Webinar

Transition Plan for Climate Change Mitigation - How to Go About it?

17 June 2025

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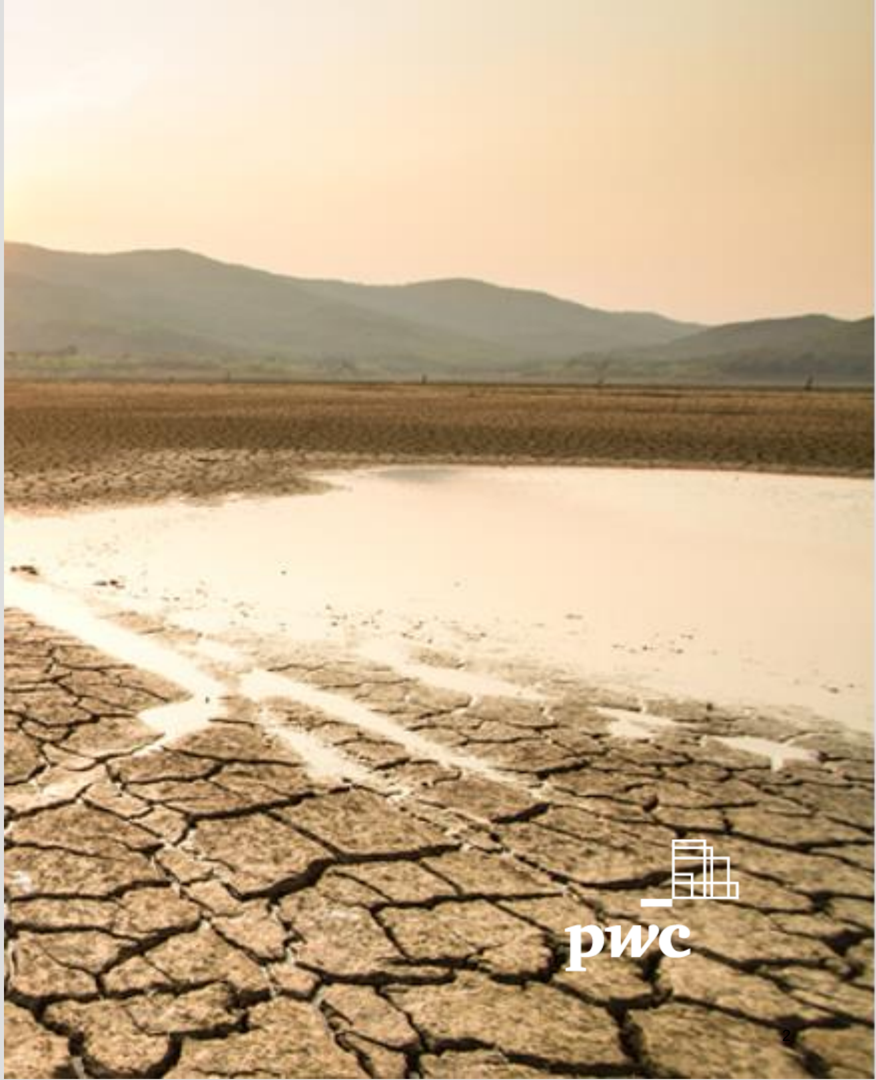
Agenda

1. Welcome and introduction to the Climate Transition Plan
2. Case: Ørsted by Anders Johannes Enghild
3. Practical insights for preparing a Climate Transition Plan
4. Q&A



The Climate Transition Plan

Mette Schiøtz Sørensen
Director
PwC

Transition Plans in focus: Insights into current market trends

63%

of entities have specifically disclosed that they have a transition plan

Based on findings from the Global PwC CSRD Reporting Insights

59%

of entities have disclosed a net-zero target

Based on findings from the Global PwC CSRD Reporting Insights

75%

of investors see the governance of a company's transition plan as key to its net-zero strategy

According to 2024 PwC Global Investor Survey

"We will … sharpen our engagement with companies by asking for science-based short-, medium-, and 2050 net zero targets, and credible transition plans"

Norges Bank Investment Management recently published 2025 Climate Action Plan

In the wider context: The Climate Transition Plan is at the core of a company's decarbonisation journey

Emission baseline

Collect emission data covering Scope 1, 2 and 3 to establish an emission baseline.

Climate risk assessment

Perform a climate risk and opportunity assessment to strengthen the business case for climate action.

Achieve Climate Goals

Achieve 1.5°C alignment by 2030 and net-zero emissions target no later than 2050.

Reduction targets

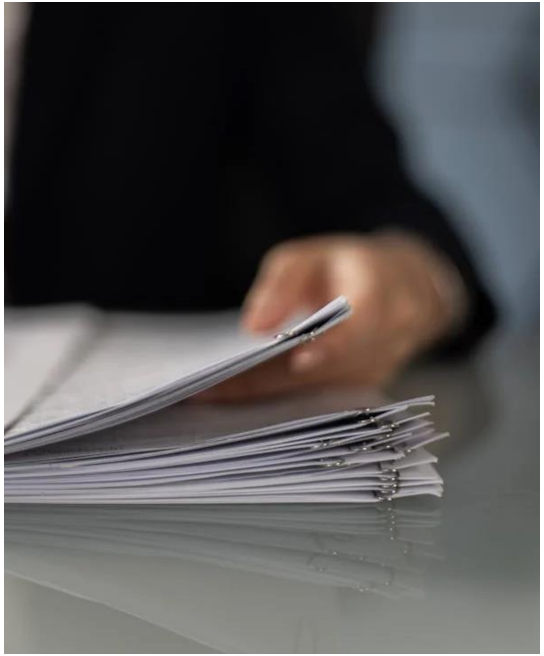
Develop reduction targets across all scopes in line with the 1.5°C target to drive impactful climate action (SBTi).

Climate Transition Plan

Develop and execute on a climate transition plan based on key decarbonization levers and accompanying investment plan.

The Climate Transition Plan is anchored in a number of recognized standards and regulations

★ CSRD/ ESRS E1-16	Disclose on CTP, if none existing state timing and intent
★ CSDDD Article 22	Requires to adopt, implement and update CTP annually
★ SBTi	V2 standard implicitly requires all core components of a CTP to validate science-based targets



CSDDD – Requirements, scope and applicability

What is CSDDD?

The Corporate Sustainability Due Diligence Directive (CSDDD) mandates large companies to identify, assess, prevent, terminate and account for adverse human rights and environmental impacts throughout their operations and value chains.

The Directive lays down rules on:

Due Diligence Obligations

The Directive establishes detailed obligations for companies regarding **actual and potential human rights and environmental adverse impacts** in the chains of activities of those companies.

Net Zero by 2050

Companies must adopt and put into effect a **transition plan for climate change mitigation** which aims to ensure … the transition to a sustainable economy and with the limiting of global warming to 1,5°C in line with the Paris Agreement.

Phased Approach

	Thresholds *(must be met for two consecutive FYs)*	**2027**	**2028**	**2029**
EU Companies	>3,000 employees and >€900M global turnover			
	>1,000 employees and >€450M global turnover			

	Thresholds *(must be met for two consecutive FYs)*	**2027**	**2028**	**2029**
Non-EU companies	>€900M turnover in the EU			
	>€450M turnover in the EU			

Omnibus changes in putting into effect a transition plan for climate change

Article 22 (1) proposed amendments

Greater focus on the adoption of a transition plan, with implementation efforts aligned on a "best efforts" basis

CSDDD original text – 22 (1)

1. Member States shall ensure that companies referred to in Article 2(1), points (a), (b) and (c), and Article 2(2), points (a), (b) and (c), adopt ~~and put into effect~~ a transition plan for climate change mitigation which aim~~s~~ to ensure, through best efforts, that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1,5° C in line with the Paris Agreement and the objective of achieving climate neutrality

Commission proposed changes

1. Member States shall ensure that companies referred to in Article 2(1), points (a), (b) and (c), and Article 2(2), points (a), (b) and (c), adopt a transition plan for climate change mitigation, including implementing actions, which aim to ensure, through best efforts, that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1,5°C in line with the Paris Agreement and the objective of achieving climate neutrality

Wording that would be deleted

Wording that would be added

Case

Anders Johannes Enghild

Head of Climate, Nature, and Community Sustainability
Ørsted

Ørsted’s Net-zero 2040 decarbonisation roadmap

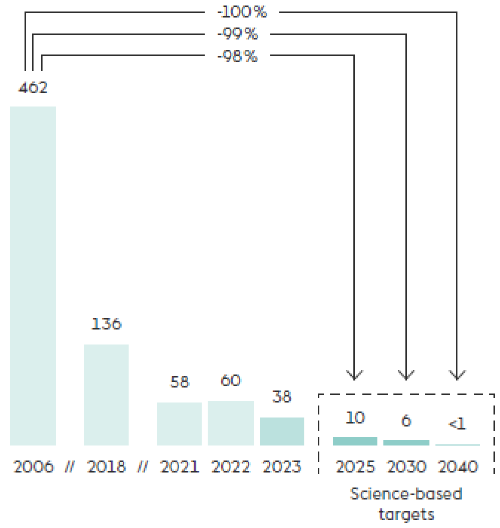
June 2025

Ørsted
Love your home

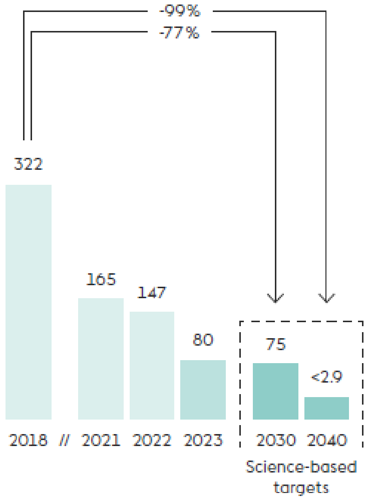
We've aligned our emissions reduction targets with the available climate science, as validated by the Science Based Target initiative

Focus of decarbonisation roadmap

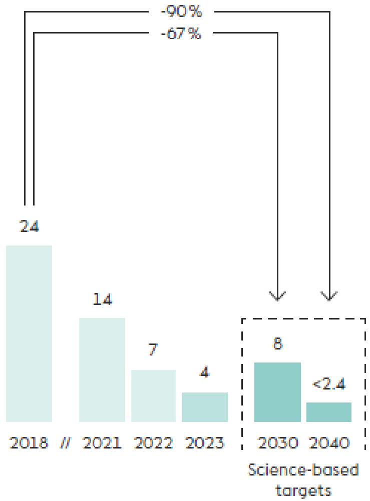
Scope 1-2
GHG emission intensity (g CO2e/kWh)



Scope 1-3
GHG emission intensity (g CO2e/kWh)
Excl. natural gas sales



Scope 3
GHG emissions (MT of CO2e)
From natural gas sales



Ørsted

The decarbonisation roadmap builds on the legacy of Ørsted's decarbonisation journey

Delivering on scope 1 and 2 ambition

Reached target of 98% reduction of GHG emissions from 2006-2025

Scaling action through Supplier Engagement Program

Setting and following up on supplier expectations:

- All key suppliers to map their carbon emissions
- All key suppliers to report to CDP & set SBTi target
- All suppliers are expected to run on 100% renewable electricity by 2025

Decarbonize hard to abate sectors in cross-sector collaborations

Commitments:

- First Movers' coalition
- Steel Zero Commitment
- Powering vessels with renewable energy

Creating early offtake agreements

Create long term value and incentives along the value chain across multiple partners

Ørsted

The target is calculated by the number of CO_2 emissions divided by the heat and power generated

The 2040 Net Zero target can be impacted in different ways

$$\underset{(1)}{\text{Ørsted Scope 1-3 emission intensity}} = \frac{\underset{(2)}{\text{CO2 emission from material use [kg]}} + \underset{(3)}{\text{CO2 emission from process [kg]}}}{\underset{(4)}{\text{Total heat and power generation [kWh]}}}$$

1. **Strategy, portfolio & functionality** levers covers strategic choices such as which markets, technologies and project size Ørsted should choose to invest in.

In scope of roadmap

2. **Material in components** covers physical input into assets such as the steel used in the WTG and the copper used for cables.
3. **Processes** covers the end-to-end steps in the value chain to design, engineer, procure, manufacture, install and operate.
4. **Electricity generation** covers measures that increase energy generation and thus drives down the emission factor

Preparing a Climate Transition Plan

Frank Hopkirk
Senior Manager
PwC

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What is a Transition Plan?

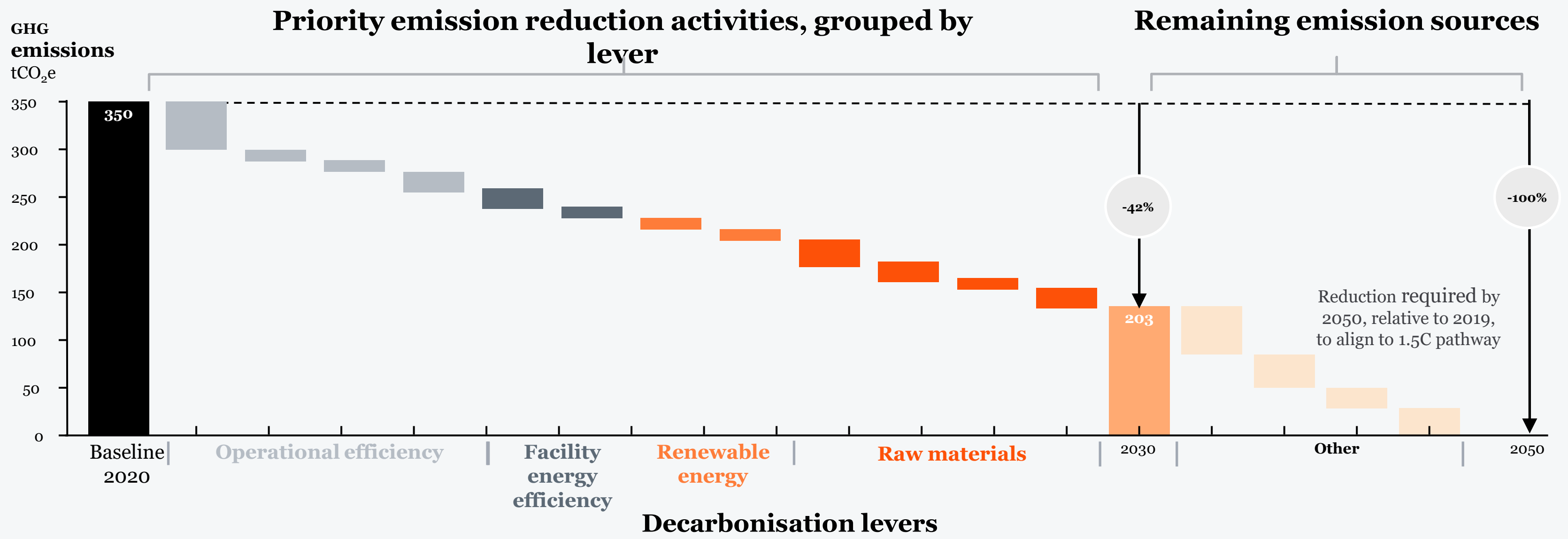
A Transition Plan (TP) is an integrated **strategic action plan** that demonstrates to relevant stakeholders how a company is **resilient against climate change**, **meet their climate ambitions** and external commitments. A TP provides a clear plan – including key decisions, actions, resources and capital necessary.

An integrated Transition Plan shows a company has:

A clear climate-focused ambition	Well-defined plan for transition	Robust Financing Strategy	The governance in place to execute
TPs should have **one clear business narrative and ambition** to strengthen the business against climate change.	TPs should have specific, detailed, and **time bound actions for implementation and engagement plans** to capture climate-related opportunities, build resilience and mitigate risk.	TPs should have a well-considered financing and investment strategy. It demonstrates how the transition will be supported financially, increasing credibility with investors, partners, and regulators	TPs should clearly detail the governance so **decisions are made responsibly,** actions are aligned with goals, and risks are properly managed including management and board-level oversight.

Unpacking the Climate Transition Plan: Making it tangible

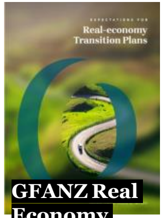
A Climate Transition Plan details how an organization plans to reduce emissions by gearing its business model to thrive in a Net-Zero future.

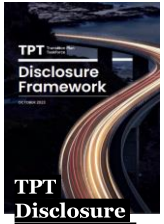


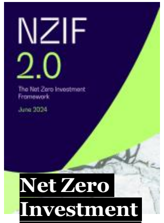
Core Elements in a Climate Transition Plan

Several initiatives globally have set out recommendations and guidance for what a Climate Transition Plan should include. Although Climate Transition Plan disclosure has increased year over year, many companies are not disclosing against all recommended criteria.

Transition plan guidance

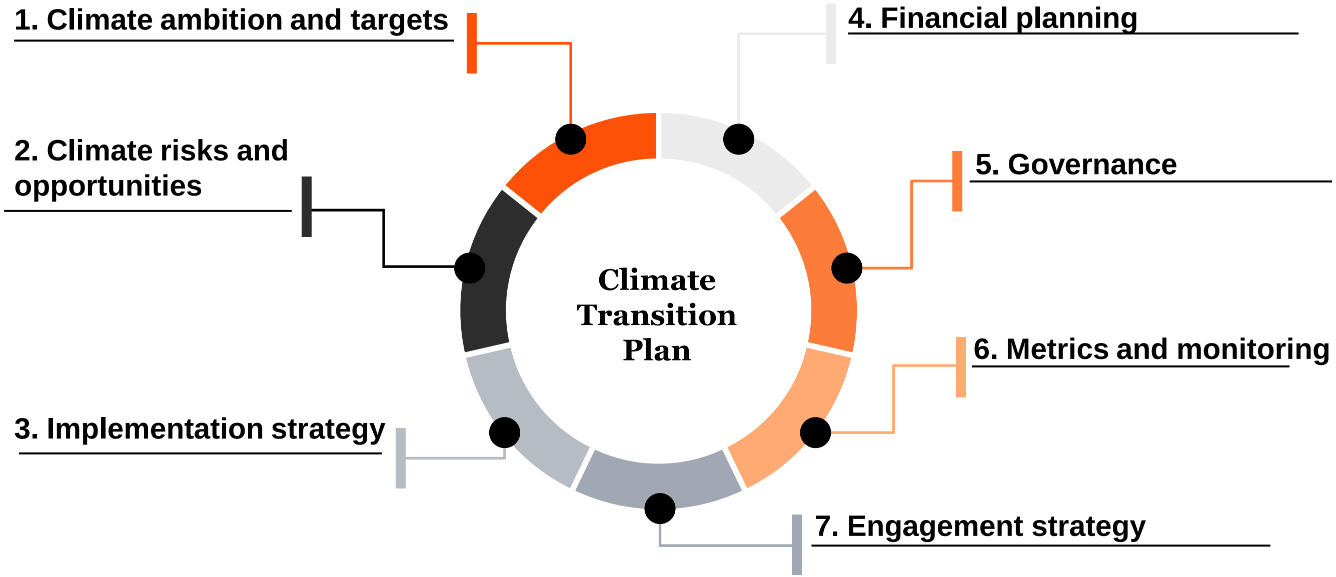

GFANZ Real Economy Transition Plans


TPT Disclosure Framework


Net Zero Investment Framework


CDP Transition Plan Disclosure

Core Elements



The Climate Transition Plan consists of a number of key activities

Establish emission baseline

Map your GHG inventory (Scope 1, 2 and 3) and determine baseline year.

Conduct Climate risk assessment

Perform a climate risk and opportunity assessment to understand and strengthen the business case for a transition plan.

Identify decarbonization levers and reduction initiatives

Identify emissions hotspots to outline decarbonization levers and corresponding reduction initiatives.

Set reduction targets

Develop reduction targets across all scopes in line with the 1.5°C target to drive impactful climate action (SBTi).

Include short-term (e.g. 2030) and long-term (e.g. 2050 goals).

Develop Financing and Investment plan

Identify required investments and funding that is needed to implement initiatives.

Implementation plan

Develop a realistic roadmap with clear milestones and actions to achieve reduction targets.

Governance

Assign roles and responsibilities for the operationalization of reduction initiatives across relevant departments.

Engagement and Collaboration

Stakeholder engagement (employees, suppliers, investors, regulators).

Monitoring and report

Set up systems for ongoing measurement and transparent reporting on progress.

Review and adjust

Regularly review the decarbonization progress to ensure alignment with the transition plan and have a plan for adapting to new data, technologies, and regulations.

– Climate Transition Plan activities

– Preconditional activities

5 Tips to get started with your Climate Transition Plan

1 Ensure high quality GHG inventory

- Accurate emission data is needed to identify major emission sources, set realistic reduction targets and track the impact of climate actions over time

2 Prioritise emission hotspots

- Allows you to focus efforts where they will have the greatest impact
- Targeting high-emission areas enables faster, more cost-effective reductions

3 Establish a strong business case

- Evaluate each reduction initiative by mapping its investment cost, emission reduction potential, and impact on climate risks or opportunities
- This helps build a compelling, well-informed narrative that supports strategic decisions and secures stakeholder buy-in.

4 Involve leadership

- Early buy-in from leaders accelerates decision-making, resource allocation, and helps drive cultural change throughout the organization

5 Engage with key stakeholders

- Once decarbonisation levers are identified, engage with the key stakeholders in the relevant business area
- Anchor clear ownership with those stakeholders to ensure accountability and successful implementation

Upcoming webinars

We’re working on an exciting new webinar series coming this autumn.

Keep an eye on pwc.dk/sustainability-2025 and your inbox!

Q&A

… and yes, we will post the slides after the webinar!

Thank you for your attendance

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