

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
• JP Morgan Chase	• Natixis

Working Group members

ABN AMRO Bank	Folksam	Natwest
Amundi	Goldman Sachs AM	Nomura Securities
Asia Pacific Loan Market Association	Goldman Sachs International	Nordea
Bank of America	Green Finance Institute	NIB
BMO	HSBC	PIMCO
Barclays	HSBC AM	PineBridge Investments
BNP Paribas	Iberdrola	RBC
BNP Paribas AM	ING	Repsol

Buzzi Unicem	Institutional Investors Group on Climate Change (IIGCC)	Scotiabank
Cadent Gas	Institutional Shareholder Services Inc. (ISS)	SEB
Church of England	IFC	SMBC Nikko Capital Markets
CIBC	Intesa San Paolo	Smith School
CICERO	Janus Henderson	Società nazionale Metanodotti (SNAM)
Citi Bank	Japan Credit Rating Agency	Société Générale
Climate Bonds Initiative	KfW	Sustainalytics
Credit Agricole CIB	La Banque Postale	TD Bank
Credit Suisse	LaFarge Holcim	Total
Daiwa	Loan Market Association	Transition Pathway Initiative
Danske Bank	London Stock Exchange	Union Investment
Enagas	Luxembourg Stock Exchange	VIGEO-Eiris
ENEA Consulting	Mackay Shields	Wells Fargo
Environmental Resources Management (ERM)	Mainstreet Investment Partners	Westpac
EBRD	Mizuho International plc	Willis Towers Watson
EIB	Moddy's	World Bank
Export Development Canada	Morgan Stanley	WWF
Fitch Ratings	National Australia Bank	Zurich Insurance
	Nationalgrid	