



2021 Working Group Climate Transition Finance

Terms of Reference

Overall Objective: The chief objective of the Climate Transition Finance Working Group (CTFWG) is **(1)** to consider the concept of transition financing in the context of the green, sustainability and sustainability-linked bond market; **(2)** to consider what a credible climate strategy from an issuer would mean and how the consistency between the strategy and the underlying instrument [given they might be SLBs with “general corporate purposes] could be assessed/evidenced. This includes consideration of relevant transition pathways, metrics and existing references such as the Transition Pathway Initiative and Science Based Targets.

The CTFWG 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 and sustainability-linked bond market thus far and considering providing guidance for potential future issuances.

Objectives for 2021: Over the past year, the CTFWG has successfully published the Climate Transition Finance (CTF) Handbook. Over the next year the CTFWG will:

- 1) Assess the application of the CTF Handbook’s recommendations in the market and prepare related Case Studies,
- 2) Create a Hub on existing methodologies/benchmarks to be made available on the Resource Centre,
- 3) Organise Workshops with “methodology/benchmark providers”,
- 4) Draft additional Questions & Answers to be inserted in the Guidance Handbook, where appropriate,
- 5) Adapt the Guidelines for External Reviews to include reference to the CTF Handbook, if deemed relevant,
- 6) If necessary, consider updates to the CTF Handbook published in December 2020.

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