

Climate Bonds Initiative announces Japanese version of 'Financing Credible Transitions' paper

Ambitious and credible transition guidelines now available to Japanese investors, issuers, and bankers.

Tokyo, 16/02/2023, 08:00 AM: Climate Bonds Initiative, with the support of [Tara Foundation](#), launched its [“Financing Credible Transition” framework in Japanese](#). First issued in [2020](#), it recommends a framework for defining ambitious and credible transition strategies for companies to determine their pathways to reduce global emissions and deliver the goals of the Paris Agreement. The framework is applicable for both whole entities as well as their activities and goes beyond the “use of proceeds” model common in the green bond market.

The Japanese Ministry of Economy, Trade, and Industry ([METI](#)) [published](#) the Basic Guidelines on Climate Transition Finance in 2021, aiming to guide corporate and financial institutions with their investments toward decarbonisation. Japan was one of the first governments to provide guidance, which signaled to the market the relevance of this instrument to a decarbonisation pathway. In 2022, the country had the most [issuances of transition bonds](#).

The Climate Bonds framework unifies the definition of ‘transition’ in the market, providing clarity to concerns around greenwashing. The aim is to support the rapid growth of a transition bond market as part of a larger and liquid climate-related market and deliver confidence for investors, clarity for bankers and credibility for issuers.

The publication established five principles for an ambitious transition. All goals and pathways need to:

- 1) Align with zero carbon by 2050 and nearly halving emissions by 2030;
- 2) Be led by scientific experts and not be entity – or country-specific;
- 3) Be sure that credible transition goals and pathways don’t count offsets;
- 4) Include an assessment of current and expected technologies which can be used to determine a decarbonisation pathway;
- 5) Be backed by operating metrics rather than a commitment or pledge.

Sean Kidney, CEO, Climate Bonds Initiative

“This is the year we need to plan rapid transition if we have any chance of meeting our targets! Japan is well on the way. We expect the Japanese sustainable finance market to continue to grow in support of its ambitious target.”

The ‘Financing Credible Transitions’ paper in Japanese is available [here](#).

Climate Bonds has a number of sector Criteria available for Certification, and the [Basic Chemicals](#), [Hydrogen](#) and [Steel](#) criteria have been translated into the Japanese language.

Furthering the commitment to support Japan's financial market, Climate Bonds recently [joined](#) forces with the Institute for Global Environmental Strategies ([IGES](#)) through a Memorandum of Understanding.

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Note to the Editors:

About Climate Bonds Initiative: The Climate Bonds Initiative is a non-profit organisation focused on promoting large-scale investment in the low-carbon economy. Visit our website: www.climatebonds.net