

## 2023-2024 Joint-Taskforce (LMA) Sustainability linked loans refinancing instruments Terms of Reference

### Taskforce Coordinators:

- CACIB	- NIB
- J.P. Morgan	- Loan Market Association

### Overall Objective

Over the last couple of years, banks (public & commercial) have been extending more and more loans in sustainability linked format (“SLL”). For instance, last year, in the EMEA loan market, almost 50% of the RCFs issued by Corporates for general purposes and refinancing were sustainability-linked.

As result, banks are accumulating SLLs on their balance sheet and are increasingly thinking on the ways to make use of these loans for their funding programme in a similar way they have done for green / social bonds. In 2022, Nordea came to the market with an interesting structure building on the UoP concept but instead of refinancing a portfolio of green or social loans (like in green or social bond respectively), the structure is refinancing a portfolio of SLLs.

For the sake of clarity, the instrument would not be called a “GSS bond” or a “SLB”. Given the growing interest from banks to “value” their SLLs on their balance sheet, we believe that providing guidance to the market on what could be the best market practices (when it comes to refinance a portfolio of SLLs with an instrument building on the UoP concept) could help i) issuers access this market, ii) avoid fragmentation (with each issuer coming with different structures) and “greenwashing” risk. This group could also have some ancillary benefits by helping the standardization of the SLL market.

### Objectives for 2023-2024

Collect qualitative feedback from various stakeholders on this new type of instrument, in particular on the following topics:

- Eligibility criteria (including KPIs & SPTs)
- Level of transparency expected
- Expectations for the reporting

Potential broad investors survey (beyond the working group members)

Based on the above work, draft guidance for the market on the minimum requirements & best market practices for this type of instrument.

If all the above steps are successful, publication of a guidance paper

### Membership

The taskforce is open to all Members & Observers (including NGOs, rating agencies, technical advisors or consultants).

**Active contributors** should be limited to **12 institutions**, including, investors [Priority], SPO providers and potential issuers

## Taskforce members (5 January 2024)

Agence Française de Développement	Euronext	Natixis
Allied Irish Banks plc (AIB Group)	Food and Agriculture Organization of the United Nations-FAO	Natwest
Amundi	Goldman Sachs	Nomura International
ANBIMA	Goldman Sachs AM	Nordea
Anthropocene Fixed Income Institute	Helaba	Nordic Investment Bank (NIB)
Asia Pacific Loan Market Association	Hong Kong Quality Assurance Agency	OP Corporate Bank
Australia and New Zealand Banking Group	ING	PIMCO
Banco Santander	Institute for Global Environmental Strategies	Rabobank
Bank of America	Instituto de Crédito Oficial (ICO)	Rating and Investment Information
Bank Pekao	Inter-American Development Bank	RBC
Barclays	ISS Corporate Solutions	S&P Global Ratings
BNP Paribas	J.P. Morgan Securities	Scotiabank
British Columbia IM	KBC Bank NV	SEB IM
Cadwalader, Wickersham & Taft LLP	Kommuninvest i Sverige AB	Skandinaviska Enskilda Banken AB
Cassa depositi e prestiti S.p.A. (CDP)	Latham & Watkins	SMBC Nikko Capital Markets
CDP Worldwide Limited	Linklaters LLP	Société Générale CIB
CIBC Capital Markets	Mediobanca	Standard Chartered Bank
Citi Bank	Mizuho International plc	Sumitomo Mitsui Banking Corporation
Climate Bonds Initiative	Moody's Investors Service	The Carbon Trust
Commonwealth Bank of Australia	Morgan Stanley	UBS
Deutsche Bank	Morningstar Sustainalytics	United Overseas Bank limited (UOB)
DZ Bank	MUFG	Wells Fargo
Escarus – TSKB Sustainability Consultancy	National Australia Bank	Westpac
ESPAE School of Management of ESPOL	National Bank Financial	World Bank