

Net-Zero Asset Owner Alliance Statement on The International Sustainable Standards Board (ISSB) Climate Exposure Draft

Annexe 1: Transition plans

The Alliance supports the disclosure of transition plans. A company's climate transition plan is a time-bound action plan that outlines how the organisation will pivot its existing assets, operations and entire business model towards a trajectory that is aligned with a fixed, defined target, such as net-zero by 2050.

A credible transition plan should be integrated into the climate or sustainability report and include disclosures that:

- Describe the strategy of the organisation to pivot towards a net-zero future with the near term (every five years) science-based targets consistent with the long-term objective of net zero by 2050.
- Contain verifiable and quantifiable Key Performance Indicators (KPIs) which measure the success of an organisation's climate transition strategy and track progress.
- Provide accountability. The plan has clearly defined roles and responsibilities, including an effective governance mechanism. An organisation's plan should be reviewed and updated regularly through the annual reporting cycle.

Annexe 2: Recommended target setting template¹

GHG target disclosure template	
Target ID	
Overall number of active GHG emissions targets:	Include interim targets in the count
Target number:	
Target type:	Indicate whether this is absolute or relative
Date the target was set:	
Target Information	
Scope(s) covered	For scope 2 emissions, indicate if calculations are location- or market-based. For scope 3 emissions, indicate the GHG protocol categories that are covered.
Organisational boundary	Describe the accounting boundary (e.g. operational/equity) on which the target is set. This should be consistent with its historical emissions and production/sales disclosures. Note additional exclusions if any (e.g. regional basis).
Percentage of in-scope emissions covered by the target :	
Base year:	Base year emissions:
Target year:	Target year projected emissions:
Targeted reduction from base year (%)	
Targeted reduction from current year (%)	Current emissions:
	Please indicate the most current year for which emissions data is available.
Target Methodology	
Verified by an independent third party?	If yes, please indicate the name of the independent third party that verified the target
Name of the reference scenario used	
Source describing how the percentage of in-scope emissions covered by the target has been calculated	Please indicate the title(s) of publicly available documents and relevant page numbers where information can be found.
Source describing transition plan outlining how this target will be met.	Please indicate the title(s) of publicly available documents and relevant page numbers where information can be found.
For Scope 3 targets, source describing the methodology used to calculate the Scope 3 emissions covered by the target.	
Indicate the % of the target to be achieved through offsets and provide a source specifying their type and the offset provider.	
For intensity targets, source describing the methodology used to calculate the carbon intensity.	

1. Source: Kooroshy, et al., Towards investor-oriented carbon targets data, October 2021, p. 10;
<https://www.ftserussell.com/research/towards-investor-oriented-carbon-targets-data>

Annexe 3: Sector metrics and targets table

Sector ²	Required Data <i>*Reported as of <u>current date</u>, and forward looking at <u>5 years</u> and <u>10 years</u></i>
Oil and Gas	<ul style="list-style-type: none"> • gCO₂e/ MJ³ • Also reporting on methane separately with; gCH₄/MJ
Utilities	<ul style="list-style-type: none"> • tCO₂e/MWH^{4 5}
Transportation – Aviation	<ul style="list-style-type: none"> • gCO₂e/RTK
Transportation – Shipping	<ul style="list-style-type: none"> • gCO₂e/TKM⁶
Transportation – Heavy duty road	<ul style="list-style-type: none"> • gCO₂e/TKM
Transportation – Light duty road	<ul style="list-style-type: none"> • gCO₂e/KM (of newly sold fleet of vehicles)
Cement	<ul style="list-style-type: none"> • tCO₂e/tonne of cementitious produced
Steel	<ul style="list-style-type: none"> • tCO₂e/tonne of crude steel⁷
Aluminum	<ul style="list-style-type: none"> • tCO₂e/tonne of aluminum⁸
Agriculture	<ul style="list-style-type: none"> • tCO₂/tonne of agricultural product • CH₄/tonne of agricultural product • NO₂/tonne of agricultural product
Chemicals	<ul style="list-style-type: none"> • tCO₂e/tonne of chemical product⁹
Construction & Buildings	<ul style="list-style-type: none"> • CO₂e/m² annum • kWh/m² annum

2. Please see Alliance Target Setting Protocol Annex for NACE/GICS/BICS mapping of sector classifications.

3. Scope 1, 2 and 3 (use of sold product) greenhouse gas emissions from energy products sold externally in units of grams of CO₂ equivalent (gCO₂e) per mega joule (MJ). “Energy products sold externally” is defined by TPI as the total net calorific energy supply from all fuels including hydrocarbons, biomass and waste, plus energy supplied as electricity generated from fossil fuels, nuclear or renewables.

<https://www.transitionpathwayinitiative.org/publications/96.pdf?type=Publication>

4. Metric tonne is indicated by “t”. “CO₂e” is used here and is requested by some, while TPI requests “CO₂”.

5. Scope 1 of owned gross electricity generation, excluding purchased electricity.

6. Note, Current TPI methodology considers emissions related to marine shipping in international waters only. We assume that it would be useful if companies provided an intensity for all shipping activities and disaggregate measures for international, coastal, and inland waters.

7. Where possible reporting separately for primary and secondary.

8. This should include emissions from alumina and aluminium production, normalised to a tonne of aluminium.

9. We note the heterogeneity in the chemical sector and that this may vary by the type of products produced by the company in the sector. Nevertheless, we believe this is the necessary starting place.