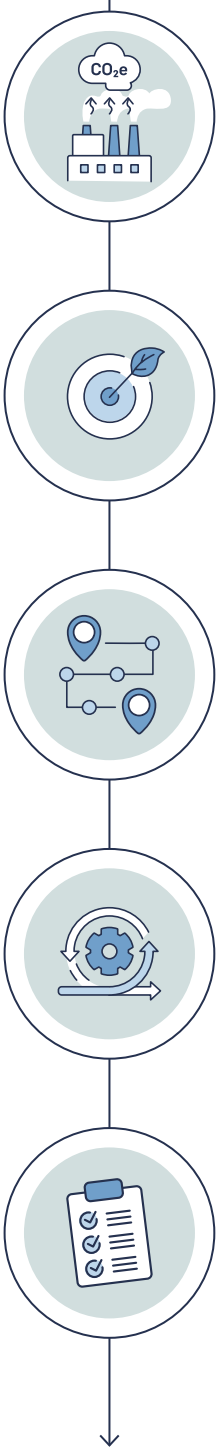
TURNING THEORY INTO ACTION

A Practical Guide to
Climate Transition Plans
in Austrian Companies

Global Compact
Network Austria



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ABOUT THIS GUIDE

With multiple negative climate records broken, 2024 will go down as the year when the critical 1.5-degree Celsius global warming threshold was surpassed for the first time. The climate crisis has reached a new level of urgency. Global political shifts and numerous international challenges are currently competing for attention in the budget and financial planning of governments, international organizations, and companies. As a result, climate change no longer appears to be as central a priority for decision-makers as it has been in recent years. Still, transforming our social and economic systems into more climate-friendly ones is becoming increasingly urgent. This is because many social and political crises often stem from an economic system that operates out of alignment with planetary boundaries. At the same time, a growing number of companies are demonstrating their commitment to reducing their negative impacts on the climate. Climate Transition Plans provide an important framework for doing so. However, when it comes to implementing such a plan, companies often face challenges and complex issues. Developing a Climate Transition Plan is still largely uncharted territory for most sustainability teams—as it is for the management teams ultimately responsible for reviewing and approving the plan.

This Guide offers companies and organizations a roadmap for developing their Climate Transition Plans. In creating it, the project team—a collaboration between the UN Global Compact Network Austria and EY denkstatt—drew on their own implementation experience, as well as on current real-world insights from interviews with company representatives.

CLIMATE TRANSITION PLANNING IN COMPANIES – STEP BY STEP TO FUTURE-PROOF BUSINESS MODELS

As the terms **climate** and **transition planning** suggest, a Climate Transition Plan (CTP) outlines the socio-economic transformation of companies—and their interconnected economic systems—toward a future respectful of planetary boundaries. Developing and implementing a **Climate Transition Plan** is a iterative step-by-step process. The key steps to be taken by a company are outlined in the figure below and are reflected in how the chapters of this Guide are organized.

THE 5 STEPS IN A TRANSITION PLAN

denkstatt.at/dekarbonisierung-klimastrategien/climate-transition-plan-ctp

The development of a Climate Transition Plan begins with the company creating a greenhouse gas inventory. Based on this foundation, the company sets specific climate targets that align with internationally recognized decarbonization pathways. From there, the company defines action plans—adaptation measures that will enable it to achieve the targets it has set.

Implementing a Climate Transition Plan requires integrating the targets and adaptation measures into the overarching corporate strategy, which can entail a profound shift in the company's mindset and established processes. In particular, the required business transformation and the establishment of appropriate governance structures demonstrate how

essential it is to deeply embed sustainability goals into the existing business model. Only companies that consistently align their governance structures and business strategies with sustainable development will successfully capitalize on the opportunities initiated by the Climate Transition Plan as part of this fundamental transformation.

At the end of the process—which should not be understood as the final step of a completed process—all process steps, inventories, targets, measures, key performance indicators (KPIs), progress achieved, and future plans are compiled in a report and documented for internal purposes. This form of transparent documentation allows internal stakeholders to actively contribute to achieving targets, while enabling external stakeholders to understand and compare the transformation process.

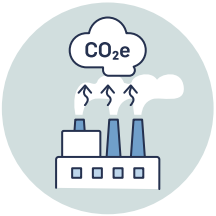
KEY TO CLIMATE STRATEGY: CLIMATE TRANSITION PLANS IN THE FINANCIAL SECTOR

The financial sector plays a key role in the transition to a sustainable economy. As a provider of capital, it can actively support companies in developing climate-resilient business models, reducing emissions, and channeling capital into sustainable economic activities.

Transition plans are a key tool in this process: They enable financial institutions to strategically align their investments and financing decisions with climate targets and to identify, minimize, or completely avoid risks at an early stage.

Oesterreichische Kontrollbank AG (OeKB) sees itself as a competitively neutral enabler of sustainable transition. In this role, it has, among other things, developed a tool that helps companies prepare and evaluate all relevant sustainability data and share it with banks: the OeKB > ESG Data Hub[1]. The hub provides banks with essential information on the transition plans of the participating companies. For example, they can view their corporate clients' greenhouse gas (GHG) emissions and reduction targets and factor them into their financing decisions. Environmental, social, and governance (ESG) data management lays the groundwork for both the financial and real economy sectors—not only to minimize risks through ambitious Climate Transition Plans but also to foster innovation and contribute to a sustainable, competitive economy. Together, we can make this transition happen!

1 LAYING THE GROUNDWORK: CREATING A GREENHOUSE GAS INVENTORY



WHY A GREENHOUSE GAS INVENTORY IS CRUCIAL FOR CLIMATE TRANSITION PLANNING

Definition

A Greenhouse Gas (GHG) Inventory outlines all climate-impacting emissions produced by a company within a defined fiscal year and business unit, broken down into emissions categories (scopes). It encompasses both direct emissions (scope 1) and indirect emissions (scopes 2 and 3), with all greenhouse gases reported in CO_2 equivalents for better comparability[2].

WHY A GHG INVENTORY MATTERS:

1. **It's the foundation for decarbonization measures:** It's the starting point for understanding where your company stands and how its emissions are distributed, defining targeted actions, and measuring progress in reducing emissions
2. **It helps you set targets**: It's the basis for organizations to define quantifiable emissions reduction targets as part of their climate strategy
3. **It promotes transparency and accountability:** Publishing GHG inventories enables companies to create transparency and take responsibility for their emissions, thereby building stakeholder trust
4. **It improves risk management:** A detailed GHG inventory helps identify climate change risks and manage GHG emissions more actively, including both physical climate risks such as extreme weather events and transient risks such as carbon pricing

Frameworks

The following recognized frameworks and standards can be used to create a GHG inventory:

- **GHG Protocol:** This is the most widely used international standard for GHG inventories and defines the scopes into which greenhouse gases are categorized and how they are calculated in detail[3]
- **ISO 14064-1:** Specification with guidance at the organizational level for the quantification and reporting of GHG emissions and removals[4]
- **ESRS E1:** The European Sustainability Reporting Standards (ESRS) "climate standard" defines the scopes and calculation methods to be considered in the GHG inventory

Connections to the CTP

- **Conceptual:** The GHG inventory lays the groundwork for the development of a transition plan. It identifies the company's emissions hotspots and provides an overview of its decarbonization performance.
- **Regulatory:** The Corporate Sustainability Reporting Directive (CSRD) requires all scopes to be calculated using primary data sources. A distinction is made between mass-based and volume-based calculation methods.

PORR AG: BUILDING ITS CLIMATE TRANSITION PLAN ON A COMPREHENSIVE GHG INVENTORY

Stakeholders' Perspectives

EXTERNAL STAKEHOLDERS:

- Banks, investors, and customers are requesting information on the company's GHG balance, while media representatives are less interested in the GHG balance itself and more focused on general measures
- Pressure is coming from customers who are responding to regulatory requirements, as well as from rating agencies

INTERNAL STAKEHOLDERS:

- The GHG Protocol clearly specifies the scopes into which emissions are to be categorized, thereby also determining the departments within the company to which emissions are to be allocated
- The involvement of those responsible for preparing the GHG inventory occurs in the following steps:
  1. Data collection and data search
  2. Data quality improvement
  3. Involvement of management teams
  4. Operational decision-making on the GHG inventory by the managing directors

Benefits

- A GHG inventory provides the necessary quantitative basis for further commitment to decarbonization, especially for a transition plan
- It creates comparability between companies
- It serves as a management tool for GHG emissions and as a basis for climate-related KPIs
- It meets the information needs of both internal and external stakeholder groups

Success Factors

- **Understanding the GHG balance as the groundwork:** This is critical to reducing emissions and communicating data-based information
- **Prioritizing:** Invest time where emissions are high; improve data quality step-by-step
- **Engaging suppliers:** Include emissions costs in quotations; communicate data quality requirements for the GHG inventory
- **Leveraging established organizational structures:** Integrate emissions data into corporate structures; if possible, collaborate with your management accounting team (often referred to as "Controlling" in German-speaking areas) to find a proprietary solution that can capture both financial and climate data

Connections to the CTP

A successful climate transition requires a clear starting point and well-defined targets—the GHG inventory lays the groundwork

PORR

PORR AG

NUMBER OF EMPLOYEES	approx. 21,200
CORE SUSTAINABILITY TEAM	4 people

PRODUCTS & SERVICES

One of Austria's largest construction companies operating internationally in the fields of civil and structural engineering, infrastructure and environmental technology

↗ PORR's latest sustainability report[5]

> "Even if reporting requirements are suspended, climate change will continue unabated. Companies therefore need to develop a business case that is resilient in a changing world and goes beyond mere regulatory compliance."
>
> **Natalie Schwendenwein, Head of Corporate Sustainability PORR AG**

2 THE GUIDING LIGHT: SETTING SCIENCE-BASED TARGETS

WHY SCIENCE-BASED TARGETS ARE CRUCIAL FOR CLIMATE TRANSITION PLANNING

Definition

Climate targets are quantifiable ambitions that contribute to the absolute reduction of GHG emissions. They are set for scopes 1, 2, and 3 as well as for specific time frames, typically 2030 and 2050.

Frameworks

Various recognized frameworks and standards can be used to set climate targets:

- **Science Based Targets initiative (SBTi):** This is the global de facto standard for corporate climate targets and defines the scientific method for setting 1.5-degree targets[6]
- **CSRD/ESRS:** Reporting-focused standards that harmonize the disclosure of sustainability information across the EU; climate targets are regulated in ESRS E1-4[7]
- **ISO 14064-1/14001:** Standards for an organization's GHG inventory and environmental management system (EMS)[8]

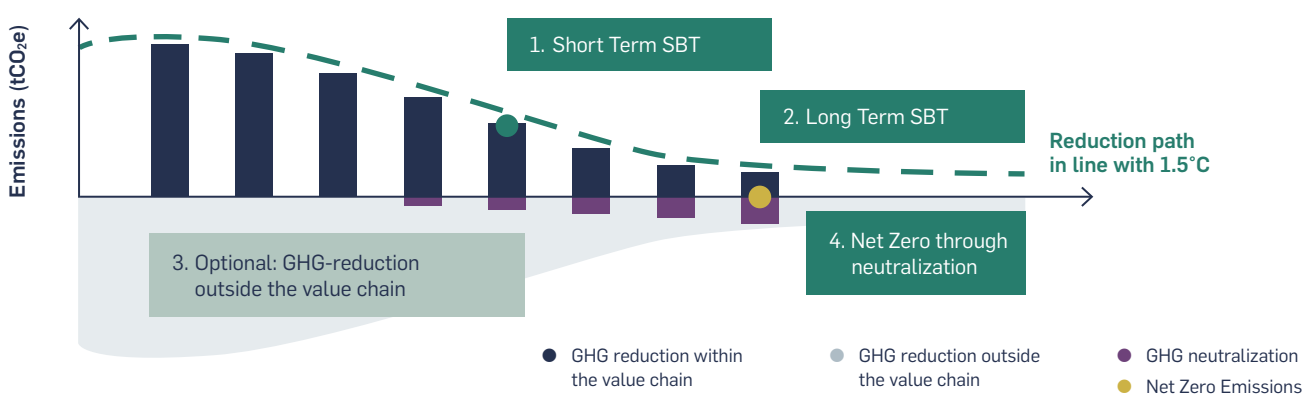
Connections to the CTP

Corporate climate ambitions are based on the global goal of limiting global warming to 1.5 °C if possible. Regulatory requirements such as the CSRD are closely aligned with the SBTi guidelines in terms of their content.

THE SBTI PROVIDES GUIDELINES FOR SCIENCE-BASED CLIMATE TARGETS:

- **Base year and target year:** Establishing the starting and end points (no later than 2050 for net-zero targets)
- **Short-term targets:** Reducing emissions by 4.2% per year in the medium term to align with limiting global warming to 1.5 °C
- **Long-term targets:** Achieving net-zero emissions by 2050, including a 90% absolute reduction and the neutralization of any residual emissions
- **Neutralization of residual emissions:** Once the targets have been achieved, any remaining emissions must be neutralized through permanent carbon removal
- **Beyond Value Chain Mitigation (BVCM):** Investing in emissions reduction measures outside the company's own value chain

NET-ZERO REDUCTION PATH



CASE STUDY

VOESTALPINE AG: SETTING SBTI CLIMATE TARGETS FOR ITS CLIMATE TRANSITION PLAN

Stakeholders' Perspectives

EXTERNAL STAKEHOLDERS:

- Regulatory alignment, particularly compliance with ESRS requirements, is a key consideration in developing the transition plan
- Banks and credit institutions incorporate climate metrics and targets into their ratings

INTERNAL STAKEHOLDERS:

- The long-term roadmap calls for emissions reductions to be implemented by 2035 and communicated according to the SBTi guidelines, with a focus on net-zero emissions by 2050
- The strategy team incorporates climate targets into the decision-making process as part of financial and investment planning
- The R&D team uses climate targets as a key rationale for developing new products

Benefits

- Climate targets support risk mitigation by enabling a gradual adaptation to the physical impacts of climate change and the risks associated with economic transformation
- They help meet the growing demands of business partners and investors
- They drive innovation by encouraging the development of sustainable products and technologies
- Clear climate ambitions drive market differentiation and give you a competitive edge

Success Factors

- **Ambition and feasibility:** Targets should be ambitious yet achievable
- **Data quality:** A reliable data foundation for scope 1, 2, and 3 emissions is essential
- **Stakeholder engagement:** Involve all relevant internal teams and external partners early in the process
- **Flexibility:** Ensure adaptability to evolving technological and financial conditions

Connections to the CTP

- The CTP provides the company with a clear roadmap for long-term decarbonization and ensures a transparent structure for internal stakeholder groups
- It links science-based targets with measures to reduce scope 1, 2, and 3 emissions, integrating these measures into the company's overall strategy
- It is linked to financial and investment planning

> "Setting climate targets creates transparency and, through the implementation of a CTP, encourages a deeper engagement with the topic, making future investments and business benefits more tangible."
>
> **Monika Aschenbrenner, Group Sustainability, voestalpine AG**

voestalpine
ONE STEP AHEAD.

voestalpine AG

NUMBER OF EMPLOYEES	approx. 51,700
CORE SUSTAINABILITY TEAM	7 people

PRODUCTS & SERVICES
A leading global steel and technology group combining materials and processing expertise

↗ Voestalpine's latest sustainability report[9]

3 THE KEY TO ACHIEVING YOUR TARGETS: DEVELOPING AND IMPLEMENTING A DECARBONIZATION ROADMAP

WHY AN ACTION-BASED ROADMAP IS CRUCIAL FOR CLIMATE TRANSITION PLANNING

Definition

An action-based decarbonization roadmap (or roadmap for short) outlines emissions reduction measures along a timeline, based on the degree to which they are implemented and contribute to reducing emissions. It is used as a basis for both operational and strategic decision-making. This overview is supplemented by details such as climate targets, temporal milestones, required financial and technological resources as well as progress updates.

Frameworks

Various recognized frameworks and standards can be used to develop a roadmap:

- **CSRD/ESRS:** Requirements regarding the components and disclosure of a CTP (E1-1) as well as related measures (E1-3)[10]
- **TPT/ITPN:** The Transition Plan Taskforce (TPT)[11] is the first initiative to provide global recommendations for developing an action-based CTP; initially focused on the UK, the initiative has now transitioned into the global International Transition Plan Network (ITPN)[12]
- **TCFD/IFRS—ISSB:** Recommendations on how to address climate risks, financial implications, and adaptation solutions, as well as how to adapt business models accordingly[13]

Connections to the CTP

Conceptual: The CTP can be seen as a strategic guideline that describes a company's overarching ambition in climate transition (e.g., achieving net-zero by 2050), thereby encompassing its long-term vision, science-based emissions reduction targets, and the necessary transformation steps to achieve them. The Roadmap translates the emissions targets outlined in the CTP into tangible measures, projects, and investments, ensuring that the transition is plannable, realistic, and financially secure by setting a timeline.

Regulatory: CSRD/ESRS require companies to provide action-based roadmaps that are integrated into their CTPs. In its original version, the Corporate Sustainability Due Diligence Directive (CSDDD) went a step further by mandating the actual implementation of the CTP, thereby exceeding the requirements of the CSRD. However, the Omnibus proposal of February 2025 would weaken this approach and bring it more in line with the level of the CSRD requirements.

A1 GROUP: IMPLEMENTING THE ROADMAP IN ITS CLIMATE TRANSITION PLAN

Stakeholders' Perspectivesn

EXTERNAL STAKEHOLDERS:

- Representatives from other companies (as part of ESG ratings), NGOs and consultancies are inquiring about the CTP and the roadmap

INTERNAL STAKEHOLDERS:

- The CSRD requirements for the CTP as a central element of reporting triggered the launch of a comprehensive change management project
- The CTP strategy and the roadmap were developed at the group level, while the measures were implemented at the country level to preserve decision-making autonomy
- The CTP and the roadmap are designed to reflect the complex processes involved in the transition, so they include the relevant OpEx and CapEx, a detailed definition of the governance processes, and a monitoring framework to track progress against the targets set

> "Developing a CTP and a roadmap requires perseverance and should be seen as a journey where milestones along the way are also worth celebrating."
>
> **Raffaela Ortner, Group ESG**

Benefits

- Anchoring the roadmap and CTP development as a change management project within the company fosters cohesion and increases accountability for sustainability topics beyond the core ESG team
- It also deepens the ESG team's familiarization with and understanding of the core business, which benefits other projects as well

Success Factors

- **Step-by-step approach:** Start by defining your targets; only then plan the measures in detail
- **Honesty:** Conscientious resource planning is essential
- Combining different approaches:
  - **Perspectives:** Calculating the marginal abatement costs (MAC) of measures aligns with the perspective of management accounting (often referred to as "Controlling" in German-speaking areas)
  - **Skills development:** Ensure that management teams are familiar with the sustainability terminology when interacting with customers
- **Defining Roles:** Clearly define and allocate responsibilities and decision-making authorities
- **Incentives:** Integrating an ESG component into the compensation of management teams creates additional incentives

Connections to the CTP

The roadmap is a central component of the CTP. By deliberately providing the operational units with leeway to decide which decarbonization measures are suitable for them, the Group-wide transition plan is embraced as a guiding principle by all decision-makers.

A1 Group

NUMBER OF EMPLOYEES	approx. 17,500
CORE SUSTAINABILITY TEAM	6 people

PRODUCTS & SERVICES

ered in Vienna, offering mobile, fixed-line, internet, and TV services to both residential and business customers; A1 Telekom Austria AG is the largest subsidiary of the A1 Group and the leading telecommunications provider in Austria

↗ A1's latest sustainability report[14]

4 NO TRANSITION WITHOUT TRANSFORMATION: TRANSFORMING YOUR BUSINESS MODEL

WHY BUSINESS TRANSFORMATION IS CRUCIAL FOR CLIMATE TRANSITION PLANNING

Definition

Business Transformation refers to the fundamental change in a company's business model or product and service portfolio, enabling the company to align itself with a net-zero economy in the long term and emerge from this transition with strengthened entrepreneurial capabilities.

KEY ASPECTS OF BUSINESS TRANSFORMATION INCLUDE:

- **Business model changes:** Adapting the strategic orientation of the company
- **Redesign of organizational structures:** Optimizing internal processes and responsibilities with the goal of minimizing climate impact
- **Adaptation of the product & service portfolio:** Actively increasing the share of climate-friendly offerings

Frameworks

Various recognized frameworks are available to support companies in planning and implementing their business transformation:

- **GFANZ:** Guidelines for the financial sector to support climate action[15]
- **Net Zero Business Transformation—A framework for accelerating change in an era of turbulence and complexity:** This framework emphasizes the interdependence between net-zero targets and natural and social systems, identifying key levers that drive transformation, resilience, and systemic change[16]

Connections to the CTP

A CTP outlines how a company can achieve its medium- and long-term climate targets and typically comprises two phases. For short- and medium-term emissions reductions, the focus lies on efficiency improvements and optimizations while maintaining the existing business model and product portfolio. With regard to long-term emissions reductions, achieving net-zero requires a profound business transformation; this entails restructuring the company to ensure climate resilience over time.

Business Transformation focuses on:

- **Adapting the strategic orientation**: Adjustments to the core business, including business strategy and orientation
- **Climate-friendly restructuring:** Integration of climate considerations into business processes such as R&D, product design, procurement, and financial planning
- **Capital reallocation:** Investments in low-emission technologies
- **Aligning governance:** Initiation of the transformation process by appropriately adjusting the organizational structure and allocating responsibilities within the organization

The connection between the CTP and business transformation is essential: while the CTP outlines the pathway toward net-zero emissions, business transformation aligns business models to actively manage climate risks and opportunities, as well as to strengthen competitiveness.

WIENER STADTWERKE GMBH: TRANSFORMING ITS BUSINESS UNDER ITS CLIMATE TRANSITION PLAN

Stakeholders' Perspectivesn

EXTERNAL STAKEHOLDERS:

- Banks are demanding ESG metrics and KPIs for sustainability strategies to comply with their own green asset ratios (GAR)
- Applicants are asking about WSTW's concepts during job interviews
- The owner (City of Vienna) is requesting ESG metrics, particularly those related to climate action

INTERNAL STAKEHOLDERS:

- The managing directors bring the perspective of the financial industry into the company
- Integrating sustainability as a fundamental pillar of the business model poses different challenges for the individual companies

Benefits

- There are market advantages—e.g., by expanding parts of the core business that are inherently sustainable (e-mobility, public transport, renewable energy)
- There are economic opportunities in new business areas such as the circular economy
- The transformation into a sustainable, future-oriented company acts as a pull factor for applicants
- Achieving publicly communicated sustainability targets strengthens the company's reputation

Success Factors

- **Transformation of the business model:** The insights gained from the CTP are incorporated into the overarching group strategy as part of the ESG strategy
- **Using climate targets as a guiding light:** Corporate goals can be developed based on climate targets and initiated through pilot projects
- **A robust GHG inventory:** It forms the basis for a sustainable transformation, enables monitoring, and should be closely integrated with management accounting (often referred to as "Controlling" in German-speaking areas)
- **Early involvement of the top management team:** The necessary understanding of data is built up and ensured from the outset of the process
- **Structural anchoring:** Adapting governance structures to ESRS and ESG topics and creating new roles (e.g., chief climate officer) facilitate integration
- **Communication of successes:** Drives a cultural shift within the company and secures competitive advantages externally

WIENER STADTWERKE

Wiener Stadtwerke GmbH (WSTW)

NUMBER OF EMPLOYEES	approx. 18,000
CORE SUSTAINABILITY TEAM	12 to 14 people

PRODUCTS & SERVICES

A major infrastructure service provider in the Greater Vienna area, owned by the City of Vienna, offering services through the following companies: Wien Energie, Wiener Netze, Wiener Linien, Wiener Lokalbahnen, WIPARK, WienIT, Bestattung Wien, Friedhöfe Wien, and immOH!

↗ WSTW's latest sustainability report[17]

Connections to the CTP

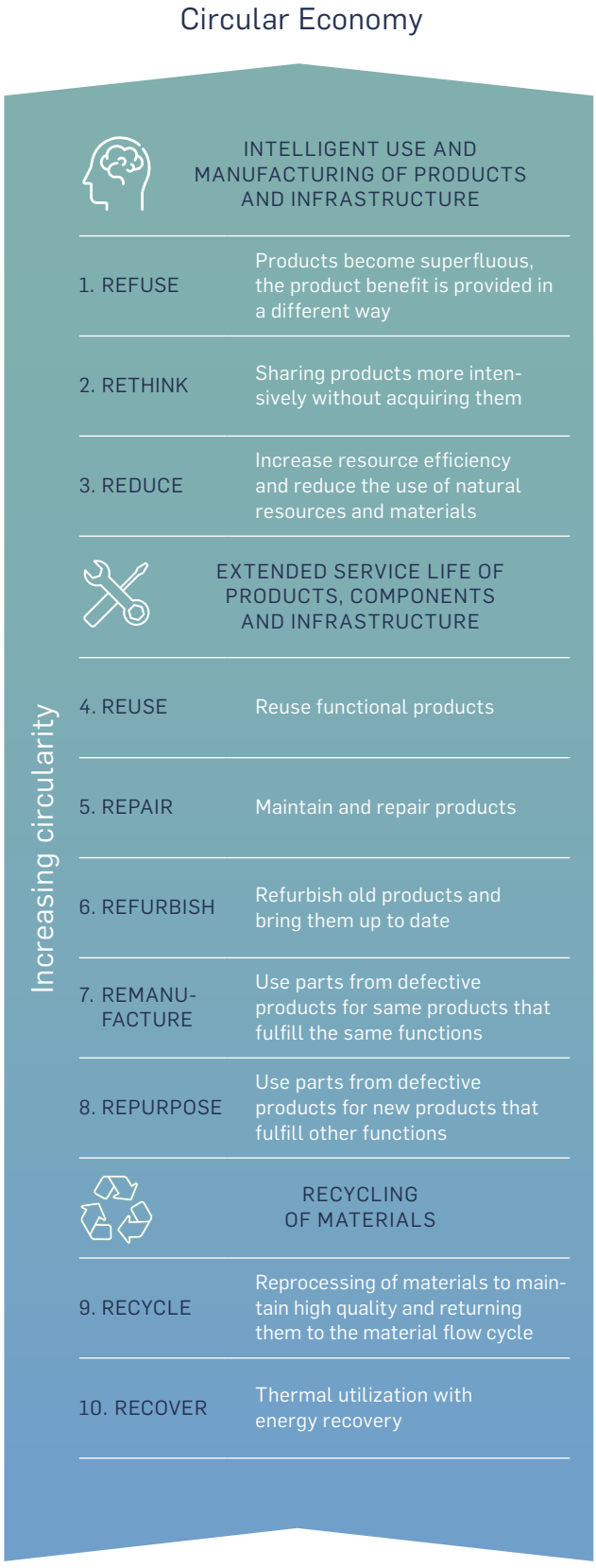
The data and analyses required for CTP reporting (GHG inventory, climate targets, risks & opportunities) are essential for developing a strategy to transform the business model

> "We have decided to structure our team around the CSRD topics. Our Chief Climate Officer is at the helm."

Daniel Hoffmann, Strategie und ESG Manager, Wiener Stadtwerke GmbH

4 NO TRANSITION WITHOUT TRANSFORMATION: TRANSFORMING YOUR BUSINESS MODEL

SUCCESS FACTORS FOR CIRCULAR BUSINESS TRANSFORMATION

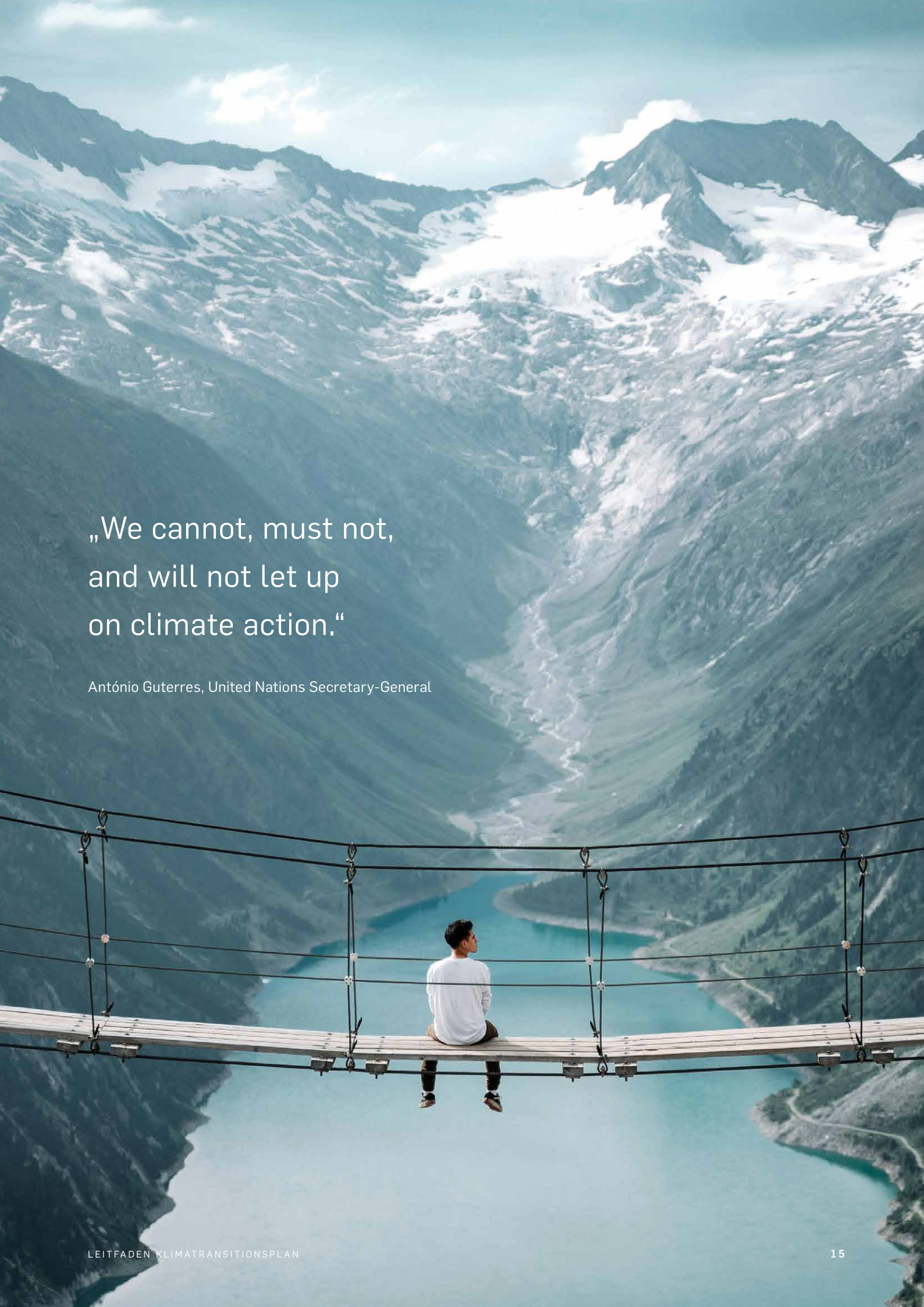


Transforming companies toward a circular economy requires a profound strategic rethinking of business models, value chains, and corporate culture. Companies are well-advised to actively shape this change by integrating sustainability principles into their core strategy.

However, a key success factor for transformation is collaboration along the entire value chain: companies should invest in partnerships with suppliers, customers, and research institutions to develop innovative solutions for material cycles. Leveraging digital technologies such as IoT trackers, product passports, or blockchain can enhance transparency and traceability in circular processes. It is also essential to invest in employee development and actively guide change management processes to build internal knowledge and foster acceptance of new business models.

Business transformation toward a circular economy offers significant economic benefits. Companies that focus on resource-efficient production methods can reduce their dependence on volatile commodity markets and achieve long-term savings. At the same time, the transition to circular business models opens up new market opportunities and strengthens competitiveness. Financial incentives, such as sustainable financing instruments or funding schemes, should be strategically used to encourage investment in innovative solutions. Furthermore, transparent communication about progress and successes in the transformation process strengthens the trust of customers, investors, and other stakeholders.

The Circular Economy Forum Austria[18] supports companies with practical methods, networking opportunities, and knowledge sharing to facilitate an effective and future-proof transformation.



„We cannot, must not,
and will not let up
on climate action.“

António Guterres, United Nations Secretary-General

5 TRANSPARENCY INSIDE AND OUT: REPORTING CLIMATE ACTION

WHY EFFECTIVE SUSTAINABILITY REPORTING IS CRUCIAL FOR CLIMATE TRANSITION PLANNING

Definition

Companies are increasingly integrating sustainability and climate management information into their annual business and financial reporting. In particular, due to the regulatory requirements of the Corporate Sustainability Reporting Directive (CSRD), many companies are working on disclosing relevant information.
The European Sustainability Reporting Standards (ESRS) have specific requirements for transition plans, in particular ESRS E1-1 and E1-3.

Frameworks

Guidelines and specific regulatory requirements for sustainability reporting are heavily dependent on national legislation, which is typically based on established international standards.

In the EU, these standards primarily include the requirements of the Corporate Sustainability Reporting Directive (CSRD[19]) and the European Sustainability Reporting Standards (ESRS), as well as the forthcoming requirements of the Corporate Sustainability Due Diligence Directive (CSDDD[20]):

CSRD / ESRS:

- **E1-1:** It governs the general disclosures on the CTP
- **E1-3:** It contains reporting disclosures on decarbonization actions and the resources needed to implement them
- **E1-4:** It defines the reporting requirements for climate targets, which are closely aligned with the SBTi[21] in terms of their content
- **E1-6:** It governs the disclosures on the GHG inventory, which is substantially based on the GHG Protocol in terms of its content
- **E1-7:** It governs the role of carbon credits, drawing a distinction between offset credits (used for compensation) and carbon removals
- **E1-8:** It governs the disclosures on internal carbon pricing (ICP), which can be an important tool for implementing the CTP

CSDDD:

- While substantively consistent with the requirements of CSRD/ESRS, it goes beyond them by mandating the actual implementation of the CTP
- The Omnibus proposal would weaken this provision, shifting it toward a mere adoption of the CTP without mandatory implementation

Connections to the CTP

The CTP outlines the long-term climate strategy, while reporting documents its implementation and progress, placing them in the context of other aspects of the company, such as its business strategy. Internal performance monitoring is the foundation for reliable reporting and is essential for both external reporting and internal management.

CASE STUDY

MM GROUP: REPORTING ON ITS CLIMATE TRANSITION PLAN

Stakeholders' Perspectivesn

EXTERNAL STAKEHOLDERS:

- Large customers, in particular, are focusing on supplier engagement targets (i.e., targets for involving their suppliers in sustainability strategies) and are exerting pressure—especially with regard to SBTi commitments
- There is a growing market demand for publicly available information on sustainability performance and climate targets

INTERNAL STAKEHOLDERS:

- Employees identify with the company's climate targets through their role in data collection
- The management level is actively involved in the reporting process, and compliance with CO_2 targets is linked to a sustainability bonus

> "Reporting requirements aren't ever stable! You can't just stand still because the topic is constantly evolving—there's always a need to catch up."
>
> **Bernhard Heneis, Head of Group Sustainability, Mayr-Melnhof Karton AG**

Benefits

- Reporting builds trust with customers and positions the company competitively in the marketplace; training programs strengthen communication skills in the context of sustainability.
- The reporting process fosters the involvement of internal stakeholders through transparent monitoring and deepens the understanding of sustainability challenges
- The business impact of ratings and other reporting has increased significantly in recent years, driven by customers and financial market players

Success Factors

- **Efficient management:** Processes should be integrated into a unified reporting software early on
- **Pragmatic approach:** Companies should set priorities with good judgment—common sense remains an important compass
- **Necessary skill set:** Sustainability managers are generalists who should take an interest in the approaches and practices of other departments
- **Comparisons and benchmarking:** They foster continuous improvement and enhance the company's competitiveness

MM

MM Group

NUMBER OF EMPLOYEES	approx. 14,700
CORE SUSTAINABILITY TEAM	3 people

PRODUCTS & SERVICES

A global leader in packaging solutions, structured into three business divisions: MM Board & Paper (Packaging Kraft Paper, Uncoated Fine Paper), MM Food & Premium Packaging (folding cartons), and MM Pharma & Healthcare Packaging (folding cartons, labels)

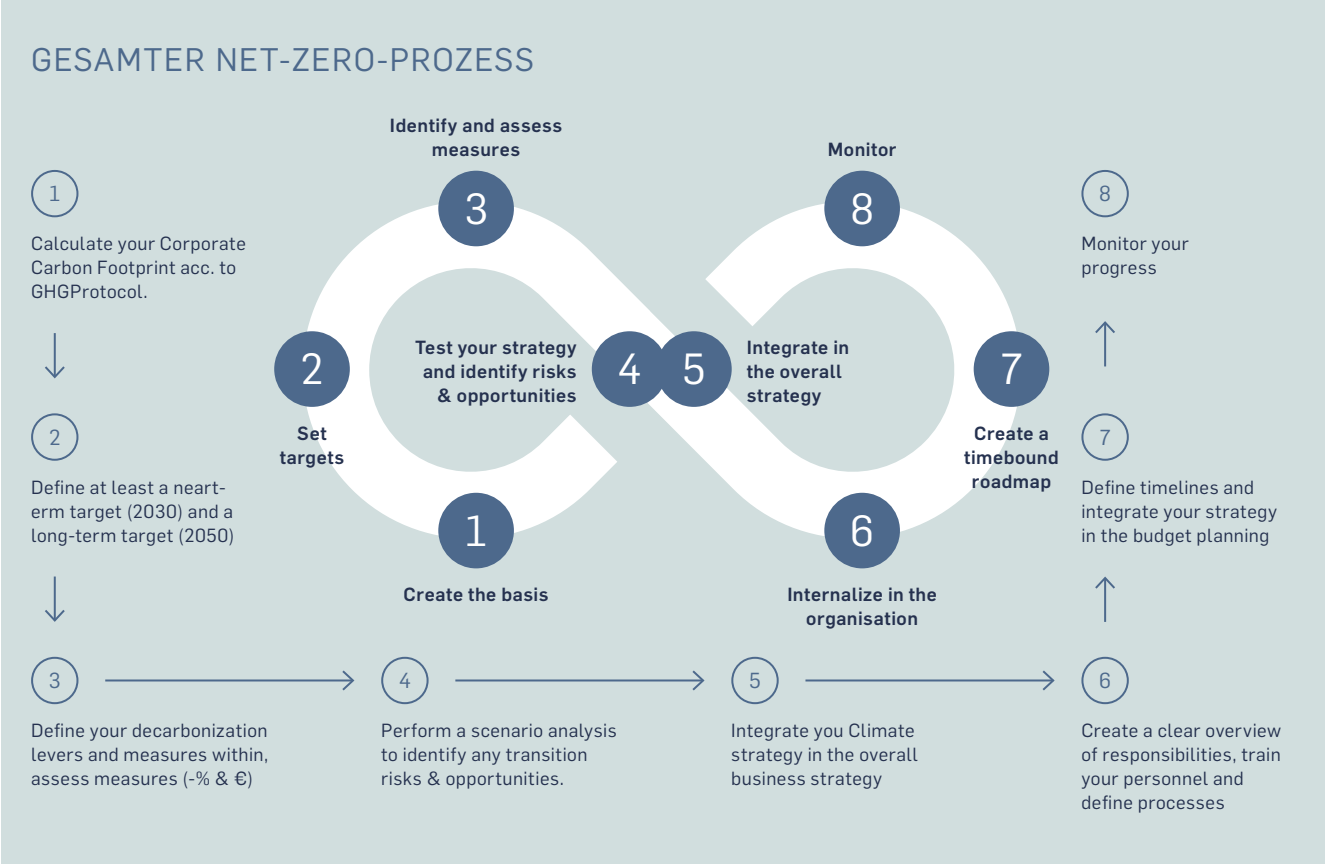
↗ MM's latest sustainability report[22]

- **Understanding reporting as a catalyst for change:** Reporting is the starting point of the transformation process, not the end

Connections to the CTP

CTP reporting is MM's primary channel for presenting its CTP and climate action activities. Inquiries from external stakeholders regarding the CTP and progress on CO_2 reduction can only be addressed through written documentation.

OUR CALL TO ACTION:
TURNING CLIMATE VISION INTO TANGIBLE RESULTS



A Climate Transition Plan that is developed in cooperation with key business units and consequently supported throughout the organization not only unlocks short-term optimization potential but also prepares the company for the necessary long-term transition to a climate-friendly economic system. Such a plan opens up a wide range of opportunities and new business prospects. To recognize and actively leverage these opportunities, it is crucial to involve all levels of the company in the process—from top management to all employees. Because transforming the business model is more than just a strategic realignment; it requires a cultural shift—one that can only succeed if all stakeholders shape and drive the transition together.

By releasing the Clean Industrial Deal[23], the EU has reaffirmed its objective of aligning the competitiveness of the European Economic Area with the pursuit of ambitious climate targets. This results in new framework conditions for companies undergoing transformation—encompassing increased support for the expansion of renewable energies, climate-friendly products and business models, and demand-side initiatives such as the greater integration of climate criteria in public procurement processes and the training of skilled workers.

Another key driver is the growing number of climate-related requirements from financial market players. Banks, investors, and insurance companies often pursue their own ambitious climate strategies, the successful implementation of which depends heavily on active collaboration with their portfolio companies. Against this backdrop, reliable data on greenhouse gas inventories and Climate Transition Plans are becoming increasingly important—alongside credible and transparent communication of corporate climate ambitions and progress achieved to date.

A well-developed Climate Transition Plan is more than just a response mechanism to regulatory requirements—it is a strategic tool that enables companies to actively shape the transformation of their business model and successfully seize the opportunities that come with it. By proactively addressing the evolving physical, economic, social, and transitional risks and opportunities, companies can not only build resilience but also gain competitive advantage and reap the long-term benefits of transformation.

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UN GLOBAL COMPACT

The UN Global Compact is the world's largest initiative for responsible corporate governance, launched in 2000 by Kofi Annan, then UN Secretary-General. The vision of the UN Global Compact is an inclusive and sustainable global economy based on 10 universal principles in the areas of human rights, labor standards, climate & environment, and anti-corruption. The UN Global Compact views responsible, principles-based business as a catalyst for achieving the 17 Sustainable Development Goals (SDGs).

UN GLOBAL COMPACT NETWORK AUSTRIA

The UN Global Compact Network Austria works together with the Global Compact Office in New York and 63 other national networks worldwide to implement the vision of the UN Global Compact within national contexts. Network participants have access to a wide range of global, regional, and national support services to advance their sustainability efforts.

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