

FOR IMMEDIATE RELEASE**High level consensus found across corporate transition finance frameworks**

Mapping exercise finds broad commonality in the principles underpinning credible targets, delivery strategies and accountability mechanisms

London, 09/11/2023 09:00 GMT: Today, Climate Bonds Initiative is [releasing a mapping of corporate transition frameworks](#) to demystify the landscape of transition finance frameworks. This is the first step in a wider collaborative effort from Climate Bonds Initiative, Climate Arc, Institutional Investor Group on Climate Change (IIGCC) and Sustainable Markets Initiative, with methodological feedback from Glasgow Financial Alliance for Net Zero (GFANZ) and representatives from the investment world.

This collaborative effort aims to navigate the myriad transition frameworks, drawing out and building on the commonality in those frameworks. As at present, the proliferation of those frameworks is causing confusion in the market.

The project addresses the pressing challenge of navigating through various corporate transition frameworks that have proliferated. The goal is to create a navigator tool that enables financial institutions to orientate their corporate portfolios in a way that is consistent with those frameworks. The intention is to release that tool in January 2024.

The comprehensive mapping published today looks at guidance on credible corporate transition plans and transition categories. It identifies common ground among various transition frameworks. The key findings are:

- There is a consensus on the core principles for setting authentic targets, devising actionable strategies, and ensuring robust accountability. However, there are some differences in how those principles are interpreted across the frameworks.
- Corporate transition planning and implementation can be broadly classified into five or six categories, these can be used to assess which corporates can be credibly included in a transition portfolio.
- All corporates need to move rapidly through these transition categories guided by their transition plan.
- Financial institutions may choose to prioritise the transition of corporates in hard to abate sectors in the near term.

This project will also assist in creating a common language for financial institutions facilitating the decarbonisation of high-emission assets through proactive engagement, while simultaneously safeguarding against greenwashing and the pitfalls of divestment.

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, "Our collective goal is atmospheric decarbonization. Divestment may decarbonize portfolios, but by itself does not lead to real world decarbonization. We must accelerate investment into high-emitting sectors and companies that demonstrate real promise, progress, and with transition plans, to accelerate the path forward to more sustainable solutions. This framework provides the required guidance to help."

Meryam Omi, Chief Executive, Climate Arc said, “We are delighted to back this initiative, which aims to offer clearer guidance for investors to evaluate corporate transition plans. This, in turn, should help boost investments in companies that show genuine commitment and progress in the climate transition.”

Dan Gardiner, Head of Transition Research, IIGCC said, “We are pleased to participate in this important work which we believe will support the convergence of transition plan guidance and ultimately help our members navigate the transition. We look forward to engaging with the next steps of the project as it evolves.”

Sean Kidney, CEO & Founder, Climate Bonds Initiative said, “There are a number of transition frameworks that have been developed and investors may not know which one to use. Following our analysis, we found there is broad consensus and harmonisation among the frameworks so investors can take comfort that they are all driving towards the same goal regardless of which one they choose to adopt. Opportunities have also been identified to increase harmonisation in how key principles underpinning transition plans are interpreted across the frameworks.”

Next Steps: In our next phase, we will develop a practical tool informed by a comprehensive mapping exercise. This tool will serve as a beacon, directing investments in a manner that aligns with both current best practices and the ultimate goal of achieving net zero emissions.

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Notes for Editors:

About Climate Arc: Climate Arc is a global organization shaping and driving forward the climate movement through unlocking private capital. We ensure that financial decision makers have the tools, analysis and skills needed to direct capital to the right solutions at speed and scale.

<https://climatearc.org>

About Climate Bonds Transition Programme: Climate Bonds aims to facilitate a broad economic shift towards net-zero targets, especially within high-emitting or 'hard-to-abate' sectors. By setting clear standards and policy recommendations, we enable financial flows to support credible transitions and offer a roadmap for industries to decarbonize. Our work helps investors and industry leaders understand and implement 1.5°C-aligned strategies, mobilizing capital to realize essential emission reductions.

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.

