

Net-zero Transition Plan (NZTP) workshop

THEMES OF REAL-ECONOMY TRANSITION PLANS — PART 1

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Members of the financial sector-specific net-zero alliances comprising GFANZ have signed up to the ambitious commitments of their respective alliances and are not automatically expected to adopt the principles and frameworks communicated within this material, although we expect all members to increase their ambition over time, so long as it is consistent with members’ fiduciary and contractual duties and applicable laws and regulations, including securities, banking, and antitrust laws.

How to use the GFANZ recommendations and guidance and related information

This material presents a synthesis of guidance on financial institutions' expectations of real-economy company transition disclosure by the Glasgow Financial Alliance for Net Zero ("GFANZ"). It aims to provide financial institutions with background on potential avenues for engagement with real-economy companies and information from real-economy companies to inform the allocation of capital and services. It can also inform real-economy companies that are developing their transition plans.

This series of workshops seeks to familiarize the audience with a framework for transition finance. The information presented here does not prescribe a specific course of action but offers information and options to help those financial institutions and real-economy companies preparing net-zero transition plans.

The expectations for transition plans presented here draw from, and make reference to, existing transition plan guidance, rather than creating a new framework.

Disclosure framework and data collection

Outlines the components that companies should disclose against and provides guidance on how each component should be disclosed



Standards and regulatory frameworks

ISSB

IFRS®

TPT Transition Plan Taskforce



EFRAG European Financial Reporting Advisory Group

Target-setting methodologies and validation

Provides guidance for companies to estimate, set, and disclose GHG emission targets; provides and assessment and validation of targets



*Carbon performance dimension

Transition plan assessment tools

Evaluates and assesses a company's transition and GHG emission targets based on reported data, sectoral pathways and disclosure frameworks



ACT ASSESSING LOW CARBON TRANSITION®

*Management quality dimension

Acknowledgments

GFANZ would like to thank the sector-specific alliances and their respective secretariat teams for their support and collaboration.

- Net Zero Asset Managers initiative ([NZAM](#))
- Net Zero Asset Owner Alliance ([NZA OA](#))
- Net-Zero Banking Alliance ([NZBA](#))
- Net Zero Financial Service Providers Alliance ([NZFSPA](#))
- Net-Zero Insurance Alliance ([NZIA](#))
- Net Zero Investment Consultants Initiative ([NZICI](#))
- Paris Aligned Asset Owners ([PAAO](#))
- Venture Climate Alliance ([VCA](#))



We encourage financial institutions to contact the alliances above for sector-specific criteria and guidance.

GFANZ is also thankful for the close collaboration with the [Transition Plan Taskforce](#) in ensuring a consistent approach to transition plan disclosure and implementation throughout the framework development in 2022.

The GFANZ workshop series

The **GFANZ Workshop in a Box** series aims to provide an overview of the GFANZ guidance on net-zero transition planning for financial institutions and real-economy companies. It is suitable for those new to this space, or for senior management and board members who need a high-level understanding of the challenges of net zero, the GFANZ initiative, and provides a high-level overview of the GFANZ NZTP framework and expectations from real-economy companies.

Basics	An introduction to net zero, GFANZ, and the NZTP	
	Where to start with the GFANZ NZTP?	
	Transition Finance: Basics	
GFANZ NZTP themes	Foundations	
	Implementation Strategy	
	Engagement Strategy	
	Metrics and Targets	
	Governance	
Real-economy transition plans	Basics for real-economy transition plans	
	Themes of real-economy transition plans — Part 1	<i>This session</i>
	Themes of real-economy transition plans — Part 2	
Transition Finance	Four Key Transition Financing Strategies	
	Decarbonization Contribution Methodologies	

Workshops are independent of each other and can be viewed in any order. Each workshop takes approximately one hour.

For those less familiar with this area, the **Introduction** workshop provides helpful baseline information, and **Where to start with the GFANZ NZTP?** focuses on outlining the practicalities of the framework.

Transition finance and the four key financing strategies that define it lie at the heart of the framework and are introduced in detail in a set of dedicated workshops as well as being considered in the context of each workshop on the GFANZ NZTP themes.

For those ready to discuss specific technical aspects of a NZTP, each theme of the NZTP is covered (**Foundations, Implementation Strategy, Engagement Strategy, Metrics and Targets, Governance**).

Use of themes takes into account differences between finance and the real-economy. The **Basics for real-economy transition plans** workshop overviews these differences and **Part 1** and **Part 2** considers the application of each theme to real-economy companies in detail.

Audience participation is encouraged by slides with suggested questions (marked by the symbol to the right) for discussions and where specific examples for the use of the guidance are outlined.



In case your sessions with these workshops lead to questions or uncover the need for further workshops on specific topics, please get in touch by filling out [this form](#).

Further information on the GFANZ recommendations and ongoing work can be accessed on the [GFANZ website](#).

Introduction





This workshop introduces the **Foundations, Implementation Strategy, and Engagement Strategy themes** of the NZTP framework and how they can be applied to real-economy company transition plans.

Setting expectations of net-zero transition planning

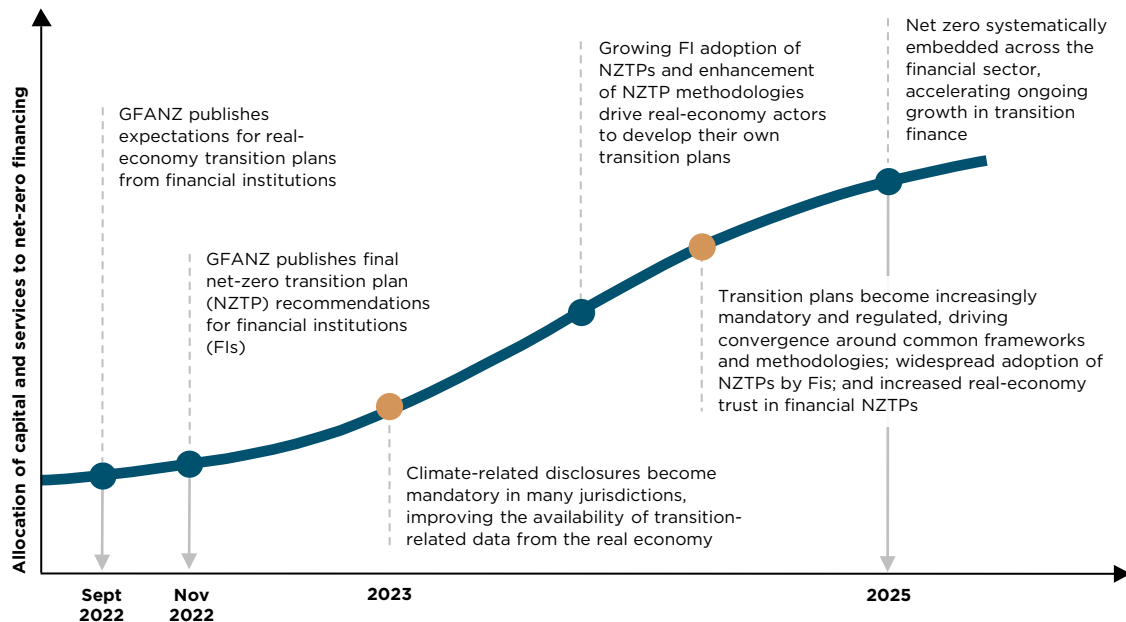
An illustrative timeline of the global adoption of NZTP development

At the time of writing, transition plans are still relatively nascent, with the majority of companies not having developed one. For plans that do exist, comprehensiveness and credibility are key areas of improvement.^{1,2}

Increasingly, transition plans have been included in climate-related disclosure standards. Organizations will undergo a process to implement all the elements of a transition plan over time.

Early adopters are likely to gain a learning advantage and those with credible plans may increasingly be able to access products and services tailored to the low-carbon business models.

“Start Early and Learn by Doing”



¹ CDP "Are companies developing credible climate transition plans?" 2023.

² FTSE Russell. "Mind the gaps: Clarifying corporate carbon," 2022.

Establishing a common language of transition planning

Mapping components of real-economy transition plans against existing frameworks

The GFANZ framework looked at various initiatives covering different aspects of transition planning, seeking to develop a common language of transition planning between the financial sector and the real economy.

GFANZ does not endorse any specific initiative; it aims to promote the use and uptake of existing initiatives and to facilitate the process for companies to retrieve detailed guidance from different initiatives along the key components.

The application of these components is expected to vary based on the size and complexity of the company and the complexity of its transition plan (to help companies prioritize, further guidance is provided in the report).

THEME	COMPONENT	SUB-COMPONENT	DISCLOSURE AND DATA COLLECTION			TARGET-SETTING & VALIDATION		ASSESSMENT TOOLS		
			TCFD	ISSB	CDP	SBTI	TPI-CP	ACT	CA 100+	TPI-MQ
Foundations	Objectives and priorities	• Objectives and overarching strategy								
		• Governing principles								
Implementation Strategy	Activities and decision-making	• Business planning and operations								
		• Financial planning								
		• Sensitivity analysis								
	Policies and conditions	• Transition-related policies								
		• Nature-based impact								
	Products and services	• Products and services								
Engagement Strategy	Value chain	• Clients/portfolio companies and suppliers								
	Industry	• Industry peers								
	Government and public sector	• Government and public sector								
Metrics and Targets	Metrics and targets	• GHG emissions metrics								
		• Sectoral pathways								
		• Carbon credits								
		• Business and operational metrics								
		• Financial metrics								
		• Nature-based metrics								
• Governance metrics										
Governance	Roles, responsibilities, and remuneration	• Board oversight and reporting								
		• Roles and responsibilities								
		• Incentives and remuneration								
	Skills and culture	• Skills and trainings								
		• Change management and culture								

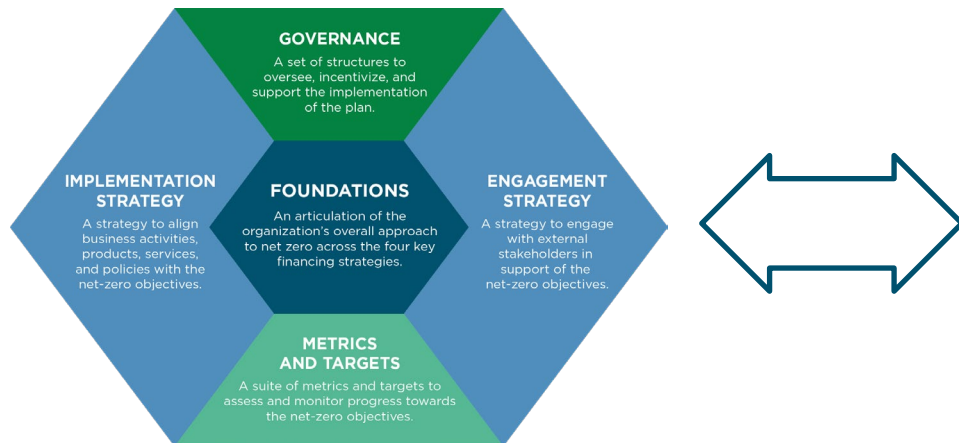
A common language of transition planning

The five themes and ten components of real-economy transition plans are mirrored in the framework for financial institution transition plans, enabling efficient communication and transparency.

What is a net-zero transition plan?

A net-zero transition plan is a set of goals, actions, and accountability mechanisms to align an organization's business activities with a pathway to net-zero GHG emissions that delivers real-economy emissions reduction in line with achieving global net zero.

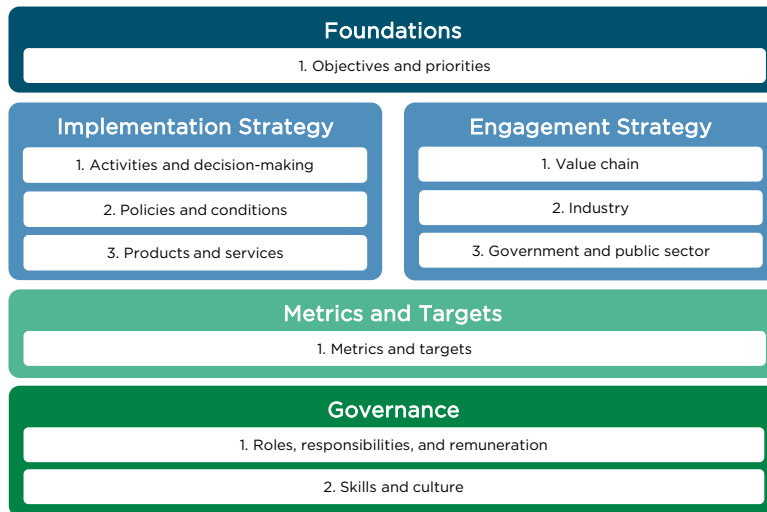
From the [Financial Institution Net-zero Transition Plan](#) report



! Note that the first component of the Engagement Strategy theme for financial institution transition plans is about clients and portfolio companies, while for this component the real-economy transition plan framework considers engagement with the value chain.

What is the role of a real-economy transition plan?

GFANZ acknowledges that different constraints exist across sectors and/or at regional levels regarding the ability of real-economy companies to achieve rapid near-term decarbonization in support of a 2050 goal. A real-economy transition plan can provide transparency regarding the decision logic behind the organization's own specific choices on the five themes relevant to a financial institution's net-zero transition plan.



In this workshop, you will learn ...

1. What can be communicated in the Foundations theme of a real-economy company?
2. What is outlined in the Implementation Strategy theme and what are its three broad components?
3. What is the rationale underlying the Engagement Strategy theme and which three components comprise it?



GFANZ publications

Several GFANZ publications provide helpful information for all aspects of transition planning

Two **major publications** detail the GFANZ NZTP framework for **financial institutions** as well as its application in the **real economy**:



Recommendations and Guidance on Financial Institution Net-zero Transition Plans

This publication describes how financial institutions across the financial system can operationalize their net-zero commitments and support the real-economy transition.

- ↓ [Download the executive summary](#)
- ↓ [Download the report](#)
- ↓ [Download the supplemental material](#)



Expectations for Real-economy Transition Plans

This report distills existing guidance to bring clarity and help companies in the real economy develop credible transition plans. Additionally, the report brings much-needed consistency on metrics and data points required by financial institutions to evaluate the progress and credibility of companies' net-zero transition plans.

- ↓ [Download the report](#)

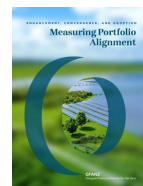
Three **additional reports** give more detailed insight into particular **areas of interest** that are of relevance to the different NZTP themes:



Guidance on Use of Sectoral Pathways for Financial Institutions

This publication offers guidance and a framework to help financial institutions evaluate suitability of sectoral pathways in their transition planning process and implementation efforts.

- ↓ [Download the report](#)



Measuring Portfolio Alignment: Enhancement, Convergence, and Adoption

This publication provides a practitioner perspective for measuring the alignment of investment, lending, and underwriting activities with the goals of the Paris Agreement and critical 2050 global net-zero objectives.

- ↓ [Download the report](#)



Managed Phaseout of High-emitting Assets

This publication provides a preliminary and high-level approach to support the identification of and guidance regarding assets where managed phaseout could be appropriate.

- ↓ [Download the report](#)

Structure of Expectations of real-economy transition plans workshop

Foundations

Introduction to Foundations

Why do we need the Foundations theme?

Component: Objectives and priorities

Case study

Implementation Strategy

Introduction to Implementation Strategy

Why do we need the Implementation Strategy theme?

Components: Activities and decision-making, Policies and conditions, Products and services

Case studies

Engagement Strategy

Introduction to Engagement Strategy

Why do we need the Engagement Strategy theme?

Components: Value chain, Industry, Government and public sector

Case study

Real-economy transition plans: Foundations



Foundations

The Foundations theme outlines the company’s end goal with respect to climate change and its high-level strategy to get there by articulating the overall company-wide objectives (e.g., net-zero), targets, timelines, and priority approaches.



Transition plan components

Component	Sub-component
Objectives and priorities	Objectives and over-arching strategy
	Governing principles

Governing principles include considerations of **just transition and nature-positive economy** elements in the overall strategy

Existing initiatives covering foundations theme¹

Disclosure and data collection



Target setting & validation



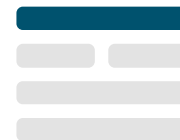
Assessment tools



¹ Components of this theme are covered in the existing guidance of these initiatives

Why do we need the Foundations theme?

Defining net-zero objectives and priorities helps to provide clarity to internal and external stakeholders and supports the development and execution of a transition plan



BEFORE WE BEGIN

Your organization understands what transition goal(s) it is trying to achieve: 1) decarbonization of operations and value chain, 2) climate risk mitigation and opportunity optimization, and/or 3) enabling the wider economy to decarbonize

WHAT NEEDS TO BE DONE?

Once a company has committed to achieving a specific climate goal, it should articulate its objectives, priorities, and principles governing its actions, along with specifics such as targets (including long-term strategic targets as well as interim operational targets), the timeline for achieving them, and how they will be achieved.

HOW DOES THE FOUNDATIONS THEME HELP?

By defining the organization's objectives with a clear **scope, prioritized areas**, and measurable **targets and timelines**, the Foundations theme and its Objectives and priorities component serves as the grounding basis and high-level road map for internal stakeholders to align to as they **develop plans to execute at a tactical level**.

The objectives will also be a **reference** to internal and external stakeholders, supporting better **informed decision-making, accountability**, and **focus** on the individual components of the plan.

HOW IS THIS USEFUL TO FINANCIAL INSTITUTIONS?

Financial institutions need to be able to identify and compare the overall level of ambition of the company, including the alignment of the company transition plan to, or the extent of deviation from, 1.5 degrees C, net-zero pathways, and its commitment to additional sustainability goals beyond climate change. A transition to net zero is inextricably linked to environmental, social, and economic development. Adopting a holistic approach by incorporating just transition and a nature-positive economy as principle strengthens the robustness and credibility of a transition plan.



COMPONENT: Objectives and priorities

A real-economy company's disclosure of objectives and priorities in a transition plan provides visibility for financial institutions to evaluate overall alignment with their own commitments and allows them to compare against other companies. Additionally, this component allows financial institutions to assess, at a high-level, the credibility of the company's plan based on the context of how — and to what extent — transition planning is incorporated into the company's overall strategy and what level of priority the company has assigned it.

Component: Objectives and priorities



Example implementation — What resonates with you?



Enel's Futur-e initiative to ensure just transition¹

Commitment:

The decarbonization of its energy mix by 2040. Reaching-net zero emissions along the value chain by 2040. Objective of reducing its direct emissions of Scope 1 greenhouse gases per kWh 80% by 2030 versus base year 2017.

Enel has outlined its commitment to the just transition in its transition plan, aiming to guarantee that the transition will be fair, decent, and inclusive through:

- promoting social dialogue with workers and union representatives, in compliance with the workers' rights established by the International Labor Organization (ILO), and
- collaborating with suppliers that respect these standards, while trying to contribute toward the social-economic development of communities most exposed to the transition.

The Futur-e initiative manages the closing of infrastructure in communities and ensures a just transition. Enel started the Futur-e initiative in 2015 in Italy with the aim of giving new life to closing power plants by repurposing them. The Futur-e initiative has various strategies, including:

- integrating site personnel through a process of reassignment to avoid any knowledge loss;
- collaborating with local communities; for example, via, stakeholder interviews during preliminary phases;
- guaranteeing the protection of the environment, particularly regarding soil remediation; and
- ensuring reuse of divested assets, such as roads, connection to a high voltage network, buildings, etc.

In addition, Enel's transition plan provides that, in the 2022-2024 period, 50% of people leaving coal-fired plants will be redeployed, through the involvement in upskilling and reskilling programs, while the remaining 50% will be offered early retirement plans.

HOW do Enel's objectives support its commitment to a just transition to net zero?

Enel outlined its core **Objective** to decarbonize its energy mix, and a **Priority** to ensure that the transition is just and inclusive.

It established an initiative to address just transition considerations, with clear plan on actions (e.g., reskilling staff) that are required to meet its goals within the specified timeframe.

By disclosing its approach to the just transition, Enel allows financial institutions to make informed decisions regarding their own commitments to a just transition.

¹ Example built from public information: ENEL. [Open Power for a Brighter Future](#), 2020.

Real-economy transition plans: Implementation Strategy



Implementation Strategy

The Implementation Strategy theme outlines how the company will align business activities and operations with its climate objectives and priorities.



Transition plan components

Component	Sub-component
Activities and decision-making	Business planning and operations
	Financial planning
	Sensitivity analysis
Policies and conditions	Transition-related policies
	Nature-based impact
Products and services	Products and services

Sensitivity analysis is aimed at understanding the **key assumptions underlying a company's transition plan** and the **impact that not achieving these may have**

Existing initiatives covering foundations theme¹

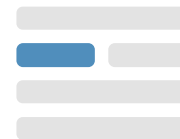
Disclosure and data collection
TCFD ISSB CDP TPT

Assessment tools
Climate Action 100+ Transition Pathway Initiative ACT

¹ Components of this theme are covered in the existing guidance of these initiatives

Why do we need the Implementation Strategy theme?

Core business activities and decision-making processes are integral to translating transition objectives and priorities into outcomes.



BEFORE WE BEGIN

Your organization has identified your **approach to transitioning**, ideally articulating your business objectives and priorities within the Foundations theme. A real-economy company's transition plan Implementation Strategy translates the objectives and overarching strategy into plans and actions.

WHAT NEEDS TO BE DONE?

Identify the relevant parts of the organization that need to be involved in developing business, operational, and financial plans. Work together to identify where GHG emissions reductions need to take place, and then integrate transition considerations into business activities and decision-making.

HOW DOES THE IMPLEMENTATION STRATEGY THEME HELP?

The Implementation Strategy theme helps you by breaking this task down into **three components**, with best practice approached from the industry on each. The expectations cover internal processes to enable **Activities and decision-making** that underpins your action plans; **Policies and conditions** that capture and define boundaries for your business to operate within; and **Products and services** that will be commercially viable in the transition and that support achieving your commitments and targets.



Activities and decision-making



Policies and conditions

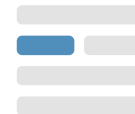


Products and services

HOW IS THIS USEFUL TO FINANCIAL INSTITUTIONS?

Disclosure of information about transition plans provides financial institutions with confidence that the company's objectives and overarching strategy are translated into real-world actions that are commercially and financially viable. Financial institutions can also use the disclosures to identify appropriate financial products/services and infrastructure that may be required to support and enable the transition. Such disclosure also helps financial institutions identify and avoid potential risks of greenwashing and stranded investments. The Implementation Strategy also provides insight into how the company proposes to finance its transition; how it will use policies to guide implementation; and how it will be profitable as it transitions through changes to its products and services.

Implementation Strategy components



Overview and relevance



1. COMPONENT: Activities and decision-making

Disclosure of activities and business planning gives financial institutions assurance of the company's financial commitment to its transition plan, including, for example, how the actions contribute to achieving GHG emissions reductions, such as deployment of climate solutions and managed phaseout of high-emitting assets. It also outlines the level of sensitivity of the plan to key assumptions (including the potential impact to the plan if the assumptions are not realized).



2. COMPONENT: Policies and conditions

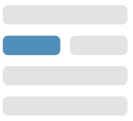
Policies and conditions set out a clear management process for priority issues and communicate the organization's intentions both internally and externally. They can be used to help guide plans and operations with relation to high-emitting assets, climate solution deployment, and decarbonization internally and within the value chain. Integration of nature impacts and opportunities allows companies to demonstrate a more rigorous and holistic decarbonization strategy, and in doing so enhances the robustness and credibility of their plan.



3. COMPONENT: Products and services

The disclosures related to products and services help financial institutions understand and evaluate how a company is positioning itself commercially to meet its transition plan ambitions and GHG targets. The disclosure related to products and services demonstrates the extent to which the transition plan is embedded in a company's core business strategy, and the strategy for products and services that positions the company to be commercially viable.

Components: Activities and decision-making/Products and services



Example implementation — What resonates with you?



NESTLÉ outlines its key activities, decision-making, and integration into its products and services¹

Commitment: Halve greenhouse gas (GHG) emissions by 2030 and achieve net zero by 2050

In its transition plan, Nestlé outlines the set of actions the company plans to take to reduce GHG emissions and quantifies the emissions reduction of each action in relation to being able to meet its targets. Each of these key actions is then described in the transition plan, with details regarding the specific steps that comprise each key action. Moreover, Nestlé explains how such actions will be commercially viable, citing changing consumer preferences.

Finally, Nestlé quantifies the impact of each action on its GHG emissions reductions. Doing so demonstrates the significance of each action on reaching its targets.



HOW does Nestlé showcase net-zero relevant products and services and how does it align this with internal activities?

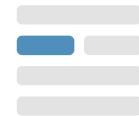
Nestlé identified specific steps to transform its product portfolio to support its transition to net zero.

To support these actions, the company articulated production process improvements and changes required, including implementation of a circular business model.

By disclosing these actions along with quantifiable targets, Nestlé is able to demonstrate the significance of each action on achieving its net-zero ambition.

¹ Example built from public information: Nestlé. [Accelerate, Transform, and Regenerate: Nestlé's Net Zero Roadmap](#), February 2022.

Component: Activities and decision-making



Example implementation — What resonates with you?



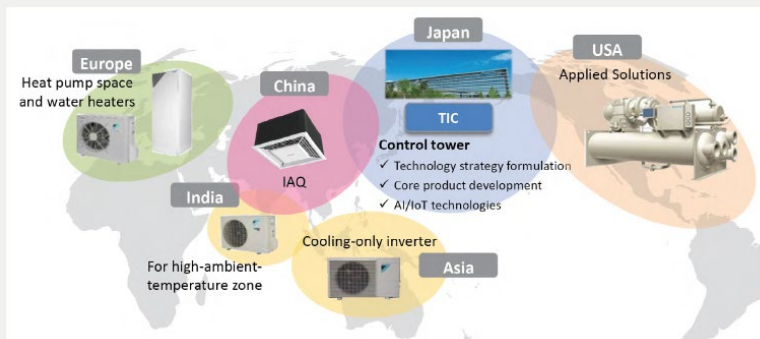
DAIKIN outlines its key activities and decision-making¹

Commitment: Environmental Vision 2050 established in 2018 with the target of reducing greenhouse gas emissions to net zero by 2050. Reduce net CO₂ emissions by 30% or more in 2025 and 50% or more in 2030.

Daikin outlines the set of actions it plans to take to reduce its GHG emissions, including important details regarding assumed technology improvements and R&D (in line with sensitivity analysis). This level of detail allows financial institutions to judge the reasonableness of Daikin's plan by having access to its assumptions, action plan, and financial planning.

Daikin provides information that facilitates financial institution assessment, including:

- regional granularity of R&D activities (see Figure);
- partnerships with public universities (e.g., next-generation smart buildings with Osaka University);
- reliance on improvements in existing technologies (e.g., increased inverter ratios for residential AC);
- potential role of future technologies (e.g., alternative technologies for vapor compression); and
- underlying financial planning (\$17 million USD dedicated to R&D FY 2021-23).



HOW does Daikin demonstrate enhancement of its internal processes?

Daikin specified details on its R&D activities as well as assumptions and key insights from its financial planning in support of its net-zero transition.

By disclosing this information, Daikin provides financial institutions with the level of detail to assess how best to support its transition objectives and targets.

¹ Example built from public information: Daikin. [Fusion25](#), June 7, 2021.

Real-economy transition plans: Engagement Strategy



Engagement Strategy

The Engagement Strategy theme outlines how the company will influence others to support its transition objectives/strategy and accelerate the transition of the whole economy.



Transition plan components

Component	Sub-component
Value Chain	Clients/customers and suppliers
Industry	Industry peers
Government and public sector	Government and public sector

Real-economy firms often have **high climate impacts in their customers and/or suppliers**, referring to this as their “value chain”

Existing initiatives covering foundations theme¹

Disclosure and data collection



Target setting & validation



Assessment tools

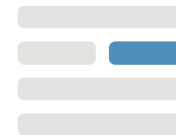


ACT

¹ Components of this theme are covered in the existing guidance of these initiatives

Why do we need the Engagement Strategy theme?

No single company will determine the success of the whole economy transition.



BEFORE WE BEGIN

Your organization has identified its **approach to transitioning to net zero**, ideally articulating Objectives and priorities within the Foundations theme.

WHAT NEEDS TO BE DONE?

The transition cannot be achieved by any one company alone. Companies should pull all levers to ensure the success of their transitions, including actions across the value chain of suppliers and customers, collaboration with industry, and effective lobbying of policymakers that supports the transition.

HOW DOES THE ENGAGEMENT STRATEGY THEME HELP?

The Engagement Strategy theme offers a summary of available best practice in the industry on engagement across **three main components** to help implement net-zero ambitions, strategies, and targets. The components cover engagement with customers and suppliers to encourage the **value chain** to support your own decarbonization targets; engagement with **industry peers and initiatives** to exchange expertise and drive solutions that may support peers and value chain in the transition; and engagement with **government and the public sector** to advocate for policies that support your transition to net zero.



Value chain



Industry

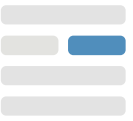


Government and public sector

HOW IS THIS USEFUL TO FINANCIAL INSTITUTIONS?

Disclosure of information about your engagement strategy provides financial institutions with assurance that you are pulling all levers to ensure the success of your transition and to accelerate the transition of the economy as a whole.

Engagement Strategy components



Overview and relevance



1. COMPONENT: Value chain

Disclosure by a real-economy company of its engagement with its value chain will include encouraging suppliers to match or exceed the company's own decarbonization targets and drive increased demand for low-carbon products and services. Disclosure of value chain engagement leads to a higher level of transparency for real-economy companies, which promotes accountability.



2. COMPONENT: Industry

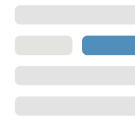
Financial institutions look for engagement and leadership in industry initiatives, trade organizations, and/or direct engagement with peers for assurance that a company is appropriately collaborating with the industry to identify solutions that 1) help the company deliver its transition plan, and 2) more broadly, help drive solutions that will have impact across its peers and value chain. To the extent permitted, industry collaboration also encourages companies to share lessons learned; support peers that are starting the transition journey; and stay up to date on best practices with transition strategies.



3. COMPONENT: Government and public sector

Disclosure of supported climate-related policies provides visibility to assess if a company's efforts are in line with achieving its goals. Such disclosure also allows financial institutions to assess how the company considers the impact of public policy on its transition plan and how the company sees public policy as enabling or hindering execution of its transition plan. Direct and indirect lobbying and public sector engagement should advocate for policies that support or enable an accelerated and orderly transition to net zero, and do not contravene any net-zero commitments of the institution.

Component: Value chain



Example implementation — What resonates with you?



KELLOGG's — Driving action through engagement with suppliers¹

Commitment:

Kellogg's has committed to reduce supplier emissions by 50% by 2050 and to reduce its emissions in its facilities by 65% by 2050.

Kellogg's has engaged with 75% of its suppliers (400+) to implement smart agricultural practices focused on emissions reductions. This engagement is a critical piece of Kellogg's plan to transition.

Kellogg's has implemented several specific initiatives to support its engagement with suppliers:

- Asked suppliers to respond to the CDP supply chain questionnaire to have accurate information on GHG emissions and potential avenues for emissions reductions.
- Developed materials for suppliers to help them understand the challenges associated with reducing emissions and the various solutions they can employ.
- Designed 35 programs globally to support farmers to help them decrease their GHG emissions.
- Collated research and aggregated learning from best practices learned from suppliers and then shared it with individual farmers so they can benefit from collective information.

Underlying this engagement with its suppliers, Kellogg's has committed to support the livelihoods of half a million farmers through partnerships, research, and training. These farmers are the ones who suppliers source their ingredients from and are a key piece of Kellogg's value chain.

HOW does Kellogg's showcase value chain engagement in support of its transition plan?

Kellogg's outlined expectations for suppliers and developed tools and processes to support them in meeting these initiatives.

The company applied this engagement strategy with a majority of the suppliers in its value chain.

The scope of its engagement and specificity of its targets and expectations can demonstrate accountability to its transition goals to external stakeholders.

¹ Example built from public information: Kellogg's [Creating Better Days: 2018/2019 Corporate Responsibility Report](#), 2019.

Questions for discussion and reflection



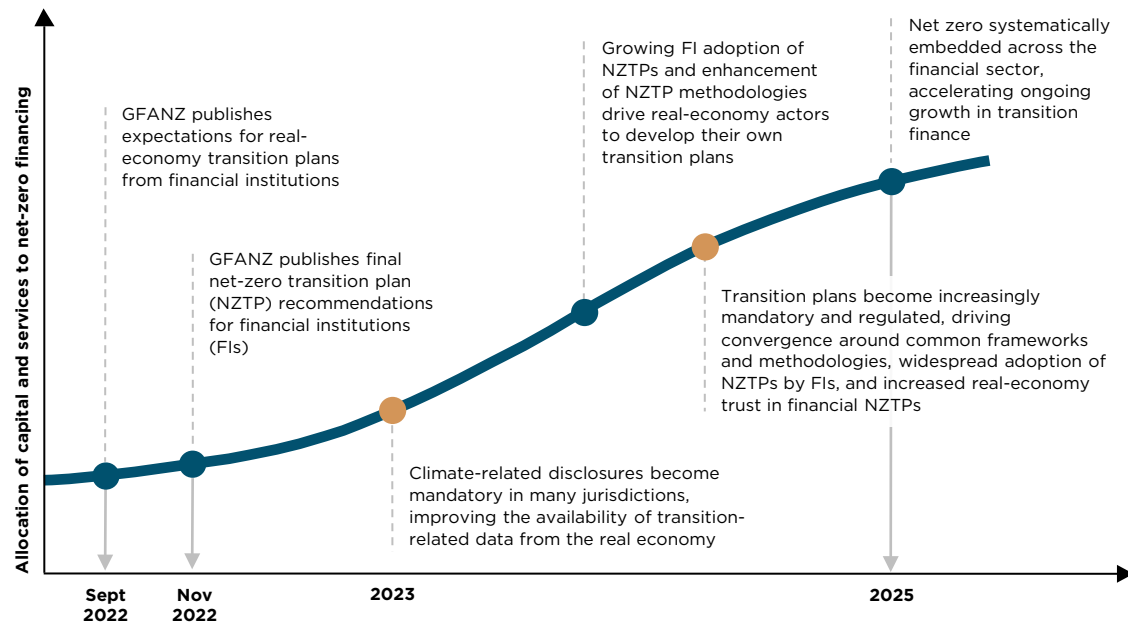
- How can a transition plan help your organization?
- Who would you need to involve in pulling together the Foundations, Implementation Strategy, and the Engagement Strategy of your transition plan?
- Brainstorm how you might integrate climate transition plans into your organization's goals and core business activities.

End thoughts



Setting expectations of transition planning

An illustrative timeline of the global adoption of transition planning








Transition plans may take time to develop and then flow through an organization, but it is important and potentially commercially advantageous to get started. Transition plans may also need to be updated as better or new data becomes available or as opportunities develop.

Suggestion for next workshop:
[Themes of real-economy transition plans – Part 2](#)

... for a deeper dive into the real-economy transition plan themes Metrics and Targets and Governance, their components and some examples.

Other modules and FAQ

Basics	An introduction to net zero, GFANZ, and the NZTP
	Where to start with the GFANZ NZTP?
	Transition Finance: Basics
GFANZ NZTP themes	 Foundations
	 Implementation Strategy
	 Engagement Strategy
	 Metrics and Targets
	 Governance
Real-economy transition plans	Basics for real-economy transition plans
	Themes of real-economy transition plans — Part 1 <i>This session</i>
	Themes of real-economy transition plans — Part 2
Transition Finance	Four Key Transition Financing Strategies
	Decarbonization Contribution Methodologies

 A helpful FAQ about the GFANZ NZTP can be found [here](#).

In this workshop, you have learned ...



What can be communicated in the Foundations theme of a real-economy company?

- The Foundations theme outlines the company's end goal with respect to climate change and its high-level strategy to get there by articulating the overall company-wide objectives (e.g., net-zero), targets, timelines, and priority approaches.
- Defining net-zero objectives and priorities helps to provide clarity to internal and external stakeholders and supports the development and execution of a transition plan.
- The Foundations theme has only one component: Objectives and priorities.

What is outlined in the Implementation Strategy theme and what are its three broad components?

- The Implementation Strategy theme outlines how the company will align business activities and operations with its climate objectives and priorities.
- Core business activities and decision-making processes are integral to translating transition objectives and priorities into outcomes.
- The Implementation Strategy theme has three components:
 - Activities and decision-making
 - Policies and conditions
 - Products and services

What is the rationale underlying the Engagement Strategy theme and which three components comprise it?

- The Engagement Strategy theme outlines how the company will influence others to support its transition objectives/strategy and accelerate the transition of the whole economy.
- No single company will determine the success of the whole economy transition, making engagement at different levels a crucial part of transition planning.
- The Engagement Strategy theme has three components:
 - Engagement with the Value chain
 - Engagement with Industry
 - Engagement with Government and public sector

