

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

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