

ATTENDEES

CHAIR	Leah Gilbert Morris (<i>EDC</i>)
SECRETARIAT	Paul Heaney, Didem Bayseferogullari
ATI	Clement Yapo
AXA XL	Andrew MacFarlane, Venetia Furbert
BPIFRANCE	Maëlia Dufour, Elsa Pancek, Paul Chevert
DZ BANK	Ralph Lerch
EDC	Andrea Gardella, DJ Kim
EKN	Karin Wessman
MIGA	Olga Sclovscaia
UKEF	Meg Nicolaysen
US DFC	Marlena Hurley

SUMMARY

This meeting was conducted in the new structure proposed following the last call, with a brief summary of progress on deliverables for the working group, followed by open discussion among participants in a tour-de-table format.

Input sheets / organising deliverables for WS1 / WS2

The Secretariat presented a shared document for collecting input from the group for the content planned for WS1: Profiling Innovation and WS2: Carbon Transition Guidance.

- The document is hosted on Google Sheets and all working group members will be sent a link which allows them to access and edit the sheet directly
- There are two tabs, one for each workstream
- We need specific suggestions for innovative products / transactions of WS1, as well as broad topic ideas (processes / challenges etc.) for the carbon-transition explainers of WS2
- The sheet collects information on:
 - Case study / topic ideas – outline of the product / transaction; what the innovation angle is; institution(s) involved; contact to follow up with
 - Additional details – who suggested this item; any others who have some connected material to offer; general comments
 - Production notes – timeframe for creation and release; details of format and intended audience; resources required; current status

Discussion and feedback

A few important clarifications emerged from our subsequent discussion, with questions and responses documented below:

- Can we only add ideas from our own institutions?

No! Please add any suggestions you have for suitable content and external speakers. You can nominate products / transactions involving other institutions and either indicate in the comments that this is just a general proposal, or if possible, reach out to your network to see if they would be willing to present and provide a suitable contact for us to follow up with.

- Is the format flexible?

Absolutely – we welcome all approaches and formats. This could include video (webinar / Q&A / interview / presentation / discussion) or audio (podcast), and could be pre-prepared or delivered live. The preference is a format that allows for interaction with participants, but this is not a fixed requirement.

Feel free to suggest which format you think would be most suitable, and note any limitations, considering both the topic and available resources / capacity. BU Sec can support with technical resources where required.

- What is the target timeframe?

The sheet captures information on when we can deliver the content (“when” column, under ‘production notes’). Think about how long it will take to gather and prepare content (e.g. ppt slides) and availability of any presenters, and time for pre-recording if required. How long will that take, and what’s the earliest we could realistically expect to release? Make a note of any limitations on the input sheet.

Our target for the innovation series is to release one piece of content per month, starting from June 2022.

- Who is the target audience?

In general, we are aiming to create content for the benefit of the broader BU membership, and which can be made available publicly and for a broad audience including climate specialists, risk underwriters, policy, organisational leaders and communications personnel.

But if some of the content is better suited to a technical audience or should only be shared among BU members, this is OK too – such restrictions can be noted on the input sheet.

Updates to the input sheet

Based on the feedback and discussions we have revised the input sheet and included some guidance notes in the third row (filled light blue), with additional detail shown when hovering over each cell:

	A	B	C	D	E
1	INNOVATION IDEAS				
2	Product / Transaction	Short Description of innovation	Main Institution	Contact	Suggested by
3	What is the product, transaction or other innovation you would like to highlight	What is the climate innovation angle specifically?	e.g. new product incentivising climate positive transactions; adaptation of existing products for climate specific purposes; working with new types of partners to open up climate finance; unusual features of transaction situation, location, due diligence etc.		Name of the member proposing the topic
4	EDC's Sustainable Bond Framework	adds capability to issue social, sustainable and transition bonds, in addition to green bonds https://www.edc.ca/en/investor-relations/sustainable-bonds.html	include a link if helpful		Leah

FOLLOW UP

Completed post-call

- We have updated the sheets with some guidance notes
- We have circulated the link to view and edit the sheets

For WG Members

- WG members are requested to check the sheet and:
 - Confirm you are happy with anything we have proposed, based on previous discussions + add any additional details to this, especially regarding delivery timeframe
 - Add new rows, or indicate your interest in collaborating with existing proposals
 - Include topic ideas for other institutions, even if you have not spoken to them yet (but indicate this in the comments)
 - Don't forget to add your own name in the relevant column, or appended to any new comments added
 - Don't forget that there are two tabs: for the carbon-transition explainers we will need to generate some broad topic ideas, even if we don't yet know who could present

Before next call

- The Chair will present a progress report to the BU Management Committee, and update to the Membership at the BU Spring Meeting next week. We will share materials in advance for any feedback from the WG.
- The next call is already scheduled for 24th May. Don't forget to send in advance details of anything you would like to present or discuss among the group – current work, questions, feedback from initiatives and other groups etc.

TOUR DE TABLE

Bpifrance

- Just completed third year of portfolio carbon footprint assessment and presented to board
- There are no current plans to report publicly on this, and while Bpifrance is happy to share information about the process, they cannot share any details of the figures publicly for the time being.
- Demand is growing for the climate bonus product – would like to see more opportunities for sustainability incentives.
- Latest E3F meeting took place last week – can report back on some outcomes in 2-3 weeks' time, following press release from MoF.

EDC

- EDC launched a new sustainable finance guarantee product, in partnership with BMO, focused on transition for high carbon intensive sectors. A [press release and podcast](#) was released on 2nd May in support of this.
- EDC will set new science-based targets from July 1st and have been working since September on providing education to the management board to support them in preparation for the approval process. Internal education is as important as external (e.g. clients) when it comes to understanding and making informed decisions around climate.
- EDC is currently working with support from a consultant to conduct scenario analysis on climate impact on credit risk. They recently held a workshop across functional levels – technical / policy / comms – exploring how standards and approaches of other institutions can apply to EDC’s business and where this can be fed into decision making processes. The pilot project is looking specifically at credit risk assessment in oil and gas. EDC is willing to share more information on the outcomes of this at a later meeting.

EKN

- EKN is currently setting climate targets and strategy – following a common-sense approach which will separate new commitments and measure existing portfolio according to a series of categories (aligned / non-aligned / neutral).
- They are currently updating the board on policies when it comes to restrictions on fossil fuels (partly connected to E3F) – and what their approach is to fulfil these commitments.
- They have already made some commitments under their green domestic guarantee and are currently working to define a ‘green label’ for other product lines, leaning on the principles of the EU taxonomy. Avoiding greenwashing is a top priority here.
- Next week, scientific advisory council will provide input on what a credible transition plan looks like for a project or activity if it’s going to be in line with a PA 1.5 degree target. And from a global transition perspective, which types of projects need financing, but are going to be challenging?
- It was flagged to potentially invite the scientific advisors to address some of these sorts of questions as part of the WS2 explainer videos.

ICC Banks

- GTR has awarded the ICC with an industry achievement in recognition of the sustainability white paper.
- The ICC is close to publishing a short version of this in order to keep supporting the proposed follow up work.
- Chris Mitman and Jonathan Joseph-Horne will attend the BU Spring meeting and contribute to the ECA committee discussion around incentives, covering both direct activities of ECAs, but also looking at sourcing of funds and the role of bond pricing and historic spreads in developing an overall more attractive package for sustainable export finance lending, including among institutional investors.
- The ICC Sustainability working group continues to discuss classification and where they can collect relevant data for this.

- The banks are closely watching the European Commission project to investigate an EU-wide export finance facility and engaging with Henri D'Ambrieres (one of the project consultants) to ensure that any developments suitable incorporate the sustainability aspects of export finance.
- DZ bank have launched a major exercise to look at ESG and reputation risk and recently held a workshop along with their supervisory authorities (ECB, Bundesbank and BAFIN), who were interested to look at a selection of example historic transactions (including for export finance), regarding due diligence and ESG considerations. It was a good opportunity to explain how export works and how the business can be positive from an ESG perspective. This is probably indicative of similar processes at other institutions and is a trend which is likely to speed up in future too.

UKEF

- Currently beginning the end year reporting cycle. Including the second ever TCFD report.
- Will soon publish their first estimate of financed emissions.
- In the course of setting interim decarbonisation targets on pathway to net zero.
- Scenario analysis and incorporation of climate risk in credit risk is also an area UKEF is actively looking at.

DFC

- DFC signalled interest in further discussing carbon credits at a future meeting.
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