



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	Danske Bank	Japan Credit Rating Agency	PineBridge
Asia Pacific Loan Market Association	EBRD	La Banque Postale	RBC
Bank of Montreal (BMO)	EIB	Luxembourg Green Exchange	Scotiabank
BNP Paribas	ENEA Consulting	Mainstreet Investment Partners	SEB
BofA	Export Development Canada	Mizuho	Société Générale
CACIB	Folksam	Morgan Stanley	Sustainalytics
CCLA Investment Management	Iberdrola	National Australia Bank	TD Securities

Church of England	IFC	Natixis	Westpac
CICERO	ING	NIB	Willis Towers Watson
Citi Bank	Institutional Investors Group on Climate Change (IIGCC)	Nomura Securities	World Bank
Climate Bonds Initiative	ISS Corporate Solutions	Pimco	WWF
			Zurich Insurance