

FOR IMMEDIATE RELEASE

Ambition, Action and Accountability Lay the Triple Pillars of Guidance Released to Assess Credible Transition Plans

A Complement to Climate Bonds Certification Scheme

New York/London, 20/09/2023,09:00 EST: A comprehensive guide, 'Guidance to Assess Transition Plans,' has been released today to assist stakeholders in understanding the fundamental markers of credible transition plans.

[The guide](#) emphasises **Ambition, Action, and Accountability** as key pillars of a sustainable transition (see **Figure 1**), based on the '5 Hallmarks of a Credible Transition' framework. This paper is designed to provide a complementary and introductory guide to assist stakeholders understand the basic markers of a credible transition plan, however it cannot replace independent in-depth [verification and certification](#).

To assess the credibility of transition plans, we've identified key indicators, represented as **green** and **red flags**. Green flags signify essential components that should be included, while red flags highlight omissions or areas requiring closer examination. Each of the Five Hallmarks for a credible transition plan should encompass information as outlined in **Figure 2**, including performance targets covering climate mitigation and other critical environmental concerns.

The Five Hallmarks:

1. All transition plans must contain clear, measurable and ambitious targets for change.
2. Targets must cover the short, medium and long term with steep front-loaded emission cuts in the near term.
3. Carbon credits and offsets cannot be used to deliver on these short to medium term targets.
4. Levers for change should be clearly identified and costed with a robust financial plan in place.
5. Supply chain and consumer engagement is key for industries with large [scope 3 emissions](#).

Sean Kidney, CEO of Climate Bonds Initiative:

"Transition plans are the linchpin in the journey towards the Paris goals. They must be built on clear targets, effective strategies, ample financial support, and unwavering leadership."

"Transparency through regular progress disclosure is paramount, but evaluating these plans can be difficult. To bolster investor and stakeholder trust, Certification is paramount to underscore the credibility of these crucial blueprints."

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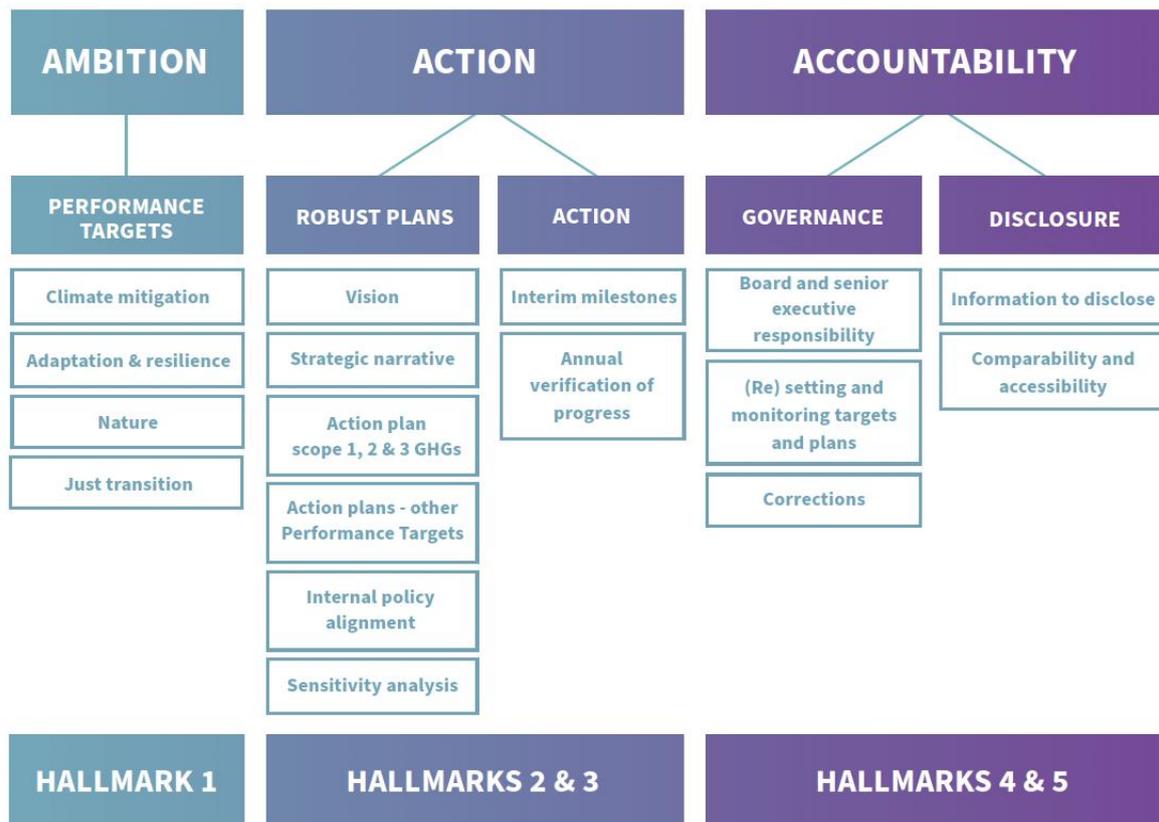
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Note to Editors: High-resolution images and interviews are available upon request.

Figure 1. Triple A transition plan framework



Figure 2: Triple A transition plan framework and five hallmarks (Climate Bonds Initiative, 2021)



About the Five Hallmarks of a Credibly Transitioning Company:

This framework comprises five hallmarks crucial for a credible company transition, addressing the ambition in terms of performance targets and the company's commitment and capability to achieve those forward-looking goals.

These hallmarks build upon existing ESG frameworks such as the transition principles from **ICMA** as well as the disclosure requirements from the Task Force on Climate-Related Financial Disclosures (**TCFD**) among others but bring added focus to governance aspects that signal a company's readiness to meet decarbonisation objectives while ensuring the targets align with climate goals. Unlike relative measures, such as 'best-in-class' or 'sector benchmarking,' they emphasise absolute criteria tied to universally applicable transition pathways.

This approach, proven successful in the green UoP market, aligns with the global shift toward green and sustainability taxonomies. The five hallmarks include 1. Paris-aligned targets, 2. robust plans, 3. implementation action, 4. internal monitoring, and 5. external reporting.

For more follow [here](#).

About Climate Bonds Standard & Certification Scheme:

[Climate Bonds Standard and Certification](#) is an overarching science-based, multi-sector certification scheme for investments – and now companies/entities – that address the challenge of climate change and are consistent with the goals of the Paris Climate Agreement.

The full Climate Bonds Database of Certified issuance can be found [here](#).
The full Climate Bonds Directory of Approved Verifiers can be found [here](#).

About Climate Bonds Initiative:

An investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy, Climate Bonds Initiative carries out market analysis, policy research, market development; advises governments and regulators; and administers a global Climate Bonds Standard & Certification Scheme. To learn more about the Climate Bonds, visit [website](#).

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