



TRANSITION FINANCE SERIES

Creating Transition Intelligence

Enhancing Corporate Transition Assessment
for Financial Decision-Making



August 2025

Table of Contents

- Executive Summary 3**
- Introduction 5**
- The State and Evolution of Current Practices. 7**
- Key Elements of Effective Corporate
Transition Assessments 10**
 - Ambition 12
 - Component 1.1: Transition footprint mapping. 12
 - Component 1.2: Target ambition 15
 - Feasibility 16
 - Component 2.1: Alignment of planned investments with transition goals 16
 - Component 2.2: Technology and market feasibility 19
 - Component 2.3: Policy alignment 21
 - Component 2.4: Financial feasibility of planned investments 22
 - Component 2.5: Historical progress 23
 - Accountability. 24
 - Component 3.1: Governance and transparency 24
 - Component 3.2: Ecosystem influence 25
- Conclusion 26**
- Authors and Acknowledgments. 27**
- Endnotes 28**



Executive Summary

To keep pace with evolving regulatory expectations and market developments, financial institutions are increasingly turning to corporate transition assessments — evaluations of how a client or investee will be affected by, and respond to, the energy transition — to gain insights into climate-related risks and opportunities. Although existing practices provide a good foundation, targeted improvements to transition assessments have the potential to deliver the decision-useful intelligence needed to guide financial decision-making across institutions.

Two areas offer the greatest potential improvements, and add value to corporate transition assessments:

- 1. Strengthening analytical depth:** Assessments that move beyond broad indicators, such as targets and aggregated transition-aligned capital expenditures (capex), can explore how specific assets, technologies, or business activities are exposed to transition risks and opportunities.
- 2. Improving actionability:** Developing assessment outputs beyond high-level scores or labels can expand applications from compliance or screening to inform core financial functions, including credit risk analysis, capital allocation, and client engagement.

This report identifies nine key analytical components that contribute to robust transition assessments, providing insights into ambition, feasibility, and accountability (see Exhibit ES1).



Exhibit ES1 Components of corporate transition assessment



RMI graphic. Source: RMI analysis

Within this framing, there are three critical yet underexplored approaches that could particularly help strengthen assessment depth and actionability:

Transition Footprint Mapping



An assessment of company assets, activities, and operations facilitates understanding of transition exposure at a granular level. This enables financial institutions to focus on high-impact assets and tailor their engagement.

Alignment of Planned Investments



A comparison of forward-looking investment pipelines with stated targets and external benchmarks reveals whether companies are on track and identifies risks or opportunities for intervention.

Dependency Mapping



An analysis of external constraints — such as technology readiness, market conditions, and policy support — clarifies the real-world feasibility of corporate plans and highlights potential barriers or dependencies.

Although data availability and resource constraints limit comprehensive assessments across entire portfolios, even partial adoption of these key components for high-priority clients can yield valuable outcomes. Building a community of practice and investing in shared tools and frameworks will be critical for scaling effective assessments.

Introduction

As climate risks have grown and the global energy transition has accelerated, financial institutions have responded by setting climate targets, tracking progress, and disclosing data. Although these steps have laid important groundwork, they are no longer sufficient. The scale of regulatory change, technological disruption, and capital needs now demands deeper, more contextual analysis.

To manage risk and guide decisions, stakeholders increasingly rely on corporate transition assessments — analyses of how the energy transition could affect counterparties. These assessments are shaped by frameworks such as the Transition Plan Taskforce (TPT) and the EU's Corporate Sustainability Reporting Directive (CSRD), which have improved data availability. However, assessments often focus on the presence of transition plan components and do not provide the full potential of actionable insights into company-specific risks and opportunities.

Current approaches can benefit from improvements in two primary areas:

- 1 Strengthening analytical depth**
Assessments that move beyond broad indicators, such as targets and aggregated transition-aligned capital expenditures (capex), can explore how specific assets, technologies, or business activities are exposed to transition risks and opportunities.
- 2 Improving actionability**
Developing assessment outputs beyond high-level scores or labels can expand applications from compliance or screening to inform core financial functions, including credit risk analysis, capital allocation, and client engagement.

To generate useful transition intelligence, financial institutions must go beyond checklists and incorporate feasibility and context into their assessments. This report outlines nine key analytical elements that contribute to robust transition assessments.



Greater attention is given to three elements that could be instrumental for improving depth and actionability:



Transition Footprint Mapping

Identify where transition risks and opportunities reside by mapping company assets and activities.



Alignment of Planned Investments

Assess whether a company's actual investment pipeline aligns with targets and transition pathways.



Dependency Mapping

Factor in market signals, technology readiness, and policy constraints to gauge transition feasibility.

Although capacity and data limitations persist, especially for detailed assessments, this report offers a practical primer for more decision-relevant approaches. Introducing even a few of these practices for a subset of high-priority companies can produce valuable results. Ultimately, a collaborative community of financial institutions, data providers, policymakers and regulators, and civil society is needed to tackle challenges to scaling robust transition assessments. RMI will release supporting tools in the coming months to help implement these ideas.



The State and Evolution of Current Practices

Today's corporate transition assessments are largely shaped by recent developments in transition planning, especially the concept of credibility. As net-zero commitments proliferated, transition planning emerged to help financial stakeholders manage future transition risk by understanding companies' forward-looking business strategies rather than targets and historical emissions.

Although transition plans and guidance such as the Taskforce for Climate-Related Financial Disclosures (TCFD) existed before 2022, their use accelerated following the publication of draft frameworks by the Glasgow Financial Alliance for Net Zero (GFANZ) and the TPT,¹ which form the bedrock of current practice by outlining common elements of transition plans. These voluntary frameworks have become widely embraced. The TPT is now integrated into the standards of the International Financial Reporting Standards (IFRS) and International Sustainability Standards Board (ISSB), and regulators in many geographies are exploring or introducing mandatory transition planning for large companies.² Still, implementation remains limited. A 2024 report found that while one in four companies reporting with CDP have 1.5°C-aligned climate transition plans (a 44% increase from 2022–23 data), only 1% met the full disclosure criteria.³

As disclosures increased, efforts to assess transition plans followed. Organizations including CDP, Moody's, and S&P developed criteria to assess plans, and the Assessing Transition Plans Collective (ATP-Col) was launched in 2023 to help standardize varied assessment processes.⁴ Many financial institutions use their own assessment frameworks, often building on these standards. Exhibit 1 (next page) shows non-exhaustive examples of existing approaches, including disclosure frameworks, financial institutions' in-house approaches, and third-party assessment resources.



Exhibit 1 Examples of corporate transition plan guidance and assessment approaches

Corporate Transition Plan Guidance

Regulatory and civil society guidance on transition planning. These tend to focus on best practices for writing and disclosing plans.

GFANZ has voluntary guidance that identifies five key areas — foundations, implementation strategy, engagement strategy, metrics and targets, and governance — for companies developing transition plans.

TPT has voluntary guidance that expands on GFANZ categories to produce resources for transition plan disclosure by companies, identifying 19 subelements for disclosure, as well as sector-specific supplements.

CSRD's European Sustainability Reporting Standards sets regulatory requirements for transition plan disclosure by qualifying companies in the EU, including emissions reduction targets and EU taxonomy capital expenditure alignment.*

Financial Institution Assessment Approaches

Existing transition assessment frameworks and approaches from global financial institutions.

Standard Chartered has assessed approximately 4,000 client transition plans, including targets, strategy, and transparency, to inform credit decisions via a Climate Risk Assessment process.†

SMBC assesses clients' eligibility for transition finance products and services based on a traffic light system that varies for different financing types, including project finance, general corporate purpose, and corporate use of financing.‡

ING has developed its ESG.X platform, which it uses to calculate a Client Transition Plan score based on third-party data on emissions reporting, company targets, action plans, and governance structures to inform client engagement, risk ratings, credit decisions, and opportunities for sustainable financing.§

Barclays utilizes a client transition risk framework that includes sector-specific benchmarks, trajectories, and action plan assessments to guide portfolio alignment.¶

Third-Party Assessment Approaches

Organizations and initiatives that provide transition assessment guidance, data, or results.

ATP-Col has sector-agnostic principles for assessing the credibility of transition plan disclosures, including red flags when evaluating plans.

TPI has a structured framework to evaluate companies' management quality and carbon performance, including indicators tied to credible transition plans.#

WBA ACT has a sectoral methodology to evaluate companies' alignment with climate goals based on governance, targets, performance, and consistency with transition pathways.**

Transition Arc aggregates data from providers, including TPI and WBA among others, to enable users to benchmark corporate transition plans across five categories — targets, capital allocation, governance, policy engagement, and solutions.††

UNEP-FI has a Transition Check tool to calculate financial portfolio transition risk against NGFS scenarios.†††

S&P, Moody's, and Fitch each offer versions of commercial transition assessment products, with aggregated company-specific scores based on factors such as emissions disclosures, governance, and transition strategies.§§

*[Corporate Sustainability Reporting Directive](#), EU Commission, 2025. †[Standard Chartered Transition Plan 2024](#), Standard Chartered, 2025. ‡[Transition Finance Playbook Version 2](#), SMBC, 2022. §[Assessing Climate Transition Plan Disclosures](#), ING, 2025. ¶[Transition Finance Framework Version 1.1](#), Barclays, 2025. #[TPI's Methodology Report: Management Quality and Carbon Performance Version 5.0](#), Transition Pathway Initiative, 2023. **[ACT Framework: Assessing the Transition Toward Low GHG Emissions](#), World Benchmarking Alliance, 2024. ††[FAQs](#), Transition Arc, 2025. †††[Transition Check](#), UNEP Finance Initiative, 2025. §§[Climate Transition Assessment](#), S&P Global, 2024; [Increase Transparency Around Your Decarbonization Journey](#), Moody's, 2024; and [Transition Assessment Methodology](#), Sustainable Fitch, 2024.

Note: NGFS = Networking for Greening the Financial System, SMBC = Sumitomo Mitsui Banking Corporation, TPI = Transition Pathway Initiative, UNEP-FI = United Nations Environment Programme Finance Initiative, and WBA ACT = World Benchmarking Alliance's Assessing Low-Carbon Transition.

RMI Graphic. Source: RMI analysis

Most frameworks emphasize the presence of climate targets, emissions disclosures, climate-related governance structures, and the aggregate share of transition-aligned capex. These metrics help identify portfolio hot spots, governance risks, and regulatory compliance needs. However, they often fall short of producing deeper corporate transition intelligence that can directly inform core business functions, such as credit risk assessment; capital allocation; and targeted, constructive client engagement. The insights in this report build on these foundations by contributing advancements to help financial institutions overcome limitations in current practices:

1 Strengthening analytical depth
When relying primarily on the high-level indicators outlined above, assessments rarely reveal which assets or activities from a company need to transition, how that change might occur, or by when. Consequently, current assessment practices overlook key regional and sector-specific barriers and dependencies — such as technological, market, or policy constraints — and fail to capture specific opportunities or financial implications of the transition. In contrast, more meaningful insights come from analyzing asset-level exposure, concrete project pipelines, and real-economy dependencies, which are frequently absent in current assessment approaches.

2 Improving actionability
Assessment outputs are often high-level ratings or scores, which may suffice for screening or compliance — particularly if applied to a wide swath of clients or investees — but do not easily inform key business functions such as credit risk analysis or client engagement. Actionable assessments should highlight investment breakpoints, decision-critical risks, and company-specific insights. These will enable financial institutions to move from generic engagement to targeted, constructive dialogue with their clients and investees.

Scaling corporate transition assessments across portfolios remains a challenge, especially when expanding to more robust methodologies that incorporate asset-level data, investment pipelines, sectoral and regional nuances, and external dependencies. These assessments are resource intensive, and data availability is uneven across sectors, geographies, and company types. Yet, introducing even a few of the practices recommended in this report for a subset of high-priority companies can produce decision-relevant results.

Importantly, based on these recommendations, insights can be drawn from data sources even in the absence of formal transition plans. Ultimately, a collaborative community of financial institutions, data providers, policymakers and regulators, and civil society is needed to tackle challenges to scaling robust transition assessments.

Unpacking ambition and feasibility in transition plan credibility

Many frameworks refer to the credibility of corporate transition plans, but the term is often used to describe two distinct — and sometimes conflicting — elements:

- 1. Ambition:** How far-reaching are a company's transition targets?
- 2. Feasibility:** How realistic and well-developed are the implementation plans to achieve those targets?

Conflating these two can create confusion. Ambitious targets are often perceived as inherently more credible, even when they lack detailed, actionable plans. This risks rewarding statements of ambition over substantive planning.

To address this, we recommend evaluating ambition and feasibility as separate dimensions — because both are essential for a meaningful assessment.

Financial institutions and civil society should be especially mindful of the unintended consequence of equating ambition with credibility: Companies may feel compelled to set overly ambitious targets to appear credible, even if those targets are unattainable, which ultimately undermines the quality of their planning.



Key Elements of Effective Corporate Transition Assessments

This section outlines the key elements of robust, decision-useful corporate transition assessments, including underexplored criteria that enhance current practices as well as established criteria that remain essential for a comprehensive evaluation. We group criteria into three analytical categories:



Ambition

A company's goals and plans



Feasibility

How realistic those plans are, given key dependencies



Accountability

Governance and mechanisms to ensure implementation

Financial institutions and experts emphasized the value of improving assessment practices in three key areas: target setting, investment alignment, and dependency mapping. Consequently, we offer enhancements for commonly used components — such as target ambition (see 1.2 in Exhibit 2) — to deepen the insights they provide.

For less common but high-impact elements — namely, transition footprint mapping (see 1.1 in Exhibit 2), alignment of planned investments (see 2.1 in Exhibit 2), and dependency mapping for technology, market, and policy dynamics (see 2.2 and 2.3 in Exhibit 2) — we outline practices in greater detail and provide examples to illustrate how these components can be assessed.

Exhibit 2 Categories of corporate transition assessment analysis



RMI graphic. Source: RMI analysis

The nine components of robust assessments presented in this report are not intended to be a checklist. Given capacity and data constraints, deeper assessments are practical only for a subset of high-priority companies, and introducing even a limited number of these components into assessment practices will strengthen them substantially. Financial institutions should flexibly tailor these deeper assessments to their strategic goals, regulatory needs, and client/investee base.

Many financial institutions are already adopting tiered approaches, from broad portfolio screening to deeper dives into key sectors or exposures. Similarly, deeper assessments can be done at a cadence that makes sense for each institution given capacity constraints. Assessment methodologies and approaches should be reviewed and enhanced over time as guidance and data availability improve and financial institutions gain experience translating corporate transition information into transition intelligence.



Ambition

1.1 Transition footprint mapping



FOOTPRINT
MAPPING

Even within the same sector or region, companies face different transition risks and opportunities. A thorough understanding of the specific forces they are exposed to is therefore critical context. Mapping the transition footprint of a company begins with understanding which sectors it is active in, its position in the value chain, and the types of assets and technologies it operates. To be effective, transition footprint mapping requires not only understanding which parts of the business drive revenue or growth, but also which are most exposed to transition dynamics and potential risk or opportunity.⁵

Once transition-relevant activities and assets are identified, financial institutions can assess the following:

- **What** assets and activities does the company operate, **where**, and what are their operating life cycles?
- **Which** transition pathways and technologies are most viable based on geography and asset profile?
- **How** do the company's plans align with risks and opportunities revealed in the footprint?

This enables more nuanced, region- and sector-specific assessments that support better informed decision-making. This evaluation of a company's current position also sets the background for determining their level of ambition in transitioning the business.

Example of transition footprint mapping: Emerging market steel producer

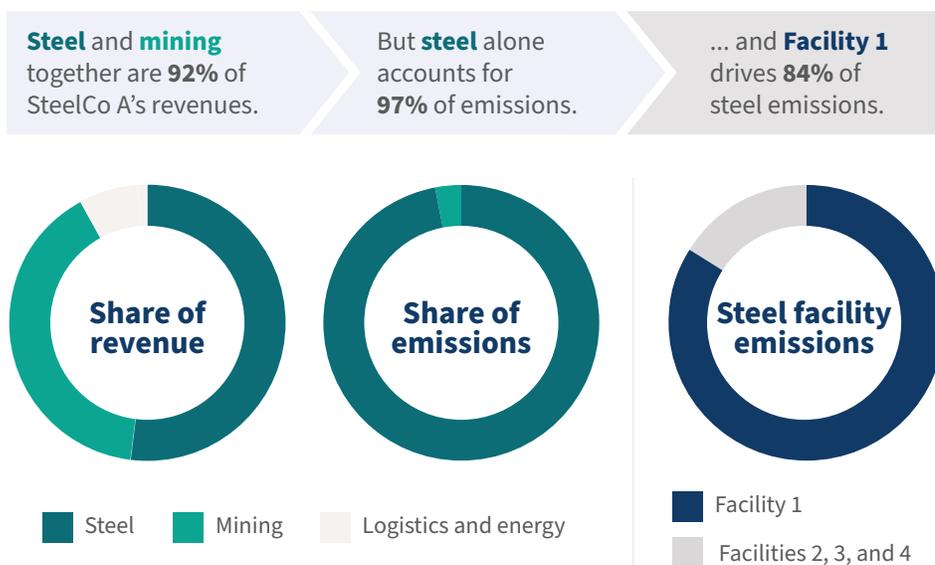
To support an annual client strategy review, a bank assessment team undertook a transition footprint mapping exercise for an emerging market mining and steel

Recommended implementation approaches for financial institutions

- **Limit assessment to material activities using corporate-specific information.** For example, revenue- and emissions- share data can help identify which company activities are most material. Prioritizing by overall sector materiality within the energy transition such as global emissions share can also add clarity.
- **Map operating assets, technologies, and regions using asset-level information** from client disclosures or third-party data sources such as Global Energy Monitor; note high-emitting asset life cycles.
- **Identify potential transition exposure via use of region- and sector-specific transition pathways.** Compare existing activities and assets (including asset life cycles) to external indicators of transition risk and opportunity, such as financial institution transition taxonomies or technology options and sunset dates from transition pathways. Wherever possible, use multiple region- and sector-specific pathways for analysis (see *The value of regionalized transition assessments and use of multiple transition benchmarks* on page 14).

company with the aim of identifying potential long-term risks to the relationship from transition exposure. Although SteelCo A operated four steel plants and several mining sites, and held interests in logistics and energy assets, a combined analysis of its revenue and emissions revealed that one specific steelmaking facility was responsible for the majority of the company's emissions (see Exhibit 3). This allowed the assessment team to focus its analysis on that high-impact asset.

Exhibit 3 Example transition footprint mapping result



RMI graphic. Source: RMI analysis

While researching the relevance of this asset for SteelCo A's long-term transition strategy, the bank identified that Facility 1 was due for blast furnace relining around 2035, which would commit the facility to up to two more decades of high-emitting operations. SteelCo A's transition plan did not mention the relining decision, but Facility 1's country of operation had set a national 2050 emissions reduction target for the sector that was incompatible with post-2030 unmitigated blast furnace relining. In addition, SteelCo A's own 2050 net-zero target would be significantly threatened by relining. SteelCo A's lack of an effective plan to avoid a 2035 relining would leave it with significant potential transition exposure, making development of an alternative solution a top strategic priority.

Key assessment outcome: Engage SteelCo A to explore potential alternatives to blast furnace relining at Facility 1.





The value of regionalized transition assessments and use of multiple transition benchmarks

Although general principles of transition assessment are broadly applicable, the most decision-useful insights depend heavily on regional and sector-specific factors.⁶ Market conditions, policy support, technology availability, and disclosure norms vary widely by region, particularly in emerging markets.⁷ As a result, one-size-fits-all approaches risk penalizing companies based on local constraints or producing assessments that are too generic to support meaningful engagement.

Many assessment components inherently require regional context. For example, evaluating market feasibility or policy alignment demands region-specific data. Others — such as target ambition or investment alignment — can rely on global benchmarks but gain depth and relevance when regional or national references are incorporated. To maximize impact, financial institutions should integrate local dynamics into their assessment processes. Forthcoming work by RMI will provide additional guidance on practical methods for regionalizing transition assessments.

Similarly, many existing sustainability frameworks recommend the use of a single gold standard decarbonization scenario, typically a global integrated assessment model (IAM). Although this standardization supports comparability for disclosure, it often falls short in meeting the diverse information needs of financial institutions when assessing individual companies.

IAMs are well suited for evaluating emissions alignment with temperature goals. However, bottom-up, asset-level pathways provide better insights into the technological and market feasibility of transition plans. Country-specific benchmarks, including those derived from nationally determined contributions (NDCs) or industrial policy, offer critical context for evaluating policy alignment and a company's real-world dependencies.⁸

Rather than relying on a single decarbonization scenario for all use cases, effective transition assessments should use a multiscenario, multimetric approach, blending global models, regional pathways, and country-level data to produce the most actionable intelligence. RMI's forthcoming work will also offer practical guidance on selecting and applying these varied scenarios across different components of a transition assessment.



1.2 Target ambition

A review of a company's climate targets can provide financial institutions with valuable insights into its alignment with national policies, international agreements, or its own commitments. A common practice in transition assessments is to compare a company's emissions or emissions-intensity targets to global scenarios, such as 1.5°C or below-2°C pathways. These comparisons are particularly useful for tracking institutional targets or ensuring that counterparties to sustainable or transition finance products meet minimum ambition thresholds.

However, to gain deeper insight into a company's transition readiness, target assessments should go beyond emissions comparisons. Financial institutions should also evaluate other goals, such as capacity expansion targets or plans for adopting new technologies, and benchmark them against a broader range of references. These could include NDCs, region-specific industry pathways, and national industrial roadmaps. Such comparisons can reveal whether a company's targets align with the policy ambitions of its operating regions or whether its goals effectively address key areas of transition risk.

Finally, to ensure these comparisons are robust, it is also critical to align methodologies, scopes, and industry-specific factors between company targets and benchmarks. For instance, in the steel industry, a producer's emissions intensity can vary significantly based on its use of scrap materials. Although scrap utilization lowers emissions intensity, it is not a scalable solution for sector-wide decarbonization due to the ongoing demand for primary steel. Therefore, comparing a company's targets to a sector benchmark without adjusting for scrap utilization could fail to capture the necessary improvements in primary steel production.

Recommended implementation approaches for financial institutions

- **Benchmark emissions targets** to compare a company's emissions targets to sector-specific and regional scenarios, where available, and ensure sectoral boundaries are consistent. Tools provided by Transition Pathway Initiative and World Benchmarking Alliance can simplify this process by providing precompiled comparisons for large companies.
- **Benchmark non-emissions targets** to assess whether a company's ambitions for capacity expansion, technology adoption, or other operational changes align with national policies, peer industry trends, and identified transition risks.



Feasibility

2.1 Alignment of planned investments with transition goals



Many corporate transition assessments could benefit from comparing a company's planned investments — or changes in production strategy — to its stated transition goals and relevant external benchmarks.ⁱ Unlike aggregate capex figures, forward-looking investment and production pipeline data provide a clearer

picture of whether a company's actions align with its stated ambitions and what is feasible or necessary in its sector and region. However, this is not yet common practice.

Some existing frameworks require disclosure of the share of capex dedicated to green or transition activities, such as the European Sustainability Reporting Standards (ESRS) requirement to disclose EU taxonomy-aligned capex. Although helpful as high-level indicators, these figures do not fully reflect how a company is actually shifting its operations. The most valuable insights come from analyzing real-world pipeline data, such as planned increases in generation capacity or changes in technology mix.

Discrepancies between stated targets and actual investment plans can reveal risks, unmet needs, or opportunities for engagement. Comparing investment pipelines to national strategies or sectoral transition pathways can also uncover region-specific dependencies and regulatory risks that higher-level analysis may miss.

ⁱ Note that this information is often not found in transition plans but can be gleaned from other sources and data providers.

Recommended implementation approaches for financial institutions

- **Identify forward-looking investment-based forecasts** for a company's operations based on asset-level datasets such as Global Energy Monitor's Integrated Power Plant Tracker or Iron and Steel Plant Tracker, or precompiled by service providers such as S&P Capital IQ, to identify future changes in production types or technology composition.⁹
- **Compare investment pipelines to company targets** to identify areas where current investments are falling short of a company's stated goals. For example, the Paris-Aligned Capital Transition Assessment (PACTA) for Banks Methodology details specific methods and metrics for comparing forward-looking investment plan-based metrics to relevant benchmarks at the portfolio level, which can also be applied to individual clients. Example metrics include comparing changes in the future technology mix of a portfolio or client to the changes in a technology-based scenario, and comparing changes in production volume of high- and low-carbon products to changes in a production-based scenario.¹⁰

Example of investment alignment: Independent power producer

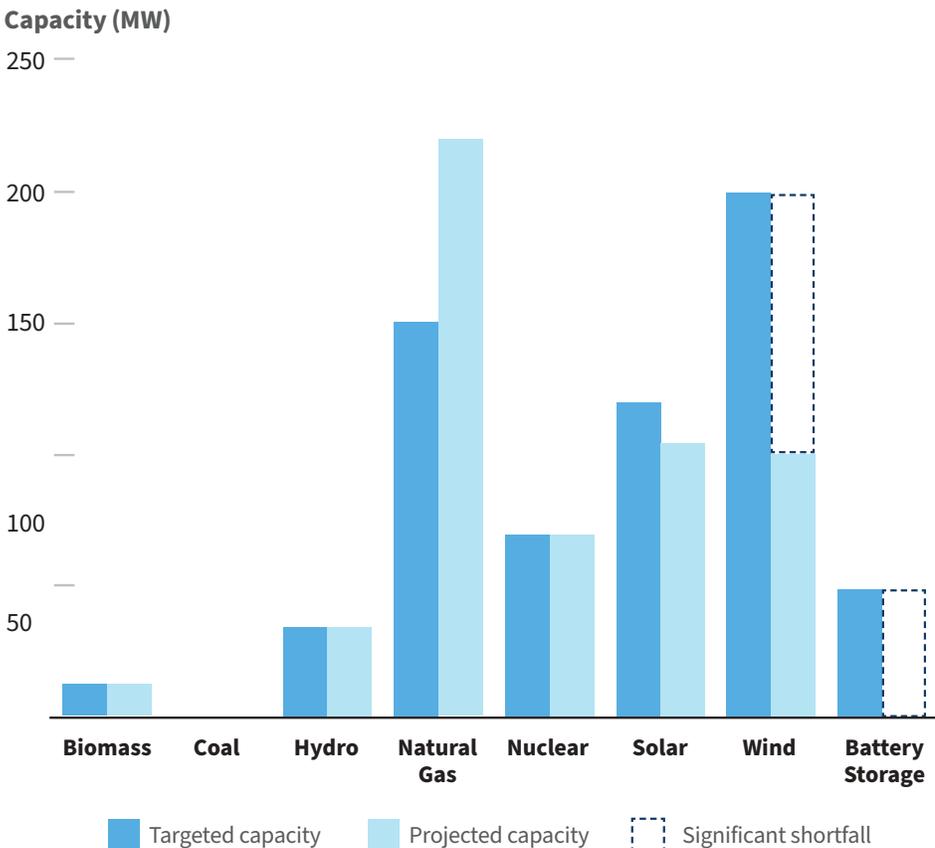
Power Producer A is a power utility operating in the United States and Europe. The company's goals include phasing out coal, reducing natural gas capacity, and scaling up renewables (notably wind and solar) and battery storage by 2035.

When comparing the client's targets against the International Energy Agency Net Zero Emissions (IEA NZE) scenario, a global bank's sustainability team had two major findings:

- Coal and gas phaseout targets were largely in line with the benchmark, with the coal targets exceeding expectations.
- Renewables targets fell short of IEA NZE benchmarks.

However, a review of Power Producer A's project pipeline using third-party data revealed significant misalignments (see Exhibit 4):

Exhibit 4 Example investment alignment for an independent power producer



RMI graphic. Source: RMI analysis



- Although Producer A is on track to fully phase out coal, its natural gas project pipeline is moving contrary to stated targets, with a forecasted increase through 2035.
- The renewables pipeline falls significantly short of its stated targets, particularly its goal to increase wind capacity to 200 megawatts (MW). Its current project pipeline will increase wind capacity to only 100 MW. This shortfall was found to be driven primarily by the cancellation of a large offshore wind project.
- Power Producer A has no announced or planned battery projects, despite a stated goal to build 50 MW of grid battery storage.

Analysis identified a risk associated with Power Producer A that was not evidenced from its stated targets alone. By verifying stated targets against observed corporate pipeline investments, the bank avoided unintentionally increasing exposure to a technology at odds with its own portfolio priorities. At the same time, the observed shortfall in Power Producer A's wind and battery pipelines helped inform the bank's strategic priorities for engaging the client.

Key assessment outcomes:

- 1.** Flag Power Producer A for review against the bank's internal technology mix targets.
- 2.** Engage with Power Producer A to explore replacement projects or advisory support to close gaps in current wind and battery storage pipeline.





2.2

Technology and market feasibility



DEPENDENCY MAPPING

Corporate transition plans often depend on external factors beyond a company's control — such as the maturity of key technologies, supply chain readiness, and market demand. Understanding these dependencies helps financial institutions assess whether a company's targets are realistically achievable, or what barriers a company may face even in the absence of formal targets.¹¹

Evaluating feasibility requires a regional and sector-specific lens, such as the availability of transmission for a power producer investing in renewables, the maturity of CO₂ pipeline infrastructure for a cement producer investing in carbon capture, or the market demand for aviation biofuels for a refiner investing in retrofits. This understanding is helpful for financial institutions in several ways. It helps identify opportunities where clients or investees can benefit from transitioning, enables the mapping of potential financial risks, and informs broader institutional strategies by highlighting the technological and commercial trends most likely to affect their business.

Example of technology and market feasibility: Airline operator

Airline A, a flagship carrier operating in Europe and the Middle East, has outlined two key strategies in its transition plan for 2030:

- Increase sustainable aviation fuel (SAF) blending rates to 8%.
- Reduce emissions intensity by 10% through accelerated fleet modernization with next-generation narrowbody aircraft.

To assess the feasibility of these targets, a portfolio investor conducted a market and technology analysis to evaluate whether the necessary conditions exist to support Airline A's goals.

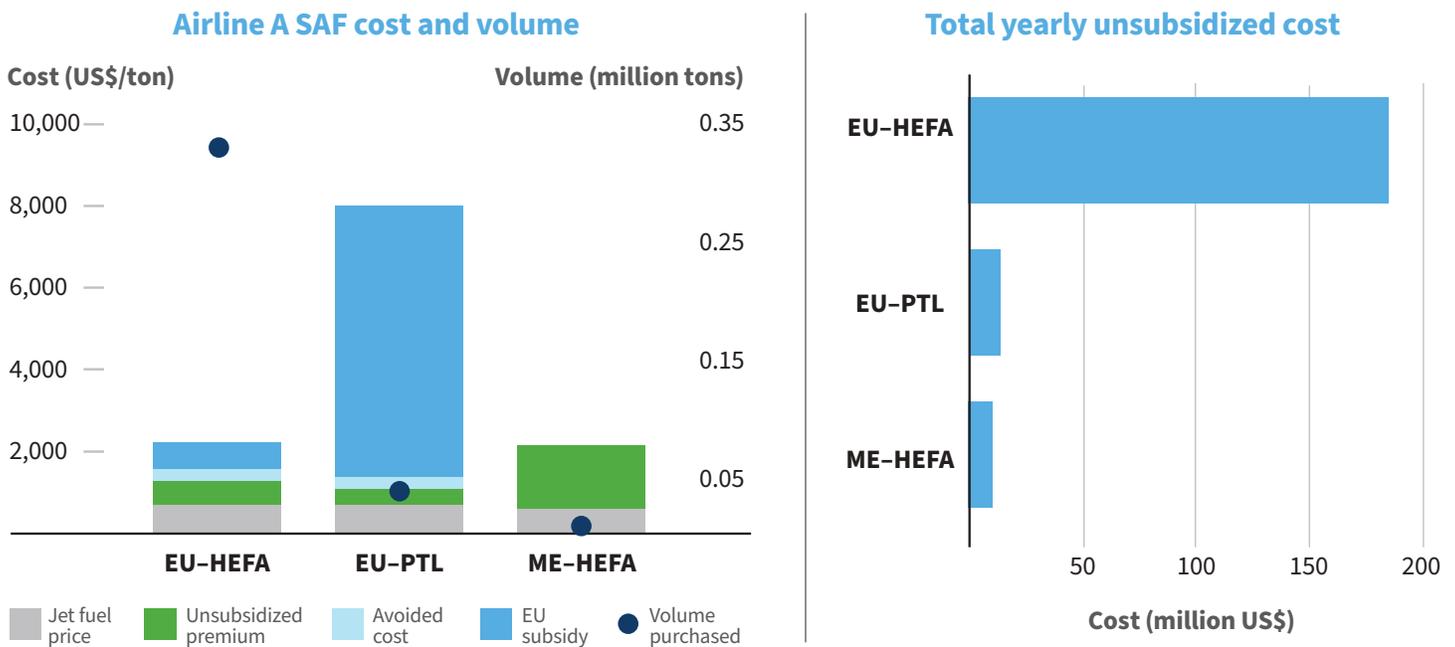
The analysis found that Airline A will likely source most of its SAF from the EU, where projected supply is sufficient to meet its 2030 target of 0.37 million tons per year. EU regulatory blending mandates and Emissions Trading System subsidies provide a cost advantage over SAF sourced from the Middle East. However, even with subsidies,

Recommended implementation approaches for financial institutions

- **Evaluate technology maturity** by comparing the key technologies outlined in a company's transition plan to established technology maturity taxonomies or adoption rates in detailed scenario models. If specific technologies are not mentioned in the plan, infer potential transition technologies from relevant sectoral and regional pathways. For example, the EU Joint Research Centre is creating region-specific dependency mapping tools for critical technologies such as biomass, hydrogen, and carbon capture utilization and storage infrastructure. These tools can serve as a model for developing similar resources in other regions and sectors.¹²
- **Consider market-specific chokepoints** such as infrastructure availability, supply chain maturity, and market demand by using robust sector-specific roadmaps.

the SAF target will result in an unsubsidized cost premium of over \$150 million compared with jet fuel (see Exhibit 5). Airline A currently lacks plans for differentiated pricing or SAF certificate sales to offset this cost premium.

Exhibit 5 Example market and technology feasibility result



Note: EU-HEFA = EU hydrogenated esters and fatty acids, EU-PTL = EU power-to-liquids, and ME-HEFA = Middle East hydrogenated esters and fatty acids.
RMI graphic. Source: RMI analysis

Airline A’s plan to reduce emissions intensity by 10% relies on replacing 22 aircraft with next-generation narrowbody models already on order, which would achieve a 4.2% reduction in emissions. To meet the full 10% target, an additional 31 aircraft must be replaced, requiring a 141% increase in the replacement rate. However, systemic production and delivery challenges in the aircraft manufacturing industry, combined with a backlog of 15 aircraft orders since 2019, make it unlikely that Airline A can accelerate its replacement rate by 2030. These constraints pose a significant barrier to the fleet modernization strategy.

Key assessment outcomes:

1. Explore potential to support Airline A’s participation in voluntary price coverage schemes and monitor Middle East SAF policy for opportunities to diversify SAF procurement out of the competitive EU market.
2. Explore options to support existing alternative fleet optimization options (e.g., re-engining, aerodynamic retrofits) and their potential for emissions reductions and fuel savings while backorders persist.



2.3 Policy alignment

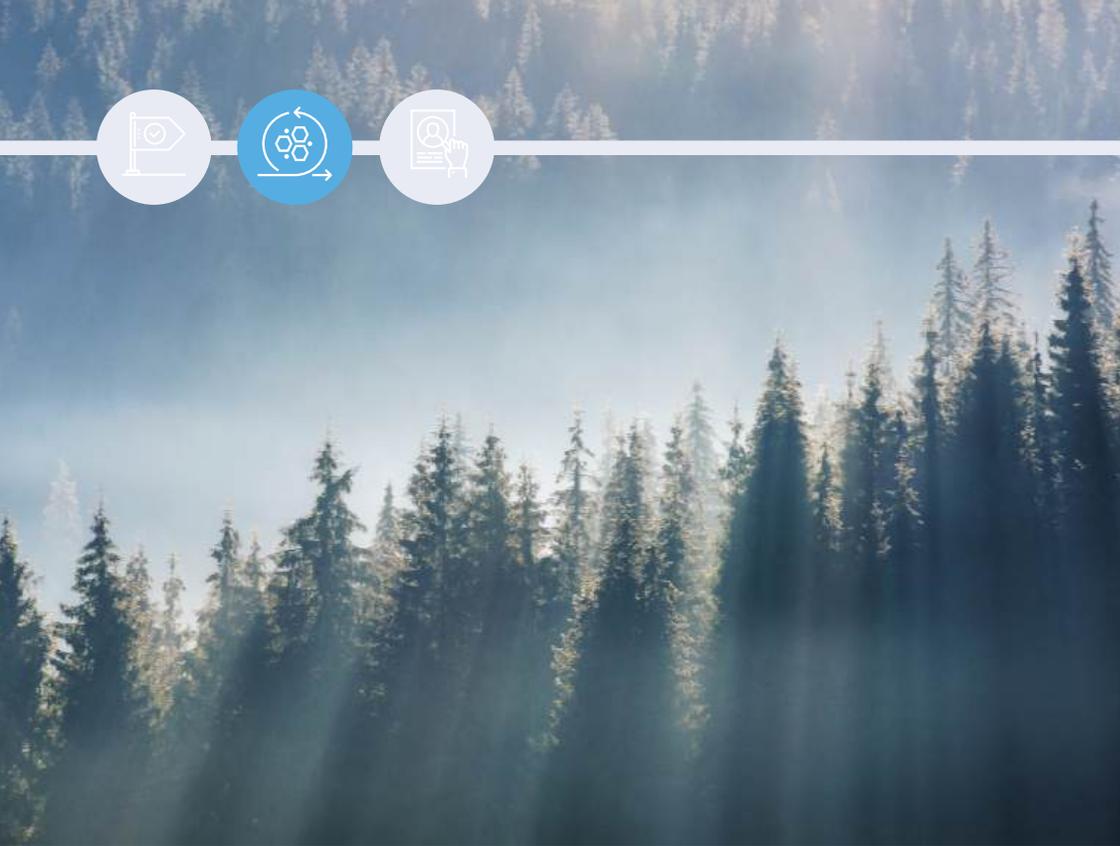


Policy is a key external factor in corporate transitions, alongside technology and market dynamics. Corporate risks often arise from regulatory changes and policy trends, while subsidies and industrial policies create significant opportunities. A deep understanding of policy constraints is essential for recognizing when transition strategies may require additional policy support to succeed.¹³ For financial institutions, a well-structured transition assessment provides a systematic way to evaluate these impacts. This improves corporate-level risk management, identifies opportunities, and informs institution-wide strategies for engaging on policy issues.

Evaluating a company's alignment with the policy environment involves (1) understanding how its plans rely on specific policy support, (2) whether project pipelines are exposed to regulatory risks, such as carbon pricing, and (3) the extent to which current plans benefit from subsidies or other policy incentives. Policy assessments can reveal if a company's goals are lagging or overly reliant on uncertain policies in its operating regions. They can also show whether the company has strategies to manage regulatory risks, and which parts of the business are best positioned to leverage available policy support. By identifying these factors, financial institutions can better evaluate risks, opportunities, and the feasibility of corporate transition strategies.

Recommended implementation approaches for financial institutions

- **Evaluate policy implications in specific jurisdictions** by comparing a company's targets or project pipeline against existing, announced, or likely policy scenarios. This can be done by assessing alignment to stated policies, such as national industrial plans, or to scenarios based on governmental pledges, such as the IEA Announced Pledges Scenario (APS) or the Inevitable Policy Response Forecast Policy Scenario (IPR FPS).¹⁴
- **Map key policy dependencies** by considering sector-specific transition milestones that rely on policy support.
- **Assess future exposure** by evaluating a company's exposure to regulatory risks such as carbon pricing, and consider whether the company's targets and/or investment pipeline effectively address this exposure.

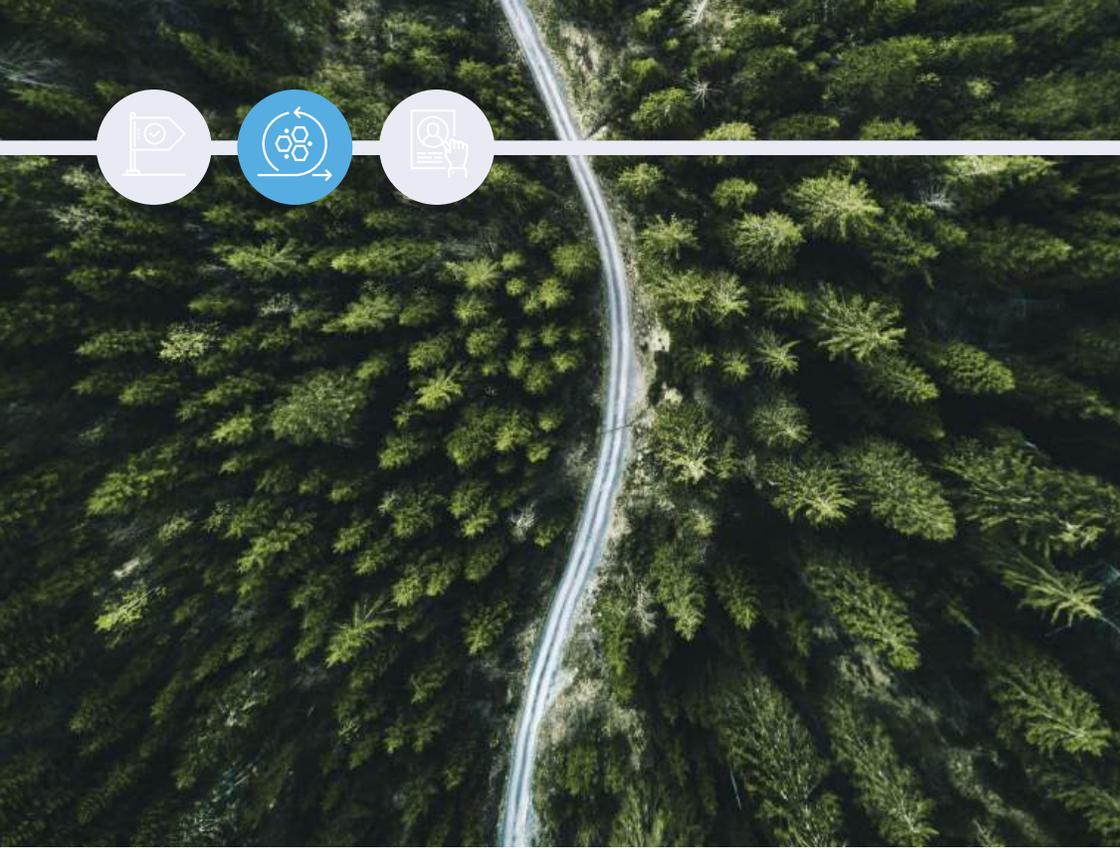


Recommended implementation approaches for financial institutions

- **Quantify high-level capital demands** using corporate transition goals, existing shortfalls in investment pipelines, and sector- and technology-specific cost archetypes.
- **Compare demands to financial health** by identifying major mismatches between future transition capital demands and current and historical corporate financial capabilities. This comparison can reveal major mismatches — for example, when the required scale of investment far exceeds what the company has previously managed; when the company relies heavily on financial instruments it has not used before; or when the transition plan significantly alters the company’s overall risk profile. Identifying these gaps early can flag concerns about the company’s ability to deliver on its stated goals.

2.4 Financial feasibility of planned investments

Understanding the financial feasibility of corporate transition strategies is essential for financial institutions — not only to assess whether a company’s plans are realistic, but also to determine what kinds of financial services and support those plans may require. This involves evaluating the scale of capital needed for new assets, technologies, or business model changes, along with the company’s financial health and the potential revenue impacts of its transition investments. Although some of this analysis falls under traditional due diligence, gaining an early high-level view can help institutions spot potential red flags, such as companies seeking transition-labeled financing for plans that are unlikely to be implemented.



Recommended implementation approaches for financial institutions

- **Assess company progress on historical targets** and determine their capacity to execute based on past performance. Sustainable Fitch's Transition Assessment module on emissions reduction is an example of a tool that supports this analysis.¹⁵
- **Check key transition plan components against past capabilities** by evaluating whether a company has successfully deployed technologies or projects similar to those identified in their strategies.

2.5 Historical progress

Although much of a transition assessment focuses on evaluating forward-looking claims, a company's past performance offers an essential reality check on its ability to deliver. A corporate track record on climate targets reveals how effectively it can set realistic goals, embed them into business strategy, and follow through with execution. Companies that have repeatedly missed or weakened targets present higher execution risk and warrant closer scrutiny, whereas those with consistent success may be stronger candidates for financial partnership.

However, it is not just whether past targets were met, but how they were met that matters. For instance, companies that achieve targets by divesting high-emitting assets or spinning them off into subsidiaries may still face reputational risks if structural improvements have not occurred. Verifying that progress stems from successful operational changes — such as improved efficiency or adoption of low-carbon technologies — helps ensure that transition claims are achievable again. A company's history with implementing key components of its strategy, such as successfully deploying new technologies or building large-scale infrastructure, can serve as a strong indicator of its capacity to execute on future plans



Accountability

3.1 Governance and transparency

The success of a corporate transition plan relies not only on strong targets and feasible strategies but also on robust governance to ensure follow-through. Durable governance mechanisms — such as transparent reporting and board-level commitment — are essential for turning plans into action and avoiding greenwashing.

Because transition plans often span timelines that exceed typical corporate strategies or financing cycles, assessing how the plan is integrated into the company's governance framework becomes especially important. Reviewing the company's reporting practices and accountability structures, and how well the transition plan is embedded within institutional processes can offer valuable insight into the company's long-term commitment to implementation.

Recommended implementation approaches for financial institutions

- **Assess relevant governance mechanisms** via existing frameworks to reduce implementation burden. The Transition Pathway Initiative's Management Quality Score offers valuable consolidated metrics across the most common governance and transparency factors.¹⁶ The World Benchmarking Alliance's Assessing Low-Carbon Transition (ACT) framework also evaluates effective climate management in Module 5, which spans key dimensions, including climate oversight and management incentives, and provides a structured approach for capturing core indicators of effective governance measures.¹⁷



Recommended implementation approaches for financial institutions

- **Identify ecosystem-building investments**, such as supporting infrastructure and research and development for critical technologies, as an indicator of positive spillover effects for economy-wide transition.
- **Consider engagement in relevant industry initiatives and policy** — such as participation in voluntary standard-setting initiatives, membership in industry associations, and direct engagement on policy issues — to recognize efforts to strengthen enabling factors and flag potential counterproductive impacts on the broader transition. The relevance of these factors will vary significantly based on corporate size, ownership, and operating environment.

3.2 Ecosystem influence

Most corporate transition plans depend somewhat on assumptions about the future evolution of external systems such as public policy, market conditions, and industry norms. However, some companies are able to influence these external systems through participation in industry initiatives, investments in early-stage technologies, support for shared infrastructure, and external engagement on policy. For example, a company that invests in early-stage joint research and development initiatives will produce positive impacts to technology maturity and readiness. This can both enable future success for its own planning and improve the ecosystem for other companies reliant on similar factors. Companies producing these types of positive externalities for the broader transition may represent strategic partnership opportunities, whereas companies that exacerbate existing transition barriers through their external engagement can perpetuate risks.



Conclusion

Corporate transition plans and assessments have become key tools for financial institutions to manage risk, engage clients, and shape strategy. However, most current practices fall short of delivering the critical insights needed to fully support these functions. This report identifies ways to enhance transition assessments by integrating deeper analyses and more actionable approaches.

Although common practices such as reviewing public targets and governance structures are foundational, they are insufficient on their own. Less common but highly valuable methods — including mapping transition footprints, analyzing forward-looking investment pipelines, and assessing the technological, political, and financial feasibility of plans — offer insights that go beyond compliance and disclosure. These approaches can provide intelligence that supports core financial functions and decision-making.

Data and capacity limitations, particularly in emerging markets, remain significant barriers to implementing detailed assessments. However, even adopting a few of these practices for high-priority clients can yield meaningful results. Collaboration among financial institutions, companies, data providers, policymakers, and civil society will be essential to overcoming these challenges. To support this effort, RMI will release tools in the coming months to help implement these ideas.

Despite these obstacles, transition assessments hold immense potential to guide capital deployment and drive the energy transition. When designed effectively, they provide detailed, actionable intelligence tailored to individual companies and enable financial institutions to capture opportunities and manage risk as they and their clients navigate the energy transition.

Authors and Acknowledgments

Authors

Nicky Halterman, Elizabeth Harnett, Estefanía Marchán

Authors listed alphabetically. All authors from RMI unless otherwise noted.

Contacts

Nicky Halterman, nhalterman@rmi.org

Estefanía Marchán, emarchan@rmi.org

Copyrights and Citation

Nicky Halterman, Elizabeth Harnett, Estefanía Marchán, *Creating Transition Intelligence: Enhancing Corporate Transition Assessments for Financial Decision-Making*, RMI, 2025, <https://rmi.org/insight/creating-transition-intelligence-enhancing-corporate-transition-assessments-for-financial-decision-making>.

RMI values collaboration and aims to accelerate the energy transition through sharing knowledge and insights. We therefore allow interested parties to reference, share, and cite our work through the Creative Commons CC BY-SA 4.0 license. <https://creativecommons.org/licenses/by-sa/4.0/>.

All images used are from iStock.com unless otherwise noted.

Acknowledgments

We would like to thank our colleagues at RMI who have contributed to this work. In particular, Hannah Barton, Jacob Kastl, Sam Kooijmans, Antoine Lalechere, Mitchell Luti, Aubrey McKinnon, Christina Pastoria, and Tom White each played a vital role in shaping the research and ideas presented in this report.

We also thank our strategic partners and other financial institutions and experts for their ongoing support and thoughtful review. Their guidance and engagement throughout the development of this work have been invaluable, ensuring its relevance and impact.



About RMI

Rocky Mountain Institute (RMI) is an independent, nonpartisan nonprofit founded in 1982 that transforms global energy systems through market-driven solutions to secure a prosperous, resilient, clean energy future for all. In collaboration with businesses, policymakers, funders, communities, and other partners, RMI drives investment to scale clean energy solutions, reduce energy waste, and boost access to affordable clean energy in ways that enhance security, strengthen the economy, and improve people's livelihoods. RMI is active in over 60 countries.

Endnotes

- 1 *Expectations for Real-Economy Transition Plans*, GFANZ, 2022, <https://www.gfanzero.com/press/gfanz-releases-report-to-provide-blueprint-for-real-economy-transition-plans/>; and “Transition Plan Taskforce Resources,” IFRS, <https://www.ifrs.org/sustainability/knowledge-hub/transition-plan-taskforce-resources/>.
- 2 *IFRS S2 Climate-Related Disclosures — TPT Disclosure Framework*, Transition Plan Taskforce, 2023, <https://www.ifrs.org/content/dam/ifrs/knowledge-hub/resources/tpt/ifrs-s2-climate-disclosures-tpt-tech-map-oct-2023.pdf>.
- 3 *The State of Play: 2023 Climate Transition Plan Disclosure*, CDP, 2024, <https://www.cdp.net/en/climate-transition-plans>.
- 4 “Assessing the Credibility of a Company’s Transition Plan: Framework and Guidance,” Assessing Transition Plans Collective, 2024, <https://www.worldbenchmarkingalliance.org/research/assessing-the-credibility-of-a-companys-transition-plan-framework-and-guidance/>.
- 5 Félix E. Mezzanotte, “Corporate Sustainability Reporting: Double Materiality, Impacts, and Legal Risk,” *Journal of Corporate Law Studies* 23, no. 2 (2023): 633–663, <https://doi.org/10.1080/14735970.2024.2319058>.
- 6 Lars Coenen et al., “Regional Foundations of Energy Transitions,” *Cambridge Journal of Regions, Economy and Society* 14, no. 2 (July 2021): 219–233, <https://doi.org/10.1093/cjres/rsab010>.
- 7 “NGFS: Transition Plan Package,” Network for Greening the Financial System, 2024, <https://www.ngfs.net/en/publications-and-statistics/publications/ngfs-transition-plan-package>; and *Case Studies on Transition Finance and Decarbonization Contribution Methodologies*, GFANZ, 2024, <https://assets.bbhub.io/company/sites/63/2024/09/Case-Studies-on-Transition-Finance-and-Decarbonization-Contribution-Methodologies-Sep-2024.pdf>.
- 8 *How to Incorporate Sector-Level Analysis into Transition Finance Approaches*, RMI, 2024, https://rmi.org/wp-content/uploads/dlm_uploads/2024/08/How-to-incorporate-sector-level-analysis-into-transition-finance-approaches.pdf.
- 9 “Global Integrated Power Tracker,” Global Energy Monitor, 2025, <https://globalenergymonitor.org/projects/global-integrated-power-tracker/>; and “Global Energy & Utilities,” S&P Global, 2025, <https://www.spglobal.com/market-intelligence/en/solutions/products/resources/capital-iq-pro-energy>.
- 10 *PACTA for Banks Methodology Document: Climate Scenario Analysis for Corporate Lending Portfolios*, RMI, 2022, https://pacta.rmi.org/wp-content/uploads/2022/07/PACTA-for-Banks-Methodology-document_v1.2.2_250722.pdf.
- 11 Adrien Rose, Gireesh Shrimali, and Krista Halttunen, “A Framework for Assessing and Managing Dependencies in Corporate Transition Plans,” SSRN, July 17, 2024, <https://dx.doi.org/10.2139/ssrn.4897758>.
- 12 Nicolas Pickard Garcia et al., “Credible Company Transition Plans for Climate Change Mitigation: A Geographical Dependency Assessment,” European Commission, 2024, <https://publications.jrc.ec.europa.eu/repository/handle/JRC139084>.

- 13 Rose et al., “A Framework for Assessing and Managing Dependencies in Corporate Transition Plans,” 2024.
- 14 *The Inevitable Policy Response Forecast Policy Scenario 2023*, IPR, 2023, https://ipr.transitionmonitor.com/cms/wp-content/uploads/2023/09/IPR_Energy_2023.pdf.
- 15 “Transition Assessment Methodology,” Sustainable Fitch, 2024, <https://www.sustainablefitch.com/corporate-finance/transition-assessment-methodology-14-11-2024>.
- 16 *TPI’s Methodology Report: Management Quality and Carbon Performance Version 5.0*, Transition Pathway Initiative, 2023, <https://www.transitionpathwayinitiative.org/publications/uploads/2023-methodology-report-management-quality-and-carbon-performance-version-5-0>.
- 17 *ACT Framework: Assessing the Transition Toward Low GHG Emissions*, World Benchmarking Alliance, 2024, <https://assets.worldbenchmarkingalliance.org/app/uploads/2024/11/Framework-2.0-Final-version.pdf>.

Nicky Halterman, Elizabeth Harnett, Estefania Marchan, *Creating Transition Intelligence: Enhancing Corporate Transition Assessments for Financial Decision-Making*, RMI, 2025, <https://rmi.org/insight/creating-transition-intelligence-enhancing-corporate-transition-assessments-for-financial-decision-making>.

RMI values collaboration and aims to accelerate the energy transition through sharing knowledge and insights. We therefore allow interested parties to reference, share, and cite our work through the Creative Commons CC BY-SA 4.0 license.

<https://creativecommons.org/licenses/by-sa/4.0/>.



All images are iStock unless otherwise noted.

RMI Innovation Center

22830 Two Rivers Road
Basalt, CO 81621

www.rmi.org

© August 2025, RMI. All rights reserved.
Rocky Mountain Institute® and RMI®
are registered trademarks.