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## Climate Bonds Initiative Unveils Tool for Financial Institutions Assessing their Corporates' Transition Towards Net-Zero

**Shanghai/London 14:30 (GMT+8); 07:30 (GMT+1); | 17th May 2024** – Building on the foundational work launched last year, Climate Bonds Initiative, together with the Institutional Investors Group on Climate Change (IIGCC), Sustainable Markets Initiative (SMI), Glasgow Financial Alliance for Net Zero (GFANZ) and Climate Arc, today announced the release of their paper “[Navigating Corporate Transitions: a tool for financial institutions](#)”. This describes the methodology for a new tool designed to aid financial institutions in assessing and categorising corporates by their transition credibility and maturity.

Last year, Climate Bonds Initiative began a collaborative effort to demystify the landscape of transition finance frameworks, releasing a [mapping of corporate transition frameworks](#). This was the first step in creating a navigator tool that enables financial institutions to orient their corporate portfolios consistently with those frameworks. Today's paper builds on this initial mapping, offering a practical application of the transition guidance from multiple sources, for financial institutions to effectively manage their transition assessments.

**Anna Creed, Director of Thought Leadership at Climate Bonds Initiative**, commented on the importance of the new tool, stating: "As we navigate the critical path toward global decarbonisation, it's paramount that we have robust, credible tools that can assist financial institutions as they look to reallocate capital to finance and facilitate corporate transition. This new classification system is designed to bring much-needed clarity and harmonisation to their assessment processes, ensuring that financial institutions can effectively contribute to the collective goal of a net-zero future. The market needs this tool to navigate transitions with ease and credibility."

The classification system delineates five categories of corporate decarbonisation transition maturity and sets out key indicators for inclusion in each category. It is informed by extensive consultation with financial institutions and draws on a wide array of existing frameworks, focusing on core, prioritised indicators of credible corporate transition.

It will facilitate a collective push by financial institutions to ensure all corporates are progressing toward their decarbonisation goals, thereby accelerating the transition of the real economy towards sustainability.

The proposal will undergo further consultation with the authors of many existing transition frameworks used to inform this tool, as well as with selected financial institutions. It will also be pilot tested against the real portfolios of a number of financial institutions. Feedback will be collected to refine and enhance the classification system, following which the intention is to embed it in an online tool linked to independent analysis of corporates' transitions and transition plans, for voluntary use by financial institutions globally.

For more information on the "Navigating Corporate Transitions" paper or to register for the Climate Bonds Connect event in Shanghai, please visit [here](#).

**Dan Gardiner, Head of Transition Research, IIGCC** said, "This important work identifies commonality across multiple frameworks in both the key elements of a corporate transition plan and how these elements can then be used to assess their decarbonisation progress. By helping our members navigate this complexity it will ultimately support implementation of

their individual net zero commitments including those made using the Net Zero Investment Framework."

**Ronald O’Hanley, Chairman and CEO of State Street, and Chair of the Asset Manager Asset Owner Task Force at the Sustainable Markets Initiative** said, “Decarbonization of the global economy requires substantial amounts of investment, particularly in high-emitting sectors. As corporates set out and advance on this journey, investors require a fit-for-purpose tool to evaluate transition investments. This methodology is a helpful advance in the transition investment framework, paving the way for additional institutional investment in the energy transition.”

**Meryam Omi, Chief Executive, Climate Arc** said, “A crucial missing piece in accelerating transition to net zero is the ability to assess where a company sits on the path to the transition. We are delighted to support Climate Bond’s work in helping financial decision makers to navigate around various transition frameworks and provide a guide to stimulating capital allocation towards companies on the right journey to addressing climate change”

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**About Climate Bonds Initiative:** The Climate Bonds Initiative is a global not-for-profit organisation working to mobilise global capital for climate action. [Climate Bonds Standard and Certification](#) is a science-based, multi-sector certification scheme for investments – and now companies/entities – that address the challenge of climate change. [www.climatebonds.net](http://www.climatebonds.net).