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According to CDP, 0.4% of Companies Have Published Credible Climate Transition Plans

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According to a report [published](#) by global environmental disclosure platform operator CDP on February 7, 2023, only 81 companies “demonstrated best practice by disclosing against all [of CDP’s] 21 key indicators” denoting a [credible climate transition plan](#). CDP (originally known as the Carbon Disclosure Project) is a [non-profit charity](#) that “runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.” CDP’s [press release](#) states that over 4,000 companies, out of 18,600, disclosed that they had a climate transition plan, with 2,300 companies reporting on “many (14-20) of the key indicators demonstrating that they are on their way to disclosing a credible climate transition plan.” According to CDP’s report, six out of 1,448 UK-based companies disclosed to all 21 key indicators. In the U.S., five companies out of 3,718 disclosed to all of the indicators.

The report analyzed disclosure from over 18,600 companies across 13 industries in 135 countries. CDP assessed the companies’ climate transition plan disclosure against 21 key indicators within CDP’s climate change questionnaire. Examples of key indicators include: board-level oversight, scenario analysis, financial planning, and policy engagement. In the previous edition of the report, 135 companies disclosed against “all relevant indicators.” In the accompanying press release, CDP explained the change in approach as “raising the bar, in accordance with latest science, on what constitutes a credible climate transition plan.” CDP defines a climate transition plan as an “action plan that outlines how a company will achieve its strategy to align its assets, operations, and entire business model with the latest and most ambitious climate science recommendations.”

Amir Sokolowski, Global Director, Climate at CDP, stated that: “The need for companies to develop a credible climate transition plan is not an additional element but an essential part of any future planning. Companies must evidence they are forward planning in order for us to avert the worst impacts of climate change and to send the correct signals to capital markets, that they will remain profitable.” Kate Levick, Co-Chair of the Secretariat to the UK Transition

Plan Taskforce, gave her view that it was “encouraging to see over 1,400 organisations in the UK disclose through CDP, as disclosure is a vital part of an organisation’s sustainability journey.” Levick also added that the “findings published today demonstrate the importance of regulation to encourage the development and disclosure of credible climate transition plans. As the Transition Plan Taskforce continues its work to set out what best practice looks like for businesses and financial institutions, we hope to see an increase in the quantity and quality of disclosed plans.”

Taking the Temperature: The climate transition plan report published by CDP indicates slow progress globally. 6,520 companies (35% of total that disclosed) reported that they will develop a transition plan within two years and 2,300 companies (13%) had disclosures meeting between 14 and 20 of 21 key indicators of a credible plan. It should be noted, however, that despite a general increase in reporting when compared to 2021, a smaller number of companies were found to have presented a credible transition plan. There is little legislation obligating companies to disclose transition plans. However, there is significant activity regarding transition plans apart from legislation. For example, environmental advocacy group As You Sow has recently [submitted](#) shareholder resolutions to various major U.S. banks requesting that the banks disclose their climate transition plans for meeting financed emissions reduction targets, “including the specific measures and policies to be implemented, reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions.” A group of institutional investors [filed](#) a resolution seeking details of the “specific plan” for Glencore PLC, a multinational commodity trading and mining company, “to align thermal coal production with emissions reductions commitments.”