



2019/2020 Working Group Climate Transition Finance

Terms of Reference

The Working Group will consider the concept of transition financing in the context of the green bond market. Key areas for the Working Group include:

- **Industry diversification** - Assess why issuers from across bond market segments have been largely absent from the green bond market despite their importance to the climate transition, and differentiate among sectors depending on their substitutability (existence of economically viable substitutes), end-uses, decarbonization track-record and sectoral carbon budgets should they exist.
- **Importance of issuer's climate strategy and financing** – In the context of issuers above, reviewing the application of GBP Pillar 2 (Process for Project Evaluation and Selection). Consider what a climate strategy from an issuer would mean and how the consistency between the strategy and the corporate expenditures could be assessed/evidenced. This will include consideration of relevant transition pathways, metrics and existing references such as the Transition Pathway Initiative and Science Based Targets.

The Working Group will coordinate proactively with existing GBP working groups.

The Working Group will focus on climate transition. Other types of environmental and social transition may be considered at a later stage.

The Working Group will NOT retrospectively re-assess and validate the credibility of Green Bonds already issued in the market and/or re-assess and validate the credibility of existing self-labelled Transition Bonds already issued in the market. It is purely focused on understanding why corporate issuers from carbon intensive industries have been largely absent from the green bond market thus far and considering providing guidance for potential future issuances.

Working Group coordinators

- AXA Investment Managers
- HSBC
- JPMorgan Chase

Working Group members

ABN AMRO Bank	Export Development Canada	Vigeo Eiris
Airbus	Financial Services Agency of Japan	Natwest
Asia Pacific Loan Market Association	Folksam	NIB
Banca IMI SpA	Goldman Sachs	Nomura Securities
Bank of America	HSBC AM	Nordea
Bank of Montreal (BMO)	Iberdrola	Pimco
BNP Paribas	IFC	PineBridge

Buzzi Unicem	ING	RBC
Cadent Gas	Institutional Investors Group on Climate Change (IIGCC)	Repsol
Cassa depositi e prestiti S.p.A. (CDP)	ISS Corporate Solutions	Scotiabank
CCLA Investment Management	Janus Henderson	SEB
Church of England	Japan Credit Rating Agency	SMBC Nikko Securities
CIBC Capital Markets	La Banque Postale	Società nazionale Metanodotti (SNAM)
CICERO	LaFarge Holcim	Société Générale
Citi Bank	Loan Market Association	Sustainalytics
Climate Bonds Initiative	London Stock Exchange	TD Securities
Crédit Agricole CIB	Luxembourg Green Exchange	Transition Pathway Initiative
Crédit Suisse	Mackay Shields	Union Investment
Danske Bank	Mainstreet Investment Partners	Wells fargo
EBRD	Mizuho	Westpac
EIB	Morgan Stanley	Willis Towers Watson
Enagas	National Australia Bank	World Bank
ENEA Consulting	nationalgrid	WWF
Environmental Resources Management (ERM)	Natixis	Zurich Insurance
Equinor		