



CFIF Sustainable Finance Virtual Network- Terms of Reference

Background

The Canadian Fixed-Income Forum (CFIF) is a senior level industry-wide committee established by the Bank of Canada to discuss developments in fixed-income market structure and functioning, market practices, and related policy issues. In 2020, CFIF members endorsed the greater use of virtual networks consisting of specialists outside of the direct CFIF membership. These networks aim to create a forum for experts in fixed income markets for a specific topic, discuss developments in that domain, and periodically report trends or issues for CFIF members to discuss and, as needed, take actions. Engagement activities were diverted to other areas with the onset of COVID in 2020. In 2021, CFIF has refocused its efforts and has chosen sustainable finance to be the topic for its first virtual network.

Climate change is an existential risk; for Canadians, it poses two major sub risks: 1) physical risk, or the risk of shifting weather patterns, extreme storms and dangerous wildfires and 2) transition risk, which calls to question the long term sustainability of our extractive industries in the long term. To combat these growing risks, Canada became a signatory to the Paris Climate Accord and more recently has laid out a path to reach net zero carbon emissions by mid-century. The ongoing development of sustainable finance will be key to financing this transition in a just manner for all Canadians. Moreover, we are seeing a shift in investor preference, looking for assets that will contribute to the reduction in global GHG and seeking to understand the climate-related risks embedded in financial assets.

Objective of the CFIF Sustainable Virtual Network (the Network)

The CFIF Sustainable Virtual Network is a group of financial market participants who are willing to contribute to the development of sustainable finance and to work towards mobilising the industry to support the transition towards a sustainable economy. Its role expands beyond information sharing. Leveraging CFIF, the Network works towards effecting advancement in incorporating sustainable finance into mainstream finance.

Organization

- The Network will comprise members in the financial industry and relevant stakeholders that have an excellent understanding of sustainable finance or fixed income market.
- The Network will be co-chaired by a senior representative of the Bank of Canada and an industry representative.
- In addition to the co-chairs, the Network will comprise 15-18 members. Membership composition should broadly reflect the various stakeholders in the market. Changes to the size or composition of the Network will be at the discretion of the co-chairs.

- Members represent their firms and are expected to:
 - Dedicate the necessary time and resources to the work of the Network
 - Lead and/or participate in discussions on specific issues
 - Communicate issues identified to their senior management
 - Aim to achieve outcomes that improve the overall efficiency and well-functioning of the sustainable finance and fixed income market in Canada
 - Attend all regularly scheduled meetings in person or via video conference; and
 - Be aware of their obligations under the Competition Act and avoid the disclosure of any competitively sensitive information. Members should inform the co-chairs if they become aware of any Competition Act concerns that arise from the Network's discussions.
- The Network will update CFIF on its discussions on a regular basis. It will also seek feedback from a wide range of stakeholders to advance the agenda as appropriate. Feedback channels could include targeted industry roundtables and the publication of consultation papers.
- The Network will meet as required. Meetings will be held either at the Bank of Canada office in Toronto, at a member institution or virtually via video conference.