



From targets to transformation: Transition planning as core economic strategy

Preliminary findings

November 2025

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Executive summary

Ten years after the Paris Agreement, both national and corporate climate commitments are entering a new phase where credibility and delivery define progress. New analysis of 1,260 keystone companies by the World Benchmarking Alliance (WBA) reveals that while climate ambition is spreading, target quality, investment alignment and social inclusion remain insufficient to deliver change at the pace needed. Key findings include:

- **Supply chain targets remain a critical gap:** although about 89% of corporate emissions occur within supply chains, only 16% of companies have set both near- and long-term supply chain emissions targets. Yet, evidence shows that companies with more ambitious and credible targets tend to deliver stronger emissions performance, underscoring that credibility drives real impact.
- **The breadth of leading practice indicates there's an opportunity to triple low carbon investments, without major technological, political, or financing breakthroughs.**
- **While targets continue to expand, absolute emissions remain off track:** 82% of companies have emitted more than their 1.5°C sectoral pathways allow, accumulating a "carbon debt" of around 2.4 Gt CO₂e since 2019. Yet, companies with ambitious, credible emissions-reduction targets are significantly more likely to align with 1.5°C trajectories, confirming that credible targets help drive real-world impact.
- **Few companies are translating just transition commitments into action:** fewer than 4% have comprehensive plans and only 1.3% set measurable targets to address the social impacts of decarbonisation. This gap between ambition and delivery mirrors government efforts, underscoring the need for a permanent UNFCCC anchor - such as the proposed Belem Action Mechanism to turn just transition from principle into practice.

These findings show that the foundation for credible transition planning is in place, but must now be scaled, deepened, and financed. The next phase is translating ambition into investable pathways that align emissions, capital, and people. COP30 in Belém offers a pivotal opportunity to connect national and corporate transition strategies, advance just transition frameworks and unlock the financial architecture needed for delivery. If ambition, credibility and inclusion progress together, transition planning can evolve from a compliance exercise into a driver of competitiveness, enabling economies that are not only low-carbon but also resilient, fair and future-ready.



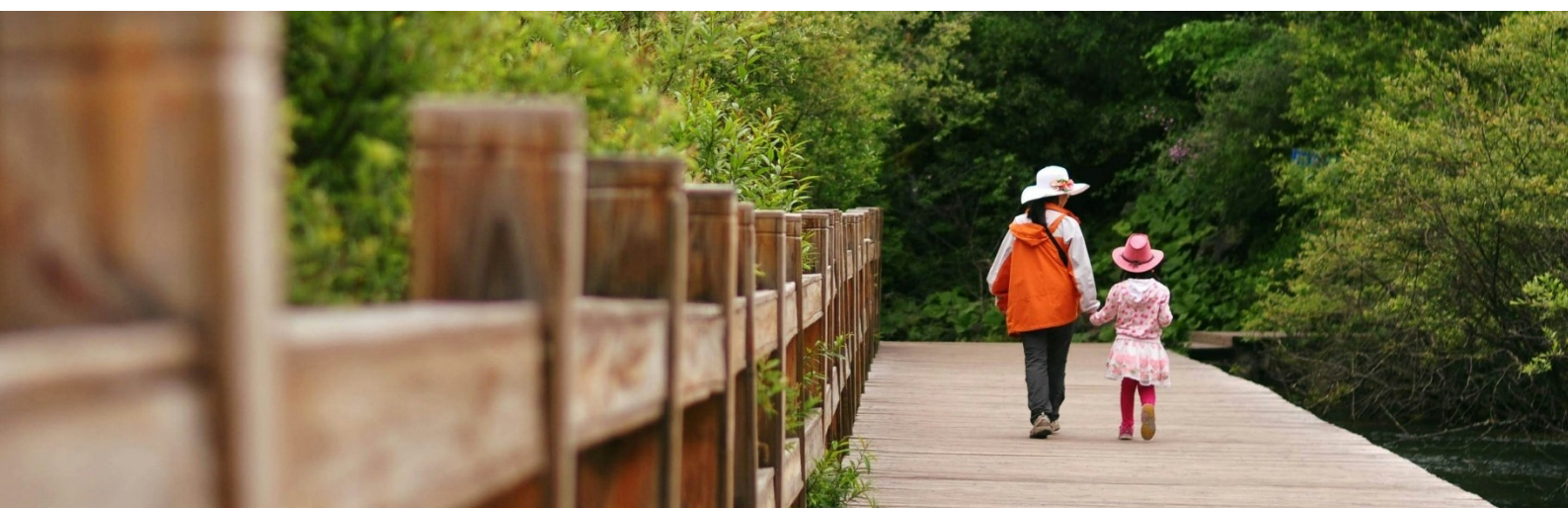
Setting the scene

The [2025 UNFCCC NDC Synthesis Report](#) confirms that governments' climate ambition is expanding, but implementation is lagging. Ten years after the Paris Agreement, national and corporate commitments enter a phase where credibility and delivery (not only ambition) are defining progress.

Across governments, 89% of new NDCs now cover economy-wide emissions, and 97% include legal and policy frameworks that support their implementation, showing that transition planning has entered the heart of national economic governance. Yet the overall emissions trajectory implied by current NDCs stated ambition would remain 17–24% below 2019 levels by 2035, off-track for meeting the 1.5 °C temperature target. This needs to be corrected as there is a clear link between ambitious target setting and delivery emerging from the private sector

Among **1,260 keystone companies** assessed by the **World Benchmarking Alliance (WBA)**, **only 17%** have a near-term target for their operational emissions aligned with a 1.5 °C pathway. Using consistent company emission time series between 2019 and 2024 we found that the higher the target ambition the likelier the company is to deliver real-world emissions reductions in line with a 1.5C budget.

The convergence between NDCs and transition planning is unmistakable. Governments increasingly require whole of economy strategies, while companies are expected to demonstrate whole of value chain accountability. **The NDC Synthesis Report indicates that 75% of Parties quantified financial needs amounting to roughly USD 2 trillion, yet WBA finds that only 25% of companies disclose low-carbon investment figures. This alignment gap is now one of the defining challenges to translating climate ambition to investment and action.**



Transition planning as an enabler of business growth and long-term resilience

Transition plans are not climate appendices; they are **economic blueprints** for long term resilience and a new industrial era.

In line with the perspectives presented in the latest report by the Chair of the UN HLEG on the Net Zero Emissions Commitments of Non-state Entities, [Winning the Future](#), our analysis also shows that **credible transition planning is the foundation of long-term competitiveness**. The Winning the Future report emphasises that economies and companies leading this transformation will capture the industries, technologies and jobs of tomorrow, with decarbonisation being the engine of productivity and innovation. The assessments on this report reinforce this view, showing that firms which embed transition planning at the heart of business strategy, integrating climate targets, capital allocation, supply-chain transformation and workforce planning, demonstrate stronger operational discipline, resilience and long-term value creation.

This is reinforced by WBA's wider analysis, which has found that:

- Companies with higher social-responsibility scores report **~1.3% higher revenue** per performance point and modestly higher **ROCE** (Return of Capital Employed) and **ROA** (Return on Assets).
- Over a five-year period, companies with higher social scores recorded approximately **2–7% higher total returns growth rates** compared to those with lower scores. Similarly, companies that have set science-based climate targets demonstrated around **3–7%** higher growth rates than peers without such commitments.

Viewed through this lens, transition planning becomes a test of economic foresight rather than climate compliance. Both countries and companies that mainstream transition planning as fiscal and capital strategy are better placed to attract investment, reduce volatility, and build trust across their value chains. As national governments align their NDCs with fiscal and industrial policies, companies must mirror that ambition by embedding transition planning into their corporate governance and financial systems.

Transition planning is ultimately the connective tissue between global ambition and real economy implementation.



Who we assessed

As WBA prepares to release its comprehensive corporate climate transition planning assessments covering the 2,000 most influential companies in January 2026, this report presents preliminary findings based on evaluations of more than 1,260 real-economy companies' transition plans. This sample provides an unparalleled snapshot of private sector readiness at a moment when, as the 2025 NDC Synthesis Report underscores, national commitments are becoming more robust on paper, but implementation remains uneven.

Headquartered across 76 jurisdictions and operating in 28 industries, the assessed companies account for operational emissions equivalent to about 21% of global energy-related emissions. Combined, they generate revenue of **30 trillion USD**, and employ **65 million** people. Their collective footprint is therefore not only substantial in scale but representative of the global economy.

Evaluated **1260** real-economy companies
Headquartered in **76** countries
Covering **28** industries
Related to **45%** of global energy-related emissions
Combined revenues of **30** Trillion USD
Directly employing **65** Million people

Preliminary insights drawn from this sample of keystone companies will help illuminate the global state of corporate climate ambition, the progress achieved, and, importantly, the opportunities to build on best practices observed.

Two analytical frameworks are jointly applied to evaluate companies. The ACT Core methodology assesses the credibility of a company's climate transition planning, while the Just Transition methodology examines how the company is ensuring its workforce is an integral part of the low-carbon transition.



Transition plans

Setting ambitious climate targets

Operational emissions

Target setting is a fundamental guiding element of a climate transition plan. After 10 years of an established Science Based Targets Initiative (SBTi) framework to either validate or guide the setting of corporate climate targets, it is now time to assess the extent of its traction and influence among the world's leading companies.

We find that existing frameworks positively influenced target setting as currently about half (53%) of the 1,260 companies evaluated have disclosed valid¹ near-term targets related to operational (Scope 1 and 2) emissions, while only 28% has done so for their value chain (Scope 3) emissions.. Operational emissions are those over which a company has the greatest control, making them a natural focus for target setting. In addition, the near term—typically around 2030—serves as a critical timeframe for action, functioning as the first milestone on a company's pathway to decarbonisation.

Of the companies setting valid near-term targets for their operational emissions only about half (or 27% of the total) aim at achieving emissions reductions of 50% or more compared with the baseline – the SBTi reference level of 1.5C alignment. In the year 2024, companies setting 1.5C aligned targets accounted for about 1.3 Gt of emissions. In total, the combined operational emissions for the 1,260² companies was circa 7.8 Gt or about 21% of global annual energy-related emissions. Accordingly, we find that for **each ton of operational GHG emissions bound to an ambitious target, six more are left unconstrained**. Given the significant amount of global emissions that companies directly control, this represents a substantial lost opportunity. In addition, it underscores the fragility of using corporate climate target setting as a key metric to track progress without an adequate accounting of the absolute emissions affected to each target.

¹ By valid we mean the minimum information allowing for a credibility assessment of the company's targets to be undertaken (information on baseline and target values, adequate minimum coverage and disclosed together with the respective % or absolute reduction planned).

² ² Circa 80% of the evaluated companies report scope 1 and 2 emissions for the 2023/4 reporting year.

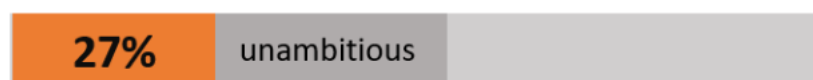


Near-term Scope 1+2 target setting (N=1260)

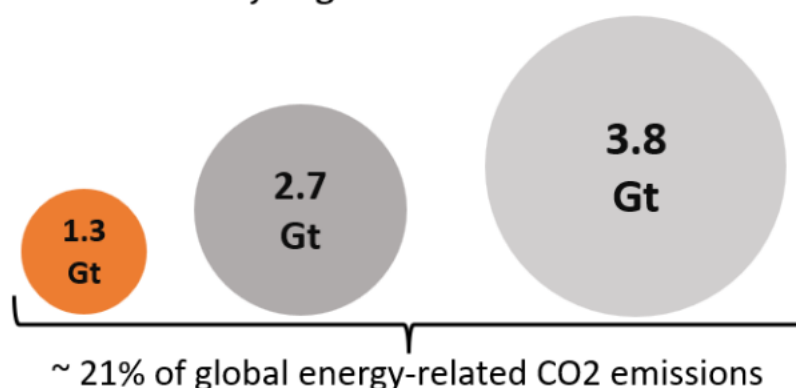
Companies with valid targets



Aiming for 50%* of more reduction from baseline



GHG emissions by target ambition



Looking at the long-term (targets ending between 2040 and 2050), only 17% of companies set emissions targets that can be considered ambitious - meaning companies properly disclose a target and aim to cut emissions by 90% or more. These credible targets account for just about 0.9 Gt of today's global energy-related emissions. Long-term targets are important for lending credibility to a company's transition plan, as they define the conditions under which the company is expected to achieve—or fail to achieve—net-zero. However, because these targets are set so far in the future, it is much harder to evaluate progress toward them.

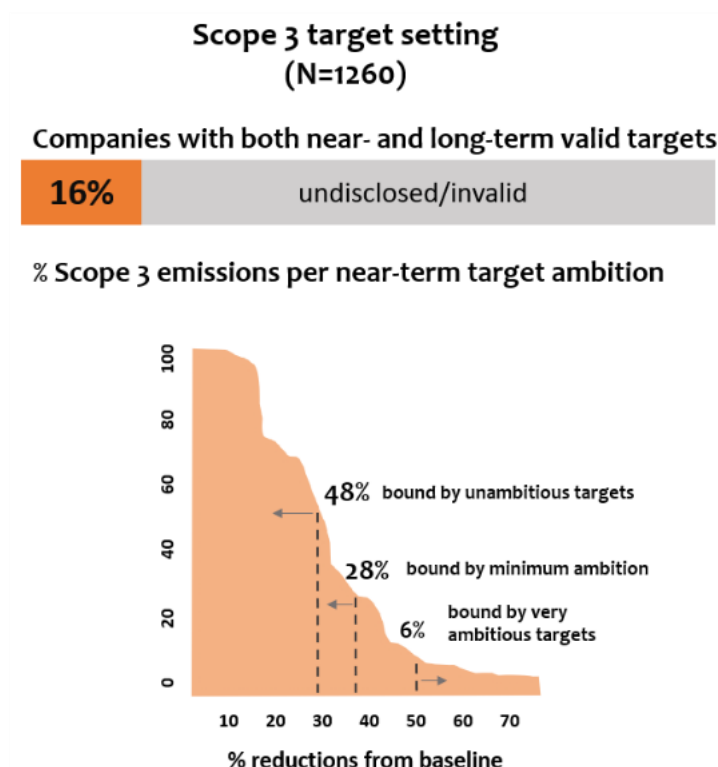
Supply chain emissions

Scope 3 emissions embedded in corporate supply chains are vast; accounting for a median of 89% of company emissions in our sample. We found that 28% of the companies evaluated have set a valid near-term target meeting our minimum reporting criteria, while 18% have done so for the long term. Only 16% of the companies have both near- and long-term supply chain emissions targets.

The number of targets alone is not a reliable indicator of progress. When allocating total Scope 3 emissions among companies by the level of reduction ambition, we find that about half or 48% are bound to unambitious targets—defined here as reductions of less than 30% from the baseline. About 28% of Scope 3 emissions in the sample are covered



by targets that are minimally ambitious aiming only at maximum 35% reductions in the near-term. Very ambitious Scope 3 targets cover only about 6% of the sampled emissions. While Scope 3 target-setting has become more common, the depth of commitment remains shallow.



Detailing decarbonisation levers and actions

If setting an ambitious target defines the direction of travel, achieving that target depends on adequate planning and the allocation of sufficient financial resources. To that end, it is essential that companies identify adequate decarbonisation levers and actions in both the short and long term, estimate the resulting GHG reductions from their implementation, and determine the financial resources required to carry them out. Restricting the analysis to companies that set ambitious targets, we find that most do not identify in their transition plans the specific decarbonisation levers or actions needed to achieve those ambitions.

Decarbonisation levers/actions in transition plans with ambitious targets



Only 40% of these companies report on relevant decarbonisation measures to advance their goals. As planning requirements become more concrete, the number of companies responding to them drops sharply. Among all companies with ambitious targets, only 12% quantify the expected GHG emission reductions associated with their proposed actions. Finally, a mere 2.6% additionally disclose financial figures for the investments they consider necessary to implement the levers. This steep drop from ambition to concrete planning highlights a broader credibility gap, since very few companies explain how they will achieve their stated targets. The lack of quantified mitigation levers and investment plans erodes confidence among policymakers and investors that corporate ambition is backed by strategies capable of delivery.

Planning for a just transition

As industries decarbonise, new technologies, processes and business models emerge, changing labour demand and skill requirements. Transition planning must address social risks and impacts to ensure that decarbonisation efforts are fair and inclusive. The [International Labour Organization's Guidelines](#) emphasise that the fundamentals of a just transition should be centered on social dialogue and stakeholder engagement, forward-looking workforce planning and investment in upskilling to anticipate the transformations driven by decarbonisation. Without these fundamentals, transition planning risks lack of buy-in, conflict and ultimately failure.

Yet, while the concept of just transition has become common in corporate disclosures, tangible planning remains rare. Overall we find that:

- **11%** have committed to social dialogue
- **9%** to reskilling or upskilling workers
- **Fewer than 4%** have developed a comprehensive plan informed by the social impacts of their decarbonisation strategies
- **Only 1.3%** have set time-bound, measurable targets to mitigate transition-related impacts on their workers, affected stakeholders (excluding workers), or business relationships.

These findings mirror the public-sector picture. The 2025 NDC Synthesis Report highlights that 70% of Parties now integrate just transition principles into their NDCs,



but only 8% include measurable targets or monitoring frameworks. In both cases, ambition has outpaced operationalisation. The Just Transition Work Programme (JTWP) under the UNFCCC was created precisely to bridge this gap, offering a platform for translating just transition from principle into practice. However, its mandate is set to expire in 2026, and negotiations on its future remain unresolved. While there is broad agreement that just transition should remain a standing agenda item, divisions persist over finance, capacity building and whether to strengthen the current programme or establish a new institutional mechanism.

In this context, civil society constituencies, including those that work with labour, gender and youth CSOs, have called for a stronger and more permanent architecture to anchor just transition within the UNFCCC. Among the proposals gaining traction is the Belem Action Mechanism (BAM), envisioned as a coordination, knowledge and support platform to operationalise just transition globally and strengthen cooperation among countries, businesses and social partners. Whatever its final form, COP30 in Belém could mark a turning point, embedding just transition more deeply into national and corporate planning frameworks, supported by monitoring and accountability systems that ensure ambition translates into tangible, people-centered results.



Investments in low-carbon solutions

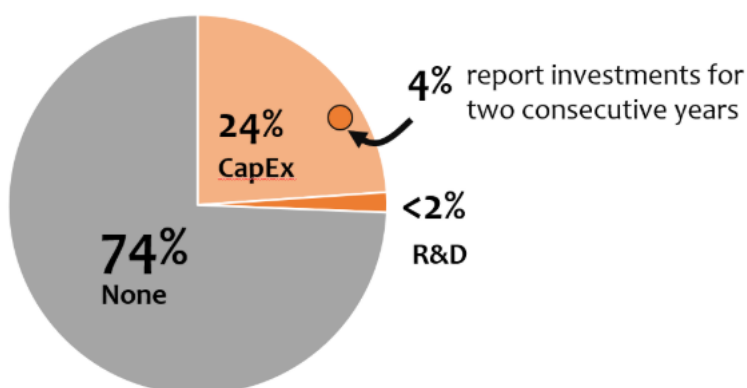
Scaling up low-carbon technologies is vital for companies to drive the global economy toward a successful net-zero transition. The International Energy Agency (IEA) stipulates that to reach net zero by 2050, annual clean energy investment must more than triple to around US \$4 trillion by 2030. It is hence important to align corporate capital with national financing frameworks in order to multiply the impact of both and unlock the investment scale required to deliver on 1.5 °C.

We find a systemic alignment gap between ambition and financial translation stretching across both public and private spheres.

- Only 25% of companies disclose any low-carbon investment figures (be it CapEx³ or R&D⁴ form).
- Only 4 % (which is less than one-fifth of those reporting low-carbon investments) of the companies provide low-carbon investments for two points in time, severely limiting the capacity of investors from assessing whether these commitments translate into actual capital shifts.
- Worryingly, 75% of corporates fail to disclose any type of low-carbon investments.

In order to understand progress towards achieving the IEA goal, we need corporates to publicly report both their current and planned low-carbon investments.

Reporting on low-carbon investments



At a macro level, the 2025 NDC synthesis report identifies similar challenges: only 21% of countries have costed their transition plans. National governments are also turning toward innovative financial mechanisms, including green and social bonds, de-risking

³ Capital Expenditures

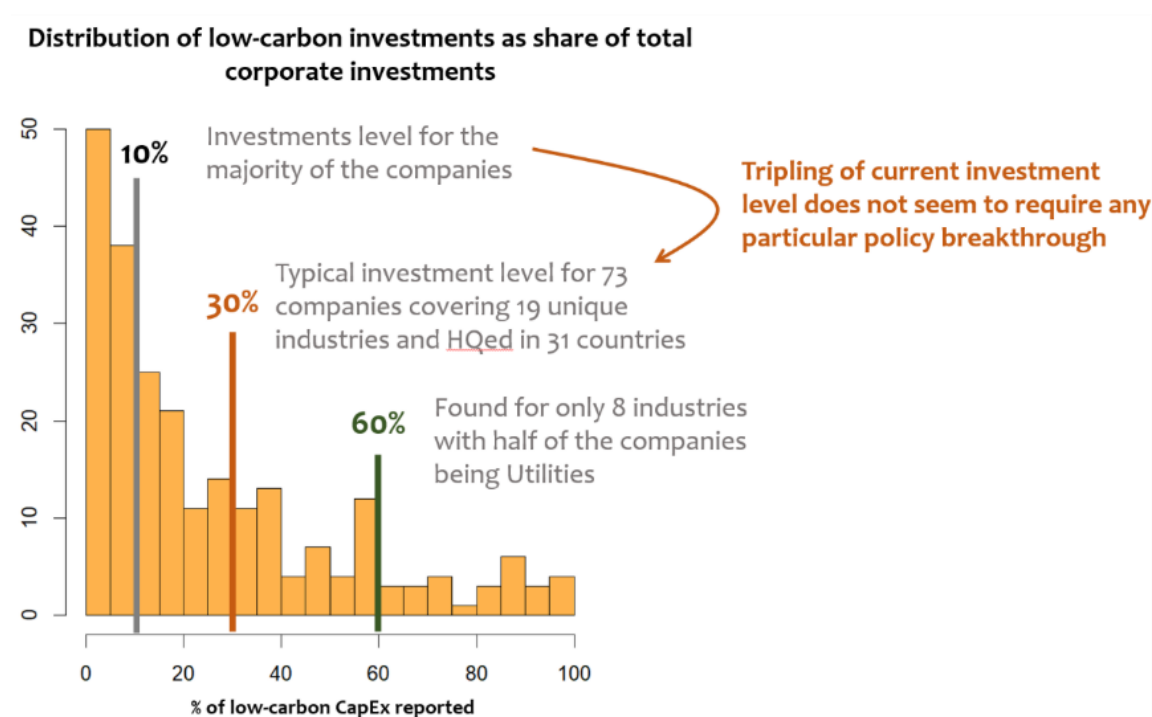
⁴ Research and Development



instruments and public–private partnerships, to accelerate investment pipelines. These emerging approaches could serve as templates for corporate/finance alignment.

At the corporate level we find the distribution of low-carbon investments to be highly skewed toward low shares. Across all companies evaluated, most allocate no more than 10% of their annual capital expenditures to low-carbon solutions. As previously noted, a small group of transition-leading sectors stands on the opposite side of the spectrum, where low-carbon CapEx shares above 60% are common.

Excessive focus on both laggards and frontrunners risks obscuring a substantial middle segment. A notable number of companies report low-carbon investment shares of up to 30%. More important than the percentage itself is that this subset includes firms from 19 industries headquartered across three major jurisdictions. The breadth of this group suggests that **tripling low-carbon investment shares from 10% to 30% may be achievable without major technological, political, or financing breakthroughs**. Companies do not need to be sector leaders to make a meaningful contribution. Incremental progress, built on fundamental planning and capital reallocation, has the potential to drive significant improvement.



At the same time, the concentration of very high low-carbon shares in only a few industries signals that unlocking higher investment levels remains considerably more challenging. This middle group represents the greatest leverage point for transition finance, the scale where incremental gains can deliver exponential systemic impact.

Bridging this gap is where investors and policymakers can drive real convergence. While the IEA calls for an absolute tripling of low-carbon investment, our analysis points to a

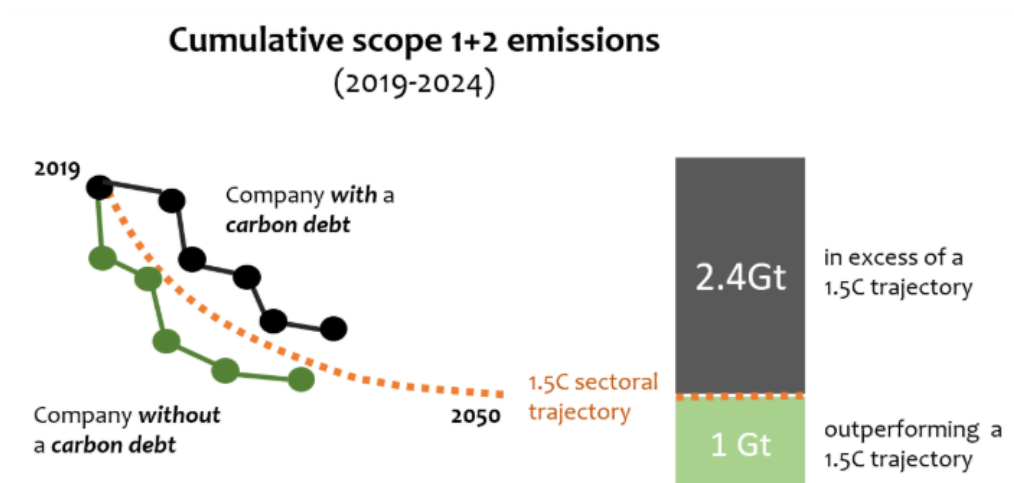
relative tripling, from roughly 10% to 30% of total corporate investment, which appears feasible within current financial and operational limits. In practice, the capacity to scale up remains uneven across sectors: utilities, for instance, already channel more than half of their CapEx to clean solutions, while other industries still face structural barriers that limit their ability to unlock similar levels of financing.



GHG emissions reduction

For the climate system, the key measure of progress is absolute emission reductions that align with the remaining carbon budget for limiting warming to 1.5°C. This is usually evaluated by comparing a company's emissions to a sector-specific reduction pathway - or to a global pathway if no sector pathway exists - extending to 2050. Following [Rekker et al. \(2022\)](#), WBA calculates a company's **"carbon debt"** by comparing company's realised emissions reductions with those required by the relevant 1.5°C pathway. A positive carbon debt means the company has emitted more than the pathway allows - putting it off track for 1.5°C.

Of the companies evaluated, 52% have publicly reported their combined Scope 1 and 2 emissions in a consistent way, enabling performance analysis. For scope 3 emissions the universe of companies drops to 31%. *Consistent* reporting⁵ means that the company provides comparable emissions year-on-year for a continuous period—typically from 2019 to the most recent reporting year (usually 2024), or from 2018 to 2023 for some companies.

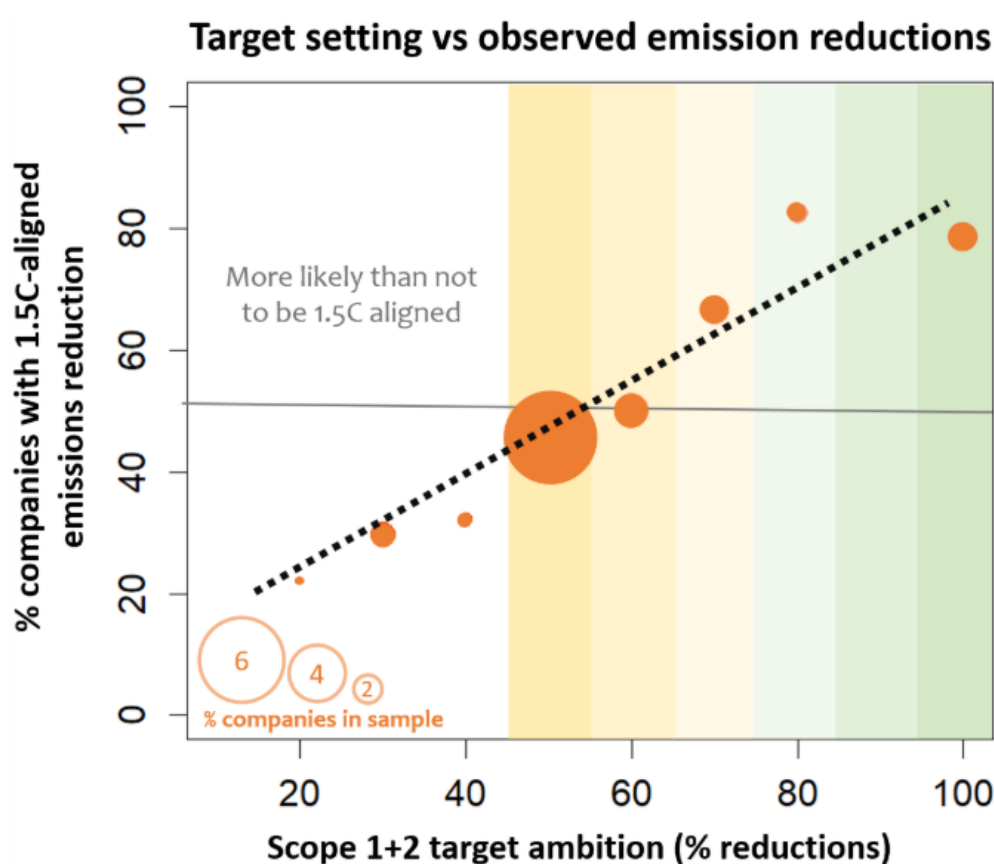


We estimate that around 2.4 Gt CO₂e of operational emissions has been emitted in excess of the respective 1.5°C sectoral pathways between 2019 and 2024. This "debt" will increase the pressure on corporate climate targets, as it will need to be compensated for through steeper near-term emissions reductions. At the same time, we also observe some companies are aligned or even outperforming their sectoral

⁵ Where possible, data is taken directly from the latest corporate disclosures and must reflect a constant reporting boundary. For Scope 3 emissions, this also requires a consistent set of categories to be included each year. Methodological changes in reporting are acceptable only if they have a limited impact on the emissions figures (generally no more than about 10%).

benchmarks in terms of absolute emissions. In aggregate, we estimate this over-performance to be roughly 1 Gt CO₂e and correspond to circa 18% of the companies evaluated. **A strict budget approach reveals that 82% of companies are falling short of the required progress towards 1.5C.** As a rough rule of thumb: for every ton of CO₂e reduced below the sectoral pathways, more than the double is emitted in excess. This means that on aggregate emissions terms the company sample is diverging from the emission reduction requirements of a 1.5C pathway. Can these companies be brought on track?

Looking solely at emissions outcomes, our analysis unveils the existence of a meaningful positive relationship between valid and ambitious emissions-reduction targets and the likelihood of a company reducing emissions in line with its sector 1.5°C pathway.



The share of companies aligned with 1.5°C emission-reduction trajectories between 2019 and 2024 increases steadily with the ambition of their operational emissions targets. If a company sets a target to reduce its operational emissions by 60% or more, it becomes more likely than not that its emissions will decline in line with the 1.5°C requirements.

We find empirical evidence that setting ambitious targets does drive emissions reductions, even when companies have not fully detailed how they will achieve them in their transition plans. Our analysis focuses on operational emissions, where companies

have the most direct control and ability to reduce their climate impact. This finding reinforces the importance of transparent corporate reporting—not only to enable accountability, but also to reveal broader trends and behavioral patterns that can inform emerging frameworks increasingly requiring transition planning ([see SBTi Standard V2](#)).



Conclusions

Transition plans should be understood as economic tools for business and national planning in a rapidly changing world. As climate targets move from ambition to implementation, both governments and companies must translate commitments into actionable pathways that connect emissions reduction, investment decisions, and the integration of impacts on people and nature. Credible transition planning links competitiveness with resilience, helping economies and businesses anticipate change rather than react to it.

Yet both the latest NDC analysis and our assessments expose a persistent social gap in climate action. On the public-sector side, 70% of new NDCs 3.0 reference just transition, yet only 8% include measurable targets for workers or affected communities. On the private sector side, fewer than 4% of assessed companies have a tangible just-transition plan grounded in social dialogue and only 1.3% have set measurable workforce targets for affected stakeholders.

This shared deficit reveals that while ambition is rising, the social foundations of transition planning remain fragile. Ensuring that people are not only protected but empowered in the process of decarbonisation is essential for lasting change.

In January 2026, WBA will release the full assessment of the 2,000 most influential companies, providing a more detailed view of how each company performs and offering deeper insights to inform collective action and accountability.

Brazil and COP30: opportunity for alignment

Brazil's COP30 presidency offers a defining opportunity to close this people gap and align national ambition with private-sector delivery. Economically, countries should link their emerging energy transition, agricultural innovation and supply chain transparency agendas to global investor expectations on credible transition planning.

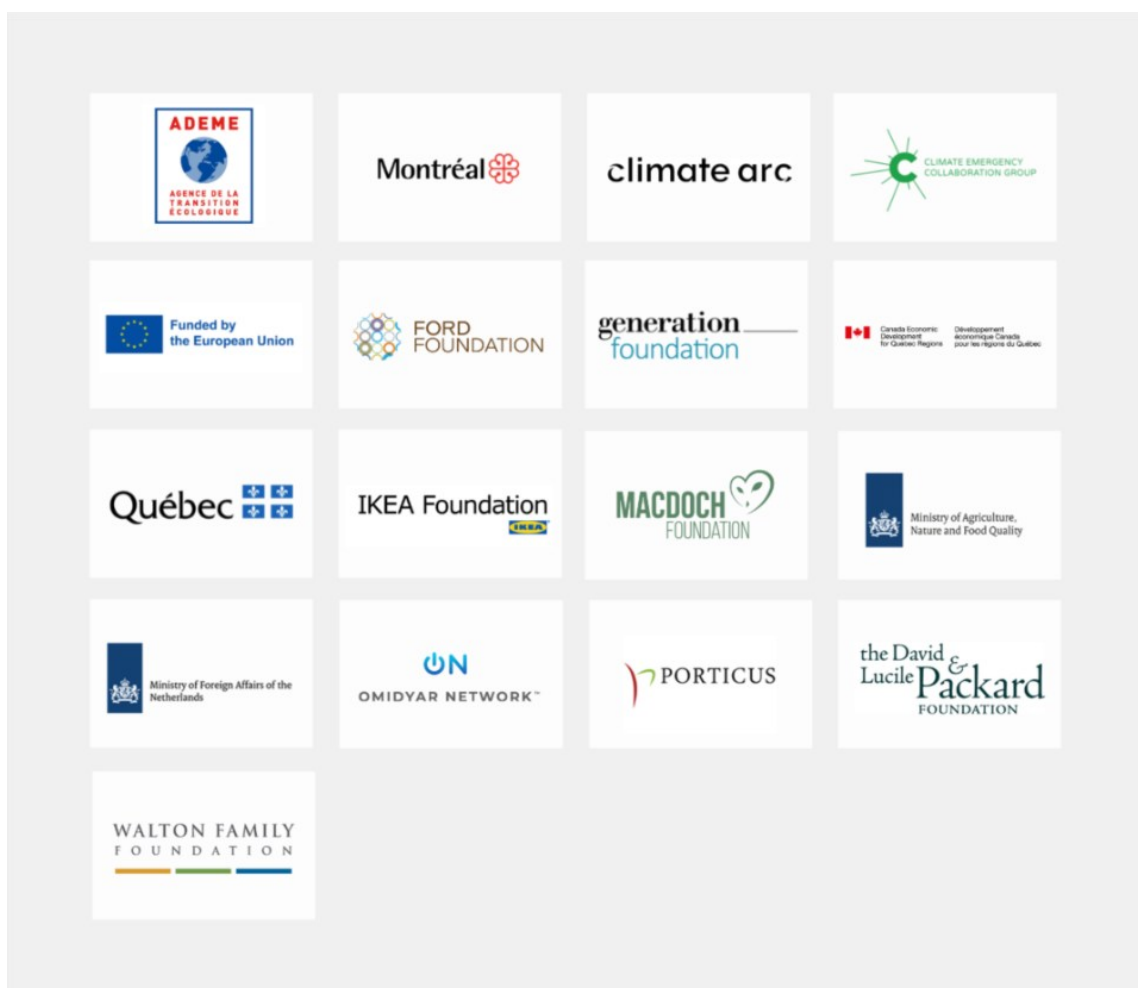
The next step is to making transition plans integrated and investable - connecting ambition, capital, nature and people, and bringing the climate adaptation agenda into company transition planning. The Baku to Belém Roadmap reinforces this imperative by outlining the global effort to mobilise finance at scale and channel it toward credible transitions. To do so, both governments and companies must move beyond target setting to identify the capital needs, investment vehicles, and enabling conditions required for delivery. **Transition planning is not a compliance exercise; it is a**



blueprint for competitiveness. Whether for a nation or a company, credibility now depends on execution, on the ability to align targets, investment, and inclusion. In this sense, credible transition plans can serve as the bridge between ambition and finance, making investment needs transparent and actionable while ensuring that people and planet remain at the center of implementation.

If we succeed, we will not only meet climate goals but also build the resilient, fair and future ready economies the world urgently needs.





ACKNOWLEDGMENTS:

This report makes extensive use of WBA's Climate Benchmark assessments conducted by Maya Beard, Cindy Bernadine, Sebastian Carcoana, Yidan Chen, Su-Mae Chua, Viviana Conti, Hang Dang, Emir Erhan, Maria Gonzalez, Mingyang Hao, Brain Njoroge, Yann Rosetti, Benedita Santos, Cynthia Souaid, Ilayda Tenim, Laura Verazaín, Hao Zhang and Luís Costa.

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