***Disclosure Requirement E1-1 – Transition plan for climate change mitigation***

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|  | 14. | **The undertaking shall disclose its *transition plan*for *climate change mitigatio*n**[( 35)](https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#ntr35-L_202302772EN.000301-E0028)**.** |

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|  | 15. | The objective of this Disclosure Requirement is to enable an understanding of the undertaking’s past, current, and future mitigation efforts to ensure that its strategy and ***business model***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 with the objective of achieving climate neutrality by 2050 and, where relevant, the undertaking’s exposure to coal, oil and gas-related activities. |

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|  | 16. | The information required by paragraph 14 shall include:   |  |  | | --- | --- | | (a) | by reference to ***GHG emission reduction targets***(as required by Disclosure Requirement E1-4), an explanation of how the undertaking’s targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement; |  |  |  | | --- | --- | | (b) | by reference to GHG emission reduction targets (as required by Disclosure Requirement E1-4) and the ***climate change mitigation actions***(as required by Disclosure Requirement E1-3), an explanation of the ***decarbonisation levers***identified, and key actions planned, including changes in the undertaking’s product and service portfolio and the adoption of new technologies in its own operations, or the upstream and/or downstream value chain; |  |  |  | | --- | --- | | (c) | by reference to the ***climate change mitigation actions***(as required by Disclosure Requirement E1-3), an explanation and quantification of the undertaking’s investments and funding supporting the implementation of its ***transition plan,***with a reference to the key performance indicators of taxonomy-aligned CapEx, and where relevant the CapEx plans, that the undertaking discloses in accordance with Commission Delegated Regulation (EU) 2021/2178; |  |  |  | | --- | --- | | (d) | a qualitative assessment of the potential ***locked-in GHG emissions***from the undertaking’s key assets and products. This shall include an explanation of if and how these ***emissions***may jeopardise the achievement of the undertaking’s ***GHG emission reduction targets***and drive ***transition risk***, and if applicable, an explanation of the undertaking’s plans to manage its GHG-intensive and energy-intensive assets and products; |  |  |  | | --- | --- | | (e) | for undertakings with economic activities that are covered by delegated regulations on climate adaptation or mitigation under the Taxonomy Regulation, an explanation of any objective or plans (CapEX, CapEx plans, OpEX) that the undertaking has for aligning its economic activities (revenues, CapEx, OpEx) with the criteria established in Commission Delegated Regulation 2021/2139 [( 36)](https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#ntr36-L_202302772EN.000301-E0029); |  |  |  | | --- | --- | | (f) | if applicable, a disclosure of significant CapEx amounts invested during the reporting period related to coal, oil and gas-related economic activities; [( 37)](https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#ntr37-L_202302772EN.000301-E0030) |  |  |  | | --- | --- | | (g) | a disclosure on whether or not the undertaking is excluded from the EU Paris-aligned Benchmarks; [( 38)](https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#ntr38-L_202302772EN.000301-E0031) |  |  |  | | --- | --- | | (h) | an explanation of how the ***transition plan***is embedded in and aligned with the undertaking’s overall business strategy and financial planning; |  |  |  | | --- | --- | | (i) | whether the transition plan is approved by the ***administrative, management and supervisory bodies***; and |  |  |  | | --- | --- | | (j) | an explanation of the undertaking’s progress in implementing the transition plan. | |

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|  | 17. | In case the undertaking does not have a ***transition plan***in place, it shall indicate whether and, if so, when it will adopt a transition plan. |

***Disclosure Requirement E1-1 – Transition plan for climate change mitigation***

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|  | AR 1. | A ***transition plan***relates to the undertaking’s efforts in ***climate change mitigation***. When disclosing its transition plan, the undertaking is expected to provide a high-level explanation of how it will adjust its strategy and ***business model***to ensure compatibility with the transition to a sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris Agreement (or an updated inter national agreement on climate change) and the objective of achieving climate neutrality by 2050 with no or limited overshoot as established in Regulation (EU) 2021/1119 (European Climate Law), and where applicable, how it will adjust its exposure to coal, and oil and gas-related activities. |

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|  | AR 2. | Sectoral pathways have not yet been defined by the public ***policies***for all sectors. Hence, the disclosure under paragraph 16 (a) on the compatibility of the ***transition plan***with the objective of limiting global warming to 1.5°C should be understood as the disclosure of the undertaking’s GHG ***emissions reduction target***. The disclosure under paragraph 16 (a) shall be benchmarked in relation to a pathway to 1.5°C. This benchmark should be based on either a sectoral decarbonisation pathway if available for the undertaking’s sector or an economy-wide scenario bearing in mind its limitations (i.e., it is a simple translation of ***emission reduction***objectives from the state to undertaking level). This AR should be read also in conjunction with AR 26 and AR 27 and the sectoral decarbonisation pathways they refer to. |

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|  | AR 3. | When disclosing the information required under paragraph 16(d) the undertaking may consider:   |  |  | | --- | --- | | (a) | the cumulative ***locked-in GHG emissions***associated with key assets from the reporting year until 2030 and 2050 in tCO2eq. This will be assessed as the sum of the estimated Scopes 1 and 2 GHG emissions over the operating lifetime of the active and firmly planned key assets. Key assets are those owned or controlled by the undertaking, and they consist of existing or planned assets (such as stationary or mobile ***installations,***facilities, and equipment) that are sources of either significant direct or energy-indirect GHG emissions. Firmly planned key assets are those that the undertaking will most likely deploy within the next 5 years. |  |  |  | | --- | --- | | (b) | the cumulative locked-in GHG emissions associated with the direct use-phase GHG emissions of sold products in tCO2eq, assessed as the sales volume of products in the reporting year multiplied by the sum of estimated direct use-phase GHG emissions over their expected lifetime. This requirement only applies if the undertaking has identified the ***Scope 3 category***“use of sold products” as significant under Disclosure Requirement E1-6 paragraph 51; and |  |  |  | | --- | --- | | (c) | an explanation of the plans to manage, i.e., to transform, decommission or phase out its GHG-intensive and energy-intensive assets and products. | |

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|  | AR 4. | When disclosing the information required under paragraph 16 (e), the undertaking shall explain how the alignment of its economic activities with the provisions of Commission Delegated Regulation (EU) 2021/2139 is expected to evolve over time to support its transition to a sustainable economy. In doing so, the undertaking shall take account of the key performance indicators required to be disclosed under Article 8 of Regulation (EU) 2020/852 (in particular taxonomy-aligned revenue and CapEx and, if applicable, CapEx plans). |

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|  | AR 5. | When disclosing the information required under paragraph 16 (g), the undertaking shall state whether or not it is excluded from the EU Paris-aligned Benchmarks in accordance with the exclusion criteria stated in Articles 12(1) (d) to (g) [( 53)](https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#ntr53-L_202302772EN.008601-E0001)and 12(2) of Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Standards Regulation) [( 54)](https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#ntr54-L_202302772EN.008601-E0002). |