

Media Release

Report: ASEAN Companies Must Be More Transparent on Transition Plans

Study of 10 companies' climate planning finds varying levels of ambition and fragmented reporting, but Climate Bonds hopes to drive progress with report

London 19/01/2022 08:00 GMT+1: Climate Bonds publishes [Scaling Transition Finance, ASEAN: The Transition Plan](#), analysing the transition plans of ASEAN based entities to assess the current state of transition planning and provide recommendations for next steps. The entities selected were from a range of hard-to-abate sectors, and where possible, were active in the debt markets. Focus is to provide good guidance to entities in this space to guide the content and scope of transition plans for a credibly transitioning company.

The paper was supported by [The Oak Foundation](#).

The report incorporates an analysis of ten company level transition plans, a checklist to achieve the Five [Hallmarks](#) of a Credibly Transitioning Company, and guidance for issuers on sustainability-linked bonds (SLBs) as transition finance instruments.

To reach net-zero greenhouse gas (GHG) emissions by 2050, entities operating in most sectors must undergo a major transformation. The key tool that will enable this transformation is a robust transition plan that is science-based, coherent, comprehensive, transparent, and covers all material scopes of emissions and business activities.

Key findings

Credible transition plans outline climate ambition and the accompanying business transformation that will support it. Good guidance available to steer the content and scope of transition plans.

1. Many companies are announcing net zero commitments and efforts are being made to develop transition plans (also called sustainability strategies, climate policies, climate action plans) with key performance indicators (KPIs) and sustainability performance targets (SPTs).
2. There is scope for improvement as most of the plans included in the report were fragmented with information contained in multiple locations using different indicators meaning the assessment of the ambition levels and impacts of the plans was difficult
3. Targets are not yet consistently underpinned by the credible, comparable, and costed decarbonisation strategies and changes to business practices which are required.

Recommendations

Most entities must transition their activities towards net zero and should start planning for this as soon as possible. Entities operating in some sectors may not have complete clarity on what precisely needs to be done further down the line but should nevertheless begin with what is currently practicable. Climate Bonds new report makes the following recommendations:

1. A transition plan should be contained in a single, clearly labelled, easily accessible document
2. The plan should be dated and include an indication of how frequently it will be evaluated to incorporate ongoing developments.
3. Labelling and terminology should be applied consistently across the transition plan and related documents
4. Transition plans should address all Five Hallmarks, and where there are gaps, these should be explained and a clear plan to address these gaps should be included
5. Any organisation planning to issue and SLB should follow the guidance given in the report to ensure the maximum credibility and impact.

Sean Kidney, CEO of Climate Bonds Initiative:

“Many companies in the ASEAN region are operating in traditional hard-to-abate-sectors and must make the most dramatic changes to their business models if they are to survive. The region is one of the most vulnerable to extreme weather but can take comfort that investors are lining up to pump capital into credible corporate plans on climate transition.”

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Notes for Journalists:

About the Climate Bonds Initiative: The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment for climate action. Climate Bonds undertakes advocacy and outreach to inform and stimulate the market, provides policy models and government advice, market data and analysis, and administers an international Standard & Certification Scheme for best practice in green bonds issuance. More information on our website [here](#).

About Climate Bonds Transition Programme: Climate Bonds is working to mobilise the wide-scale transition of the economy in line with net-zero targets. To do this, all sectors of the economy will adjust to operate effectively in a low carbon economy. For many sectors – especially the high carbon emitting sectors– that may need to fundamentally reshape and transform their strategy in light of the challenges of a changing climate. These sectors (sometimes referred to as ‘hard-to-abate’) need green definitions to facilitate financial flows and supportive regulatory environments to encourage credible and rapid transition. Not only is there considerable movement to shift emissions downwards, but there is far more understanding today on what a 1.5°C-aligned transition looks like for hard-to-abate sectors. By establishing standards for high emitting sectors, Climate Bonds is providing clarity to investors looking to support credible transitions, as well as demonstrating best practices for producers aiming to decarbonise their industries. Coupled with ambitious and achievable policy recommendations, these resources can help mobilise financial markets and drive industry leaders to make the emission reductions essential to preserving a 1.5°C future.

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