

Transition Finance Council: Terms of Reference

Context

The Transition Finance Council is a collaborative body co-launched by the City of London Corporation and HM Government. The Council will serve as a monitoring and driving force for the Transition Finance Market Review recommendations, convening key stakeholders and supporting continued capacity building and collaboration. The Council's aim is to leverage the UK's existing strengths to become the best place in the world to credibly raise transition capital, invest, and obtain financial and professional services in support of UK and global net zero ambitions.

The Council will include representation from the financial and professional services sectors, real economy, government, regulators, standard setters, and civil society. The Council will operate for an initial term of 12 months, with the Terms of Reference reviewed after this time.

Function of the Council

The Council will have three key functions:

1. Monitor and drive implementation of the TFMR's recommendations.
 - Publishing half-yearly public progress reports.
 - Highlighting achievements, challenges, and critical next steps.
2. Support transition finance capacity building and engagement across a breadth of UK and international stakeholders.
 - Hosting and participating in roundtables, events, and webinars to share learnings and engage with UK and international stakeholders.
 - Developing and publishing practical resources and guides.
 - Facilitating knowledge sharing and best practice development.
 - Optimising and promoting the competitive position of the UK as a leading transition finance hub.
3. Convene working groups to progress priority areas in accordance with the Council's objectives.

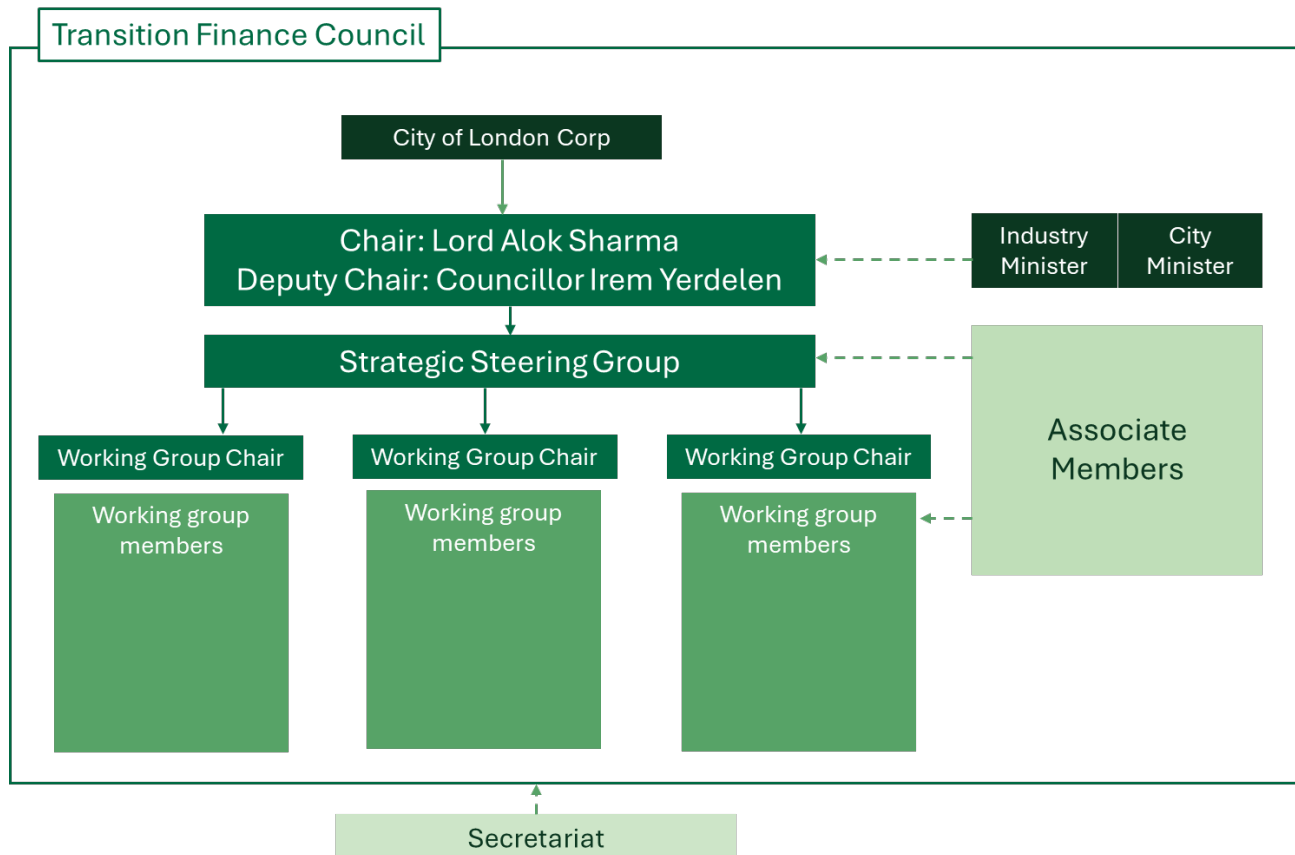
Intended outputs

Outputs of the Council and its Working Groups may include for example:

- Publishing half-yearly public progress reports
- Producing a series of webinars, thought leadership, and engagement materials.
- Consulting on and supporting the uptake of the *Guidelines for Credible Transition Finance* developed by the TFMR.

- Supporting the scope and establishment of the Transition Finance Lab; working closely with both the Net Zero Council, and Climate Financial Risk Forum transition finance metrics working group; and where applicable, communicating and contextualising their outputs.

Indicative governance structure¹



Frequency of engagement

- These Terms of Reference and the appointment of members to the Council covers an initial 12-month period.
- The Strategic Steering Group will meet quarterly.
- The Working Groups will meet at a frequency determined by the Working Group Chairs.
- The full Transition Finance Council will be convened at least once during the 12-month term.
- Other events and engagements will be held at the discretion of the Chair and Secretariat.

¹ Structure is indicative only, including the number of working groups

Roles, responsibilities, and appointment process

City of London Corporation

- Appoints the Chair and Deputy Chair and hosts the secretariat and outputs of the Council.

City Minister (HMT) and Minister for Industry (DESNZ)

- Meet twice per year with the Chair and Deputy Chair.
- Champion the objectives and work of the Council.

Transition Finance Council Chair

- Chairs meetings of the Strategic Steering Group.
- Oversees the Council's strategic agenda, which includes overall responsibility for the Council's work programme, outputs, and stakeholder engagement.
- Appoints Working Group Chairs.
- Holds ultimate decision-making authority, ensuring progress and alignment with overall objectives.
- Represents the Council in its senior engagement with external organisations and public facing engagement, including internationally.
- Reports on progress to the City of London Corporation, HM Treasury and DESNZ.

Transition Finance Council Deputy Chair

- Supports the responsibilities of the Chair and deputises for key engagements when necessary.

Strategic Steering Group (SSG) members

- Support the Chair and Deputy Chair in overseeing the Council's strategic agenda and shaping the priorities and deliverables to ensure that the Council is effectively meeting its objectives, working within the wider market.
- Attend quarterly SSG meetings to discuss and advise on the Council's progress, outputs, and next steps, ensuring that the Council's outputs are practical and complementary to broader strategic financial services and net zero objectives.
- Review and sign off on the outputs of the working groups and the public progress reports.

Working Group Chairs

- Are also members of the SSG.
- Define and prioritise the intended outputs of the working group.
- Appoint members to the working groups, in consultation with the Chair, Deputy Chair and Secretariat, and ensure adequate resourcing for the delivery of intended outputs.
- Chair regular working group meetings (anticipated to be every 1-2 months) and own the overall development and promotion of working group outputs.
- Report to the Chair, Deputy Chair and SSG on working group progress.

Working Group Members

- Attend working group meetings.
- Support the Working Group Chairs in the development and promotion of outputs.

Associate Members

- Will be kept informed on progress and outputs of the Council.
- Will be invited to contribute to relevant working group outputs at the discretion of the Working Group Chairs.
- May be convened by the secretariat, Chair, or working groups to provide advice on priority issues.
- Will champion the outputs and findings of the Council.

HMT, DESNZ, FCA, BoE, and National Wealth Fund senior officials

- Will be invited to observe meetings of the SSG
- Will be invited to observe or participate in the working groups as deemed relevant based on intended outputs.

Secretariat

- Prepares meeting agendas and minutes.
- Is responsible for overall coordination and project management.
- Keeps stakeholders informed on Council progress.
- Manages events and engagements.

Working groups

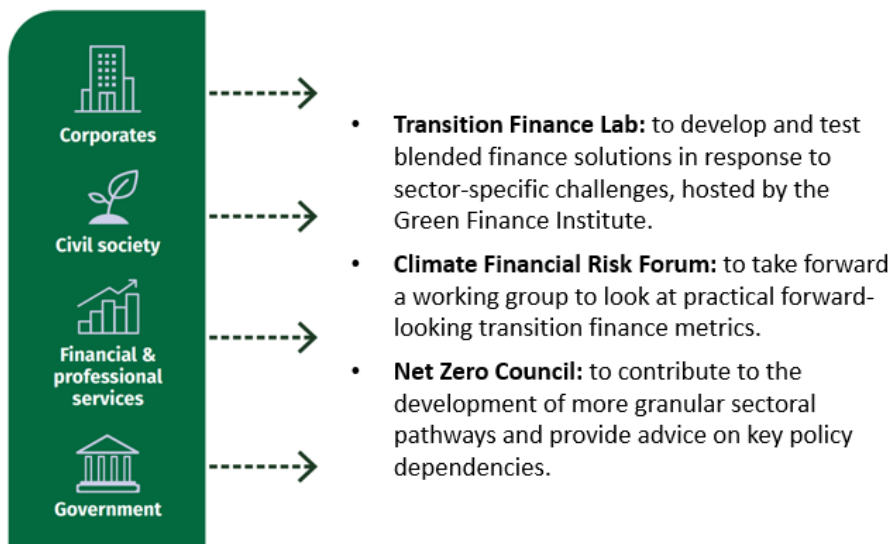
Working groups will be established by the Strategic Steering Group, informed by discussion with HMG and City of London Corporation. Working groups should not duplicate the work of other organisations and outputs should further the overarching ambitions of the Council. Working groups may be ongoing or task-and-finish.

Initially, three working groups will be established, aligned to the following themes:

1. Credibility and Integrity
2. Pathways, Policies and Governance
3. Scaling Transition Finance

Interaction of the Transition Finance Council with other initiatives

In addition to the Transition Finance Council, the TFMR recommended the establishment of a *Transition Finance Lab*, *Net Zero Council*, and a working group under the *Climate Financial Risk Forum*.



While these initiatives are independent from the Transition Finance Council, the Transition Finance Council should take responsibility for ensuring connectivity and consistency between these initiatives, as appropriate, as well as for putting out clear and coordinated messaging on transition finance into the market domestically and internationally.

In addition to these initiatives, the Transition Finance Council should also seek to work closely with other bodies doing relevant work in this area, including but not limited to:

- Industrial Strategy Advisory Council
- GFANZ
- International Transition Plan Network
- IIGCC
- IOSCO
- Rocky Mountain Institute
- Transition Pathway Initiative
- E3G
- National Wealth Fund, Great British Energy, and other relevant public finance institutions/initiatives

Background information

Transition finance is the financial products and services that facilitate an economy-wide transition to net zero, with a focus on the decarbonisation of high-emitting sectors.

About the TFMR

The [Transition Finance Market Review](#) was an independent Review led by Vanessa Havard-Williams. The Review was commissioned by HM Treasury and the Department for Energy Security and Net Zero following the 2023 Green Finance Strategy. The TFMR focused on how the UK can leverage its existing strengths to become the best place in the world to credibly raise transition capital, invest and obtain financial and professional services to support a net zero future.

The City of London Corporation hosted and co-led the TFMR secretariat, and Councillor Irem Yerdelen, Lead Member for Sustainable Finance was an appointed member of the TFMR [Expert Group](#).

What the TFMR recommended about the Transition Finance Council

The TFMR recommended the establishment of a Transition Finance Council, housed within the City of London Corporation.

The TFMR recommended the Council focuses on:

- Tracking the delivery and implementation of the recommendations outlined in this Review, providing regular updates to the market on progress and any barriers encountered.
- Prioritising systems and approaches for aggregating and sharing market best practice and thought leadership on transition finance, contributing to clarity on the objectives and opportunities of transition finance,
- Supporting capacity building across the market, governments, and regulators.
- Engaging stakeholders on the Guidelines for Credible Transition Finance put forward by the Review, and working with the market and financial services trade associations to support implementation.
- Optimising and promoting the competitive position of the UK as a leading transition finance hub, including through the growth of London Climate Action Week.

The Review recommends Government is formally involved in the Council:

- By maintaining a regular presence in its governance structure, Ministers will demonstrate the Government's commitment to the transition finance agenda, and dedication to working closely with market actors towards delivery of the Review's recommendations.

The Review published its final findings [Scaling Transition Finance: Findings of the Transition Finance Market Review](#) on 17 October 2024.