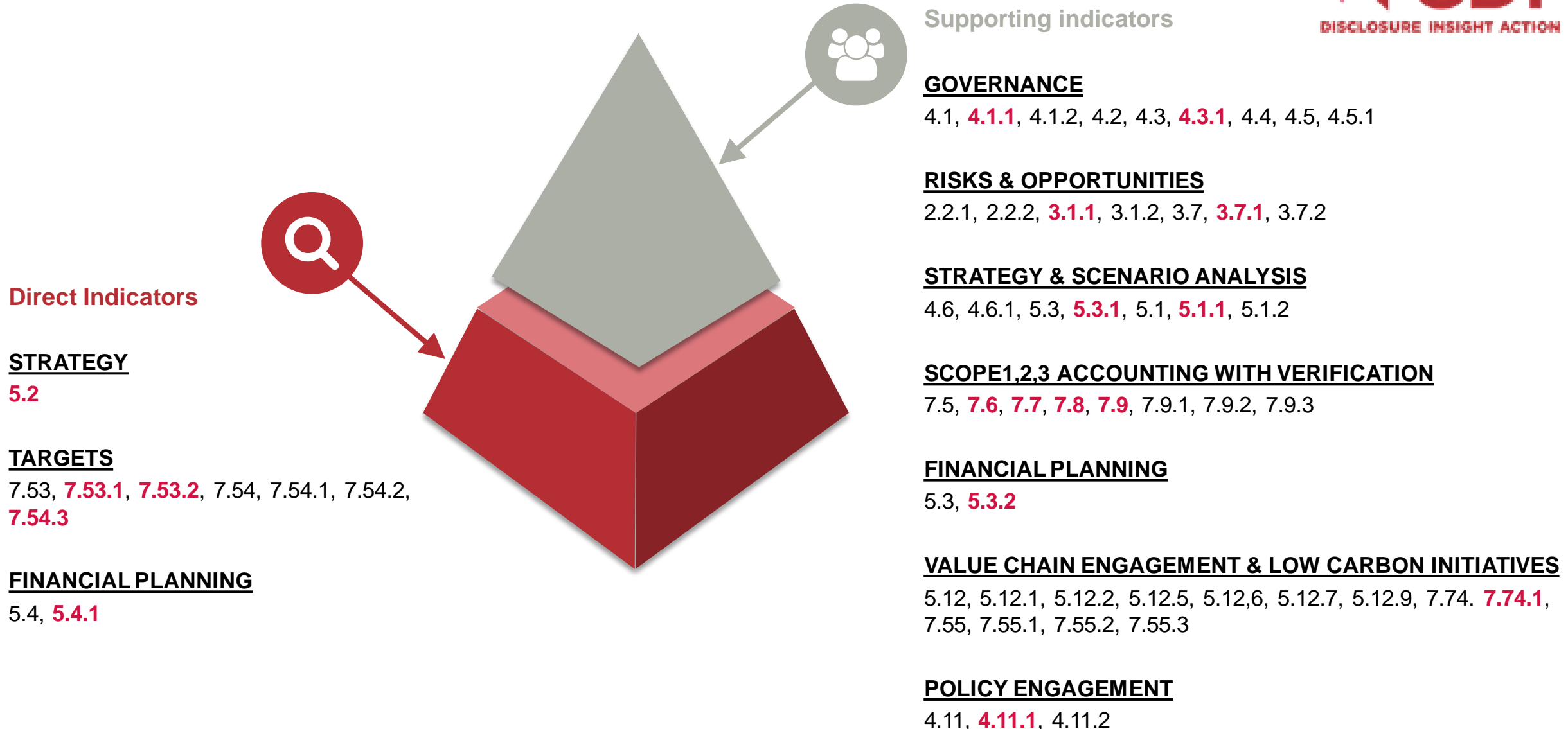
Targets



Scope 1, 2 & 3 accounting  
with verification



# Direct and supporting indicators - Corporate



# Mapping climate transition plan indicators to existing frameworks, standards and initiatives

CDP Climate transition plan element	CDP Climate Transition Plan sub-elements	Standards/Frameworks/Initiatives					
		IFRS S2	EFRAG (ESRS)	SEC	TPT	GRI	GFANZ
Governance	Board level oversight	Full	Full	Full	Full	Full	Full
	Executive incentives linked to climate performance indicators	Full	Full	Partial	Full	Full	Full
Scenario analysis	Details of scenario analysis	Full	Full	Full	Full	Full	Full
Risk & opportunities	Climate-related risks – risks, potential financial impact and response strategy	Full	Partial	Partial	Partial	Full	Full
	Climate-related opportunities – opportunities, potential financial impact and response strategy	Full	Full	Full	Full	Full	Full
Strategy	Link between identified (and potential) climate related risks, opportunities & company strategy	Full	Full	Full	Full	Full	Full
	Existence of a 1.5°C world-aligned transition plan within business strategy & shareholder feedback mechanism	Full	Full	Full	Full	Partial	Full
Financial planning	Link between identified (and potential) climate related risks, opportunities & financial planning	Full	Full	Full	Full	Full	Full
	Financial planning details associated with a 1.5°C world	Full	Full	Full	Full	Full	Full
Targets	Emission reduction targets – absolute and/or intensity	Full	Partial	Full	Full	Partial	Full
	Net-zero targets	Full	Full	Full	Full	Full	Full
Scope 1,2 & 3 accounting with verification	Comprehensive and third-party verified emissions accounting	Full	Full	Full	Full	Full	Full
Policy engagement	Alignment of public policy engagement with climate ambition & strategy	Full	Full	Full	Full	Full	Full
Value chain engagement	Value chain engagement	Full	Full	Full	Full	Full	Full
	Details of low-carbon products and/or service	Full	Full	Full	Full	Full	Full



- There is an **emerging convergence** around the key disclosure indicators of a credible climate transition plan.
- This can support regulators in their critical role of mandating disclosure and providing effective guidance on credible climate transition plans.

**Full coverage:** There is at least full coverage between disclosures from the CDP questionnaire included in the key indicators and the disclosure requirements set by the framework/standard - including where CDP exceeds the requirements of the standard/framework/initiative.

**Partial coverage:** The disclosure requirements of the standard/framework/initiative exceed the disclosures from the CDP questionnaire included in the key indicators.

**Standard does not cover:** The mapped standard/framework/initiative does not require the disclosure of this information - whereas CDP's questionnaire does.

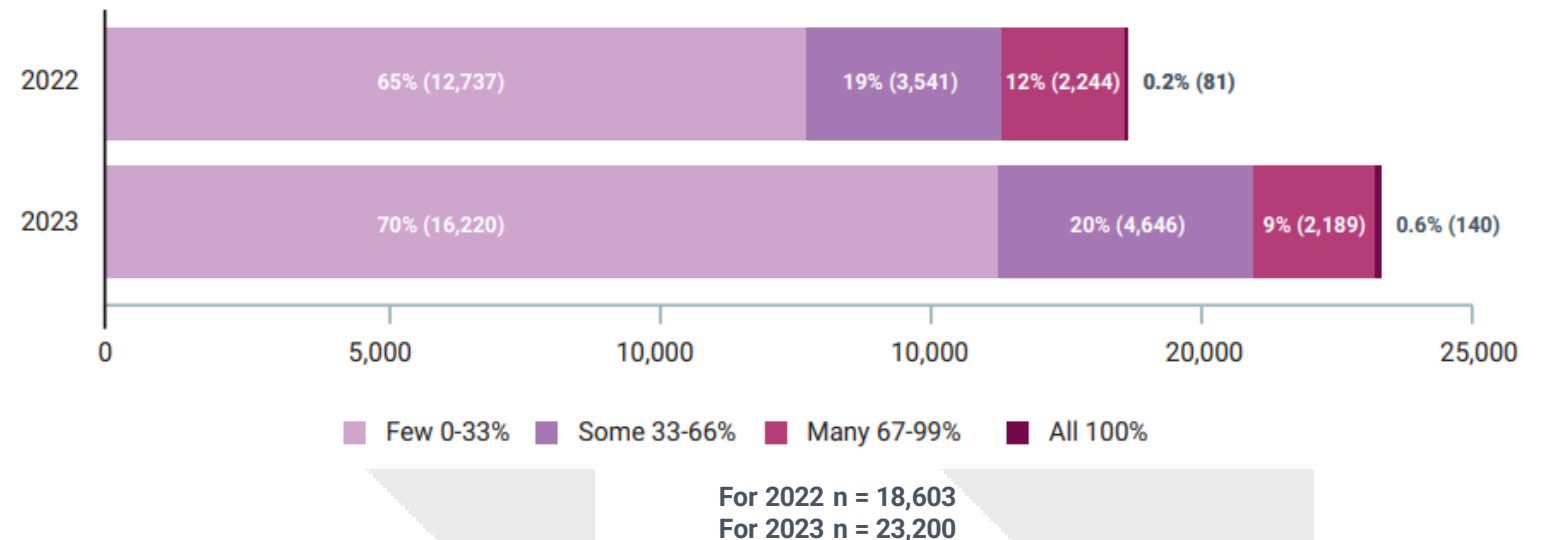
# Credible Climate Transition Plan Disclosure

*The update is still too slow*



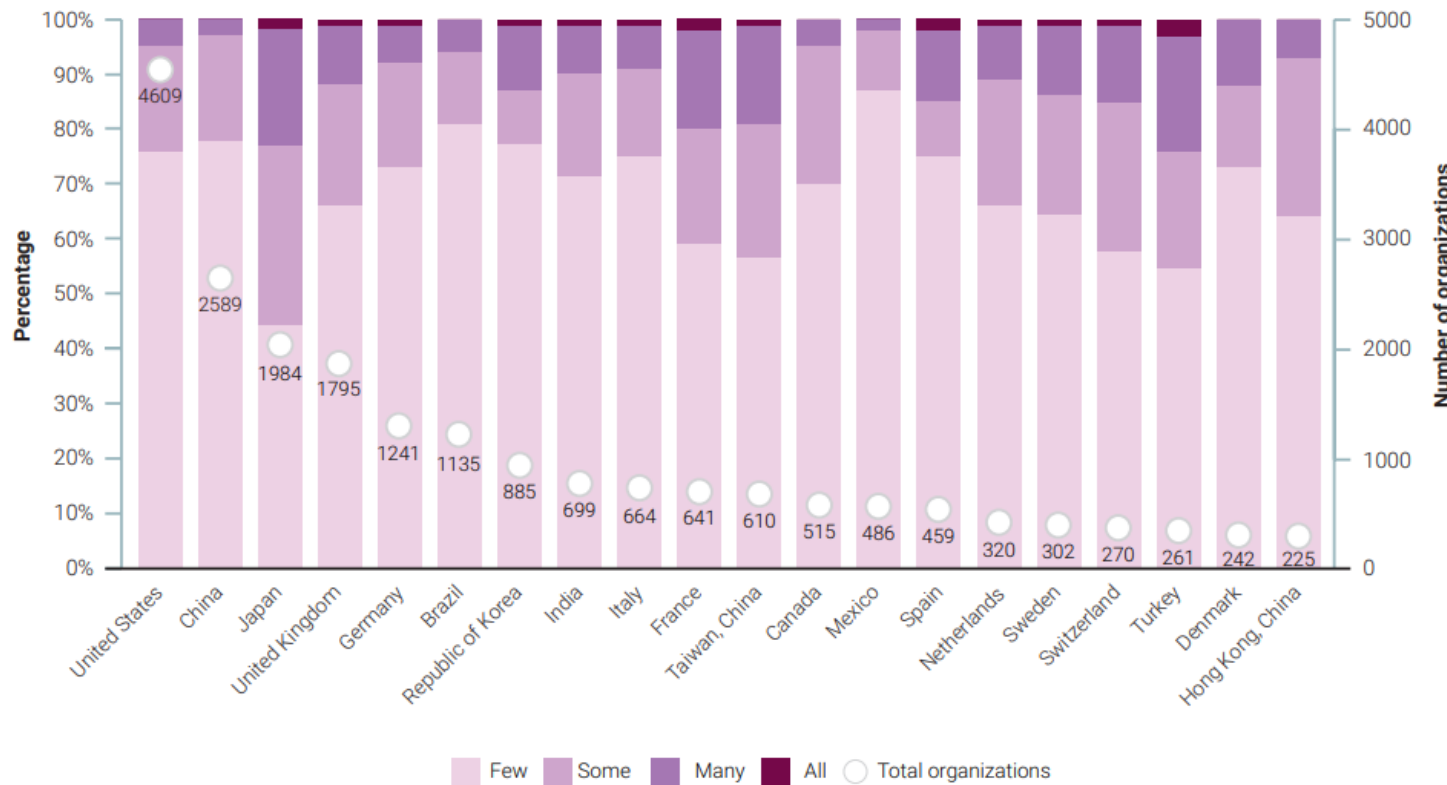
- ▼ Corporates disclosing credible climate transition plans have **increased from 81 to 140**.
  - ▼ 7 telecommunications services in 'all' tier.
- ▼ The 'many' tier saw a decrease from 12% to 9%, however an **increase in this group of publicly 1.5-degree aligned climate transition plan**.
  - ▼ 18% of Telecommunications services companies are situated within 'many' tier.
- ▼ Organisations that continually disclose through CDP are more likely to provide sufficient details on their climate transition plans.

## 2022 & 2023 disclosure to climate transition plan indicators by disclosure tier



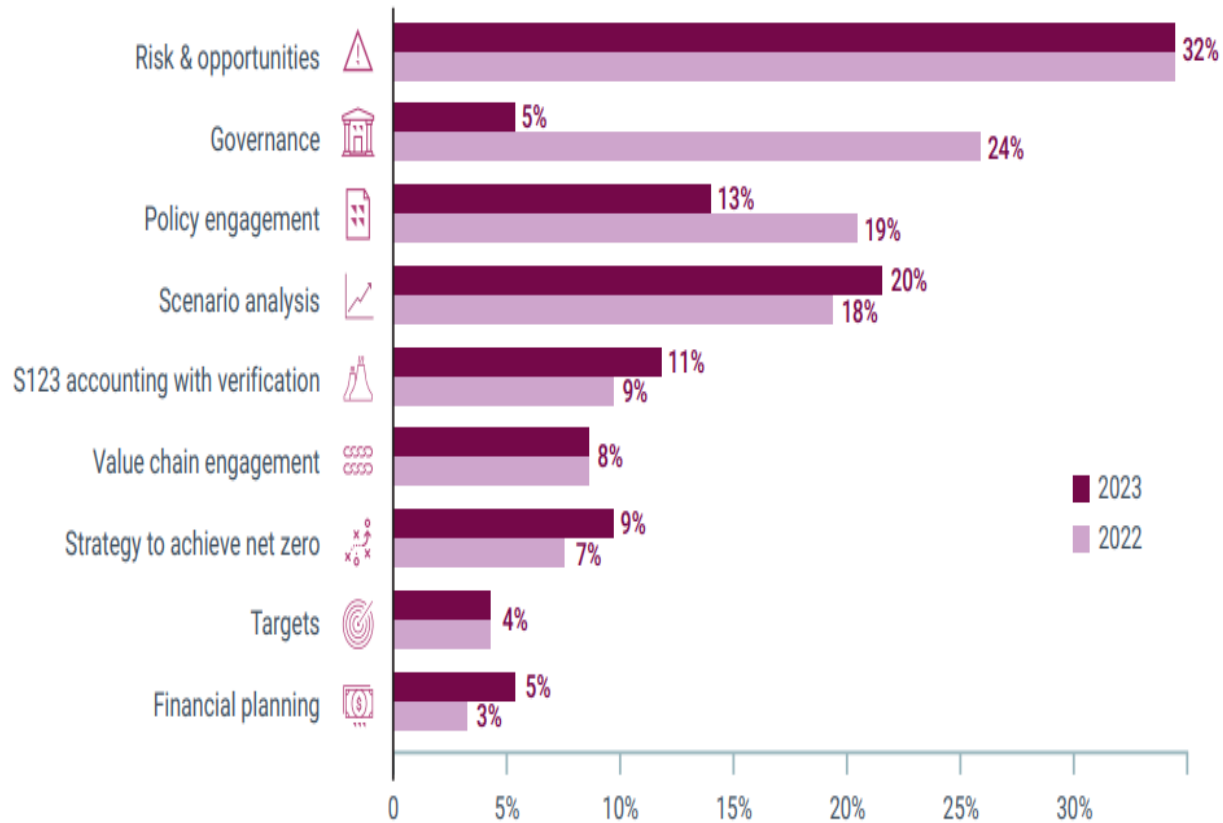


# Geographic Trends



- ▶ **Japan** remained the best performing nations with 32 organisations situated in the top tier.
- ▶ A high degree of preparedness observed within the EU in public markets but not generally.
- ▶ **Germany** and **France** saw an increase in 2023 from one to 10 and 5 to 12 companies situated in the all tier.

# Credible Disclosure of Climate Transition Plan Elements



- ▼ **Climate-related risk and opportunities** assessment had the highest proportion of organisations providing sufficient details.
- ▼ **Governance & policy engagement** saw significant drops, largely due to methodology changes.
- ▼ **Target setting** remained consistent whereas **financial planning** improved.
  - ▼ **18%** disclosed utilising a taxonomy to classify their financial planning as aligned with their transition plan.

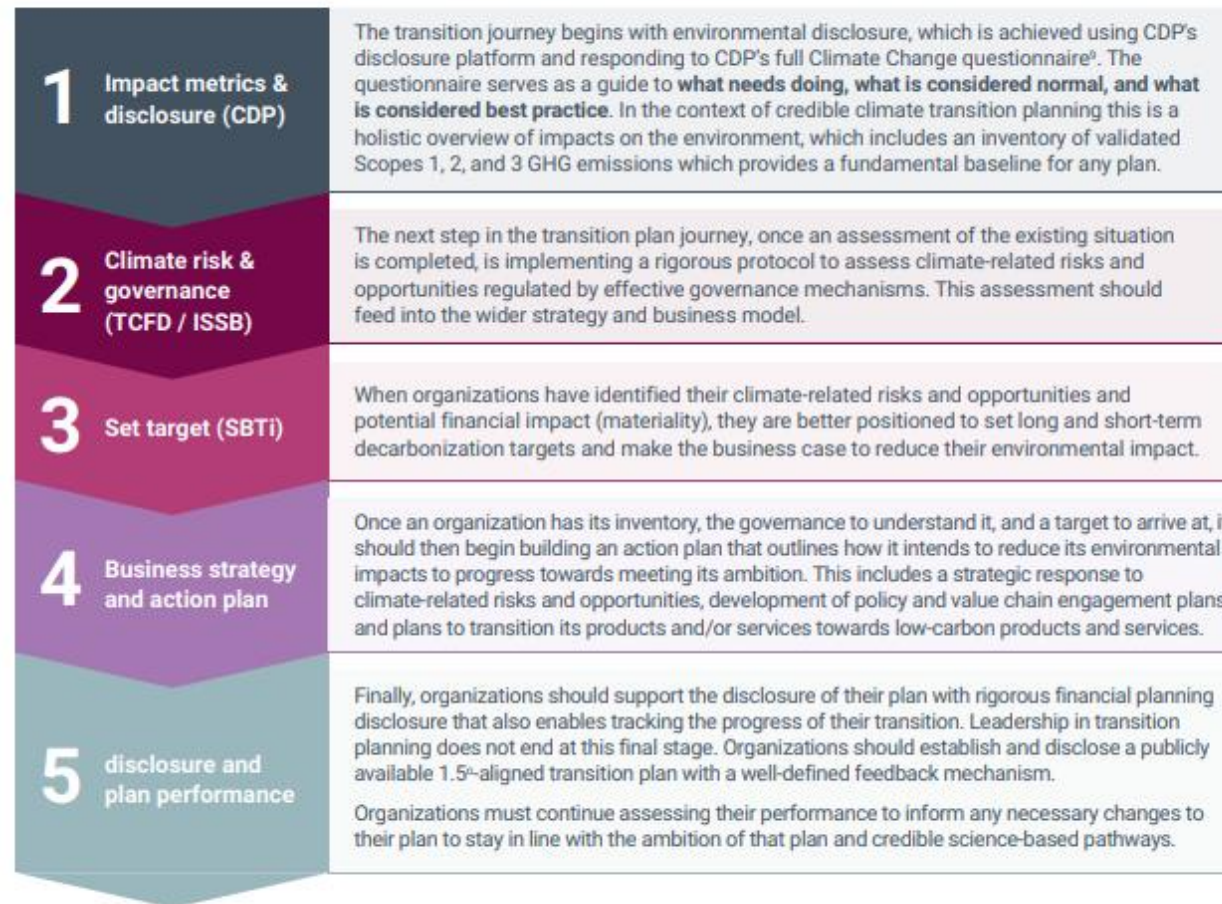
# CDP Climate Transition Plan Journey



# CDP Climate Transition Plan Journey

*The power of disclosure to drive change*

**Figure 11. Steps of the CDP's Climate Transition Plan Journey**



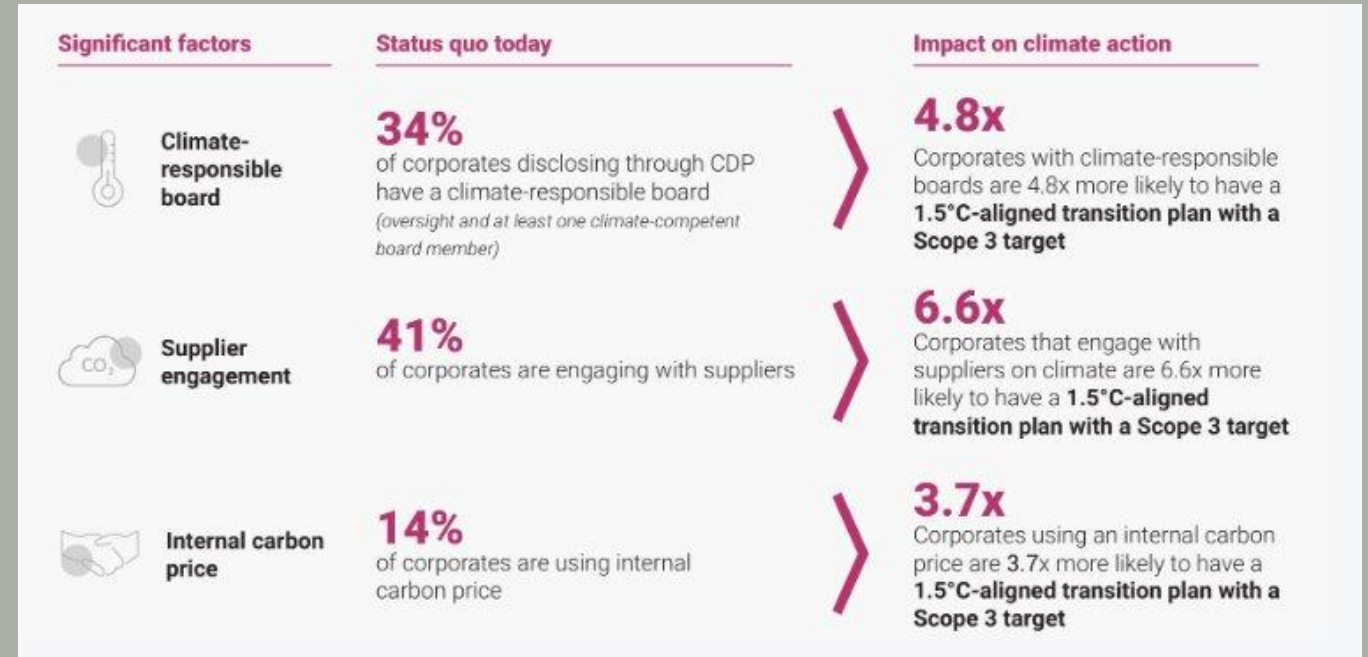
# Risk and Opportunity Assessments



- ▼ Utilise TNFD's risk type categorisation.
- ▼ **Map your risks** across your value chain; upstream/downstream.
- ▼ **Consider the impact**, i.e., magnitude, and financial effect.
- ▼ **Estimate the cost** to respond to risk and describe the response and the effect it is likely to have.
- ▼ Aggregate risk assessment to stress **test vulnerability** and **define ambition**.

# Actions to drive impact

- ▶ Bolster **board** climate **competencies**
- ▶ Articulate climate in **terms of reference**
- ▶ **Mandate risk** quantification and reporting
- ▶ Ramp-up **supplier engagement**
- ▶ Adopt internal **carbon prices**
- ▶ **Monitor your journey**, do not just look at your emissions.



# Getting Started

# Getting Started: Climate Transition Plan Guidance



## Use available resources

- ▼ For corporates and FIs: Consult **the Transition Plan Taskforce's** Sector-neutral and sector-deep dive transition plan framework.
- ▼ Consult **GFANZ Net Zero Transition Plan Recommendations**.
- ▼ For Corporates, FIs and Cities & Regions: Consult **UN HLEG** recommendations.



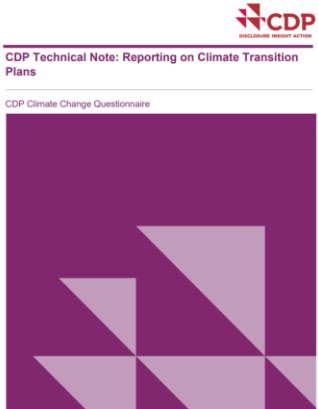
## Technical disclosure guidance

- ▼ Learn how and where to disclose details of your transition plan by consulting CDP's **Transition Plan Technical Notes**:
  - ▼ **Corporate** Technical Note
  - ▼ **TPT** Technical Note



## Disclose

- Begin your transition journey by disclosing your data via CDP.
- Annually disclose your transition progress.
- **Disclosure is a tool for progress.**





Read CDP's newly released report:  
**The State of Play: 2023 Climate Transition Plan Disclosure**



**Thank you**

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