

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

- HSBC
- JP Morgan Chase
- Natixis

Working Group members

ABN AMRO Bank	Fitch Ratings	Natwest
Amundi	Folksam	Nomura Securities
AXA Investment Managers	Goldman Sachs AM	Nordea
Asia Pacific Loan Market Association	Goldman Sachs International	NIB
Bank of America	Green Finance Institute	PIMCO
Bank of Montreal (BMO)	HSBC	PineBridge Investments
Barclays	HSBC AM	RBC
BlackRock	Iberdrola	RBI
BNP Paribas	ING	Repsol
BNP Paribas AM	Institutional Investors Group on Climate Change (IIGCC)	Scotiabank
Buzzi Unicem	Institutional Shareholder Services Inc. (ISS)	SEB
Cadent Gas	IFC	SMBC Nikko Capital Markets
Church of England	Intesa San Paolo	Smith School
CIBC	Janus Henderson	Società nazionale Metanodotti (SNAM)
CICERO	Japan Credit Rating Agency	Société Générale
Citi Bank	KfW	Sustainalytics
Climate Bonds Initiative	LaFarge Holcim	TD Bank
Credit Agricole CIB	Loan Market Association	Total
Credit Suisse	London Stock Exchange	Transition Pathway Initiative
Daiwa	Luxembourg Stock Exchange	Union Investment
Danske Bank	Mackay Shields	VIGEO-Eiris
Enagas	Mainstreet Investment Partners	Wells Fargo
ENEA Consulting	Mizuho International plc	Westpac
Environmental Resources Management (ERM)	Moddy's	Willis Towers Watson
EBRD	Morgan Stanley	World Bank
EIB	National Australia Bank	WWF
Export Development Canada	Nationalgrid	Zurich Insurance