

SUSTAINABLE FINANCE MARKET UPDATE SERIES

SUSTAINABLE FINANCE ACROSS CAPITAL MARKETS



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GROWN FROM 12 TO

36

MEMBERS IN
2 YEARS

REPRESENTING

\$83.8

TRILLION USD
EQUITY MARKET
CAPITALISATION

MANAGING

82%

GLOBAL EQUITY
MARKET

REGIONAL NODES

3

AFRICA, ASIA AND
EUROPE

CO-CHAIRS

2

TORONTO AND
CASABLANCA

MEMBERS
ACROSS

5

CONTINENTS



SUSTAINABLE FINANCE MARKET UPDATE SERIES

An output of the UN-convened Financial Centres for Sustainability (FC4S) 36 member Network, this work aims to provide:

- » A review of the main market developments to mobilize green and sustainable finance, and
- » Examples of supporting national and international regulatory developments

MOTIVATION

- Sustainable finance is one of the fastest-growing development fields in finance and is quickly becoming mainstream.
- Sustainable green factors are increasingly gaining recognition as being materially relevant for financial products' performance.

SCOPE

ANALYSED MARKET SEGMENTS:

- Institutional investors
- Banking
- Capital markets
- Insurance

AREAS OF RESEARCH:

- Capital mobilization
- Reporting and disclosure
- Risk management

MAIN INPUTS

THIS WORK INCLUDES INSIGHTS FROM:

- Financial Centres for Sustainability (FC4S) analysis
- Experts from international organizations, and
- Group consultations and workshops with relevant stakeholders

SUSTAINABLE FINANCE MARKET UPDATE SERIES

SERIES STRUCTURE





**SUSTAINABLE
FINANCE ACROSS
CAPITAL MARKETS**

4

CONTENTS

1. Market Highlights
2. Market Developments
 - Disclosure and reporting
 - Risk Management
 - Capital mobilization
3. Regulatory Developments

1 MARKET HIGHLIGHTS



- Concern about the financial materiality of environmental and climate risks is prompting several stock exchanges to require disclosure of ESG information. **India**, **Hong Kong** and **Lima** stock exchange authorities are already doing so.
- The TCFD framework is emerging as the preeminent framework for climate-related disclosures. Market growth in green and sustainable bonds has been underpinned by principles that aim to facilitate comparability. In most jurisdictions, these have been voluntary, and industry-led.
- Although reporting and disclosure principles provide issuers with key guidance, the use of external reviews on green and sustainable bonds has become a market practice to support credibility and reduce the risk of greenwashing.
- Equity and fixed income ESG indices **grew globally by 40.2%** from Sept 2019 to Sept 2020. Also, the variety of sustainability indices has been growing, including bond, equity and transition indices.
- The **number** of ESG ETFs and the volume of ESG AuM worldwide have been growing fast. Despite its growth, ESG ETFs share of total ETF markets is still small and concentrated in developed countries.
- As of March 2021, the total value of global outstanding green, social and sustainability bonds was **approximately US\$1.5 trillion**.
- While green bonds still represent the majority of sustainability-related bond issuance, social and sustainability bonds have seen a rapid growth during the covid19 pandemic. According to BloombergNEF (Apr-Dec 2020) their cumulative issuance reached us\$209 billion.
- The growth of the sustainability market has given rise to new and innovative forms of financial products, such as green securitization, catastrophe (CAT) bonds, sustainability-linked bonds and nature performance bonds.

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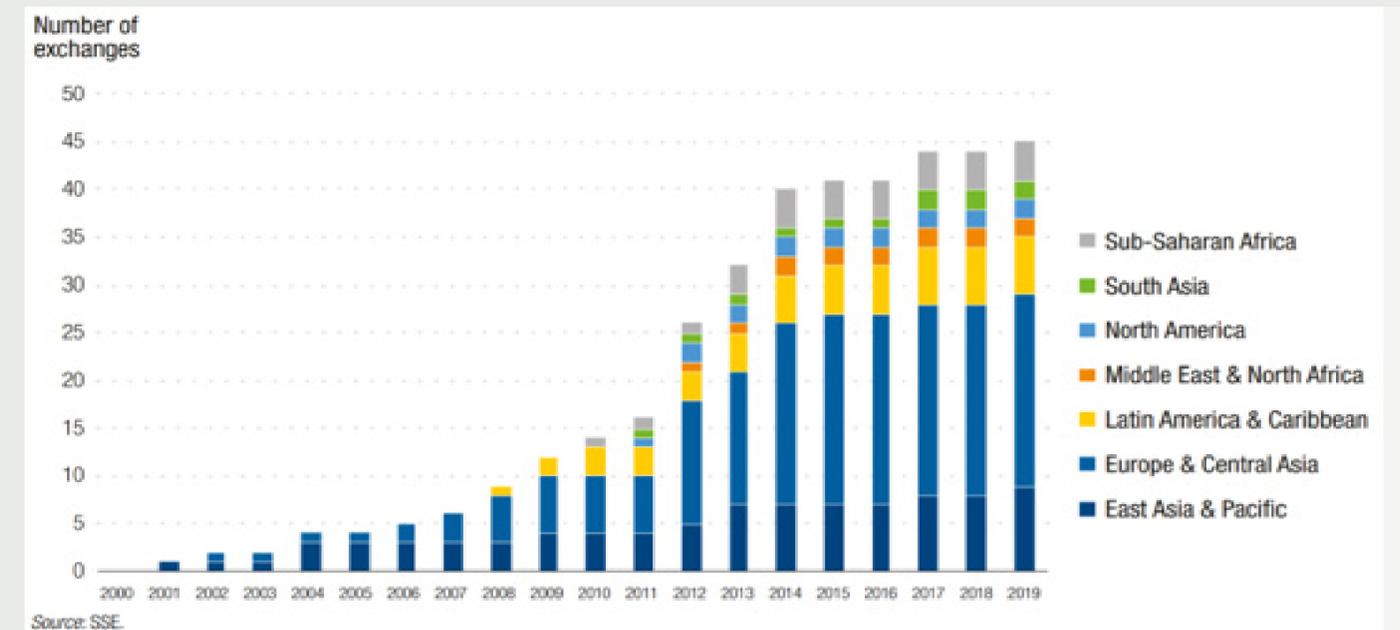
MARKET DEVELOPMENT: REPORTING AND DISCLOSURE | EQUITY



STOCK EXCHANGES ARE ACTIVELY PROMOTING THE ADOPTION OF ESG AND CLIMATE-RELATED FRAMEWORKS AND STANDARDS

- As of March 2021, according to the SSE Stock Exchange Database, out of 105 stock exchanges:
 - 1 | 52 publish an annual sustainability report (covering overall 36,000 issuers with \$77 trillion in market cap)
 - 2 | 56 have published ESG reporting guidance for their listed companies (covering overall 40,000 issuers with \$57 trillion in market cap),
 - 3 | 24 require ESG reporting as a listing rule (covering overall 16,000 issuers with \$18 trillion in market cap),
 - 4 | 45 participate in markets which are covered by a sustainability-related index (covering overall 43,000 issuers with \$83 trillion in market cap), and
 - 5 | Only 14 comply with all the criteria mentioned before (covering overall 12,000 issuers with \$14 trillion in market cap).

FIGURE 1.
GROWTH AND COVERAGE OF SUSTAINABILITY REPORTING BY EXCHANGES



Source: SSE 2019 Report

2

MARKET DEVELOPMENT: REPORTING AND DISCLOSURE | EQUITY



IN SOME COUNTRIES SOME STOCK EXCHANGES ARE MOVING TO MANDATORY DISCLOSURE

- Concern about the financial materiality of environmental and climate risks is prompting several Stock Exchanges to require Climate and ESG related disclosure based on recognized global frameworks and standards.
- Examples of exchanges that mandate ESG reporting include:
 - The Securities and Exchange Board of India (SEBI), **created** a set of guidelines for reporting ESG information which became mandatory in 2012 for the 100 largest companies listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) of India.
 - Since 2020, the **Hong Kong Stock Exchange (HKEX)** has had mandatory ESG reporting for listed companies.
 - Since 2015, the Stock Exchange of Lima has required issuers to present a corporate sustainability report and a report on good corporate governance as an annex to their annual report (**SSE description** of the measure).
- According to **SSE Disclosure Guidance Database**, as of March 2021 the most referenced reporting frameworks and standards in stock exchange guidance documents are:
 - 1 | the Global Reporting Initiative (**GRI**),
 - 2 | the International Integrated Reporting Council (**IIRC**),
 - 3 | the Sustainability Accounting Standards Board (**SASB**),
Carbon Disclosure Project (**CDP**),
 - 4 | the Task Force on Climate-related Financial Disclosures (**TCFD**),
 - 5 | the Climate Disclosure Standards Board (**CDSB**).
- While the TCFD framework is still cited by fewer than 50% of the exchanges with published reporting guidance, the expressing support for the TCFD recommendations has been steadily growing, reaching US\$150 trillion in AUM as of September 2020 (**TCFD 2020 Status Report**).



2

MARKET DEVELOPMENT: REPORTING AND DISCLOSURE | BONDS



BOND PRINCIPLES AND STANDARDS ARE GUIDING MARKET DEVELOPMENT

- The reporting and disclosure principles and standards in most jurisdictions are voluntary and industry led.
- Key existing ones are the **Green Bond Principles (GBP)**, issued by the **International Capital Market Association (ICMA)** and the **Climate Bond Standards (CBS)** issued by the **Climate Bonds Initiative (CBI)** and based on the GBP. ICMA also published the **Sustainable Bond Guidelines** and the **Sustainability-Linked Bond Principles**.
- Currently under development, the **ISO 14030** looks to harmonize definitions of green bonds and specify requirements for assessing the environmental performance of the assets to be financed.
- There have also been several developments in terms of ESG disclosure and listing requirements:
 - The London Stock Exchange's Sustainable Bond Market (SBM), Euronext's Green Bond listing, and Nasdaq's Sustainable Bond Network require some form of post-issuance reporting on the use of proceeds.
 - Both the Brazilian and Mexico's stock exchanges have similar listing requirements (**Sullivan & Cromwell report**).



The
Green Bond
Principles



Climate
Bond
Certified



2

MARKET DEVELOPMENT: REPORTING AND DISCLOSURE | BONDS



NATIONAL PRINCIPLES AND STANDARDS ARE EMERGING

- Examples of national principles/standards include:
 - 1 | [Japan's Green Bond Guidelines 2020](#);
 - 2 | [Mexico's Green Bonds Principles 2018](#);
 - 3 | [Egypt's Financial Regulatory Authority Green Bond Guidelines 2018](#);
 - 4 | [Morocco Green Bonds Guidelines 2016](#); and
 - 5 | [Guidelines for Issuing Green Bonds in Brazil 2016](#).
- As for sovereigns, there is not yet a standardized disclosure framework to report on climate and environmental considerations. Currently, investors develop their own bespoke frameworks for engaging with sovereigns.



2

MARKET DEVELOPMENT: REPORTING AND DISCLOSURE | SECOND PARTY OPINION AND CERTIFICATIONS



MARKETS RELY ON SECOND-PARTY OPINIONS, CERTIFICATIONS AND ASSURANCES TO REDUCE THE RISK OF GREEN/SUSTAINABILITY-WASHING

- Although Green Bond Principles provide general guidance on disclosure, use of proceeds, management of proceeds and reporting.
- The use of external reviews (second party opinions) on the issuance of thematic bonds (climate, green, blue, sustainable, etc) has become a market practice to mitigate the risk of greenwashing.
- Investors mostly rely on external verifiers to validate the greenness of the issuance, which have developed their own methodologies based on the Green Bond Principles and Climate Bond Standards.
- According to a **CBI 2020 report**, 89% of green bonds issued globally had at least one external reviewer. The volume of Bonds certified under the **Climate Bonds Standard** grew by 14% and represented 15% of the green bond market in 2020.
- In order to improve transparency on the use of proceeds of sustainability bonds, issuers have started to develop sustainability bond frameworks prior to issuance. Two examples are:
 - 1 | [Luxembourg's Sustainability Bond Framework 2020.](#)
 - 2 | [Thailand's Sustainable Financing Framework 2020.](#)

2

MARKET DEVELOPMENT: RISK MANAGEMENT



CAPITAL MARKETS RELY ON ESG RATING PROVIDERS FOR ANALYSIS AND RISK ASSESSMENT

- There are around 150 ESG data providers worldwide and, as of 2018, more than 600 ESG ratings and rankings ([Rate the Raters 2019 Report](#)).
- The three mainstream credit rating agencies have started to integrate ESG factors into their credit ratings. They have been acquiring ESG and climate-focused data vendors ([Rate the Raters 2020 Report](#) and [S&P Global note](#)).
- The major market infrastructure services related to ESG, climate and sustainability can be grouped under the following three themes: (i) ESG Rating Providers and Climate Risk Rating Agencies, (ii) ESG and Climate Index Providers, and (iii) External Reviewers.
- External reviews aim to provide a layer of assurance regarding the "greenness" of the underlying security, diminishing the risk of greenwashing. They can take the form of second-party opinions, third party assurance, certifications, verification, ratings, and scores.
- There are a variety of tools that could help investors understand their exposure to high carbon assets, and unintentional carbon risks to the current portfolio.
- These tools also help assess whether portfolios are aligned with international climate agreements, regulations and targets (see [Market Infrastructure Supporting Sustainable Finance](#), February 2021).



2

MARKET DEVELOPMENT: CAPITAL MOBILIZATION | EQUITY



SUSTAINABLE EQUITY CAPITAL MARKETS (ECM) HAVE BEEN GROWING

- According to **FSTE Russell**, since 2009, the global market of green / sustainable business has grown at an annualized 8%, faster than the overall equity market.
- New listed sustainable companies experienced an all-time record increase of 65% in 2020 compared to 2019. Listings totaled totaling US\$13.8 billion (See Figure 2, **Refinitiv 2020 Sustainable Finance Review**).
- The number of new equity and fixed income ESG indices has accelerated. The number ESG indices grew globally by 40.2% from September 2019 to September 2020 (**Index Industry Association report**).
- The variety of sustainability indices has also been growing, covering green and sustainable bond indices, green and sustainable equity indices, transition indices, and indices based on sustainability criteria.

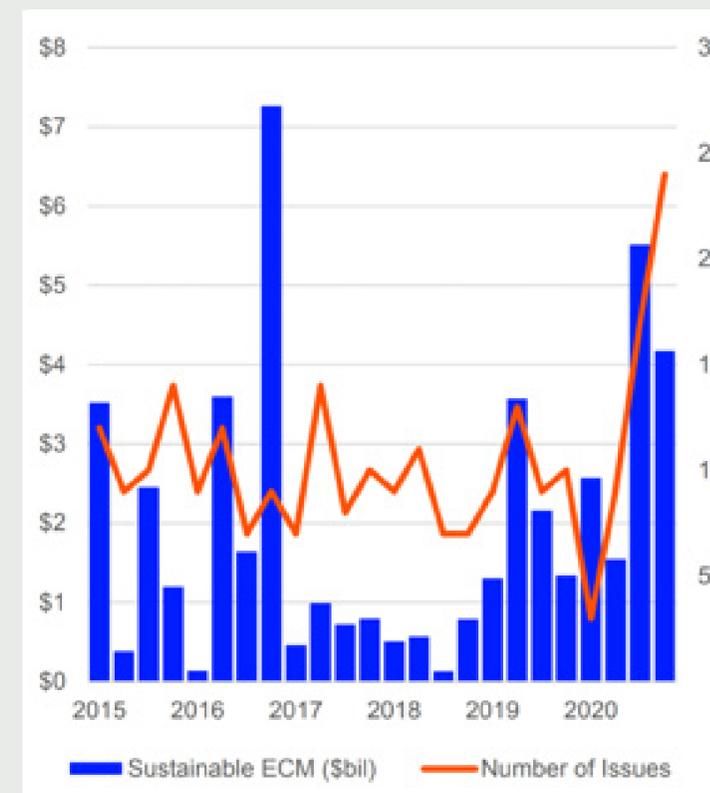


FIGURE 2.
SUSTAINABLE ECM
QUARTERLY VOLUMES

Source: Refinitiv 2020 Sustainable Finance Review

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MARKET DEVELOPMENT: CAPITAL MOBILIZATION | EQUITY



STOCK EXCHANGES ARE ACTIVE IN THE ESG SPACE, SUPPORTING FAST-GROWING GLOBAL DEMAND FOR SUSTAINABLE FINANCE

- Examples of stock exchanges active in the ESG space include London Stock Exchange FTSE4Good, Bombay Stock Exchange's Greenex, Johannesburg Stock Exchange's SRI Index, Mexican Stock Exchange S&P/BMV Total México ESG Index, and Morgan Stanley's MSCI Emerging Markets ESG Leaders Index ([TC Report](#)).

In 2019, the London Stock Exchange (LSE) launched the Green Economy Mark, a label that identifies London-listed companies and funds that generate between 50% and 100% of total annual revenues from products and services that contribute to green economic activities ([LSE Factsheet](#)).

The Latin American Integrated Market (MILA) exchange, which unites stock exchanges under one trading platform of Colombia, Chile, Mexico, and Peru, is also working towards developing a region wide ESG index together with S&P Dow Jones ([SSE Initiative Action Plan](#)).

The Luxembourg Stock Exchange in 2016 launched the Luxembourg Green Exchange (LGX), a dedicated platform for sustainable securities and issuers that contribute to financing a low-carbon and more inclusive economy ([LGX description](#)).

At the end of 2020, the Hong Kong Exchanges and Clearing Limited (HKEX) launched the HKEX Sustainable and Green Central Hub for data and information on sustainable and green finance investments in the region ([HKEX press release](#)).

FTSE Russell in 2020 launched the FTSE Climate Risk-Adjusted European Monetary Union (EMU) Government Bond index, which assesses each EMU country's climate change related physical and transition risks as well as countries' resilience ([FTSE Russell press release](#)).



INSTITUTIONAL INVESTORS ARE ALLOCATING MORE RESOURCES TO ESG-THEMED FUNDS AND ETFs

- The number of ESG ETFs and the volume of ESG AUM worldwide has been growing fast. Despite its growth, ESG ETFs share of total ETF markets is still small and concentrated in developed countries.
 - The number of ESG ETFs worldwide grew from 39 in Dec. 2009 to 221 in June 2019. This growth has accelerated since 2015, with a net increase of 153 ESG ETFs in less than four years ([UNCTAD report](#)).
 - According to S&P Dow Jones Indices, investments in ESG ETFs grew from US\$22.1 billion in 2018 to US\$56.8 billion in 2019 ([Indexology Blog](#)).
 - According to [data compiled by S&P Dow Jones Indices](#), AUM tied to ESG ETFs in 2020 nearly tripled from just under US\$60 billion to US\$170 + billion, with flows of \$81 billion. Midcap and small-cap ESG ETFs grew even faster with AUM increasing by +260% in 2020.
- According to the UNCTAD report, as of the first half of 2019, the 221 ESG ETFs can be grouped into four strategies:
 - 1 | **General integration** (88). Incorporates a variety of ESG material factors into investment selection and decision-making processes to mitigate risks or enhance returns.
 - 2 | **Best-in-class or positive screening** (69). Selects best performing companies or leaders in a specific industry or across several industries in terms of sustainability performance.
 - 3 | **ESG themed** (49). Focuses on one ESG pillar (environment, social or governance); or on one 'quasi sector', such as renewable energy or water infrastructure; or on a concrete sustainability theme (for example low carbon or gender equality).
 - 4 | **Exclusion** (15). Excludes industries, companies or assets that do not meet minimum standards of business practice based on international norms.

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MARKET DEVELOPMENT: CAPITAL MOBILIZATION | EQUITY



ESG INDICES HAVE SHOWN AN EQUAL OR BETTER PERFORMANCE THAN CONVENTIONAL INDICES

- The European Securities and Markets Authority (ESMA) **reports** that the Euro STOXX ESG Leaders 50 index has consistently outperformed the Euro STOXX 50 benchmark over the last few years, especially on a risk-adjusted basis. However, the report also highlights that there is still high dispersion in ESG benchmark performances reflecting differences in benchmark composition.
- Likewise, the MSCI emerging markets ESG Leaders index has outperformed its conventional benchmark in eight out of ten years (see Figure 3), from 2009 to 2018, according to the UNCTAD report.

FIGURE 3.
FINANCIAL PERFORMANCE: ESG INDEX VERSUS CONVENTIONAL INDEX, 2009–2018



Source: UNCTAD report, 2019.

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MARKET DEVELOPMENT: CAPITAL MOBILIZATION | FIXED INCOME



THERE IS A VARIETY OF SUSTAINABILITY BONDS



TYPE OF BOND	PURPOSE / GOAL
GREEN BONDS	To finance or refinance projects or activities with environmental benefits and aligned with the 4 core components of the Green Bond Principles (Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, Reporting).
SOCIAL BONDS	To finance or refinance projects or activities with positive social outcomes and are aligned with the 4 core components of the Social Bond Principles.
SUSTAINABILITY BONDS	To finance or refinance green and social projects or activities and that are aligned with the 4 core components of both the Green Bond Principles and Social Bond Principles.
SUSTAINABILITY-LINKED BONDS	To finance general corporate purposes. The issuer must commit to achieve a specific beneficial outcome, within a predefined timeline. Progress, or lack of it, toward the established goal results in a decrease or increase in the instrument's coupon. Examples include: <i>Key performance indicator (KPI)-linked</i> and <i>SDG-linked Bonds</i> .

Source: [ICMA's Principles, Guidelines and Handbooks](#) and [PIMCO note](#).

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MARKET DEVELOPMENT: CAPITAL MOBILIZATION | FIXED INCOME

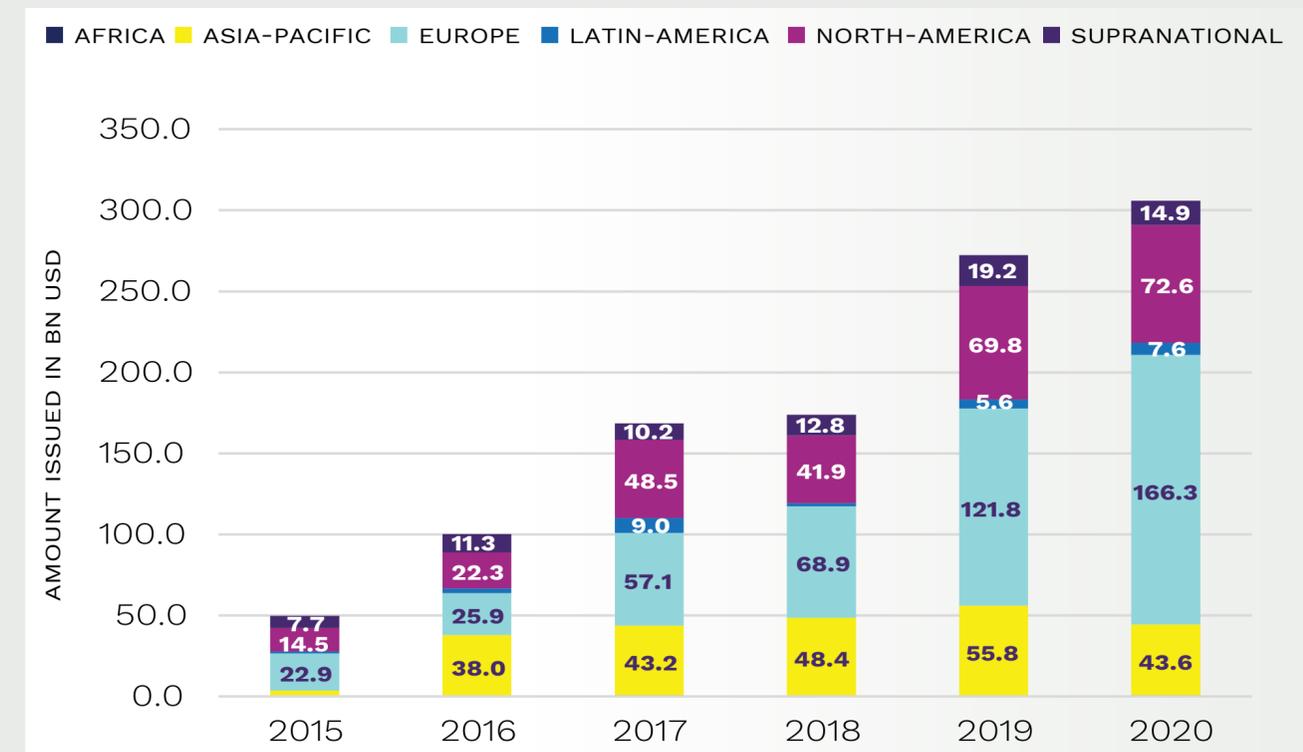


GREEN BONDS ARE BEING INCREASINGLY DEMANDED

- As of March 2021, the total value of outstanding green, social and sustainability bonds is approximately US\$1.5 trillion ([Environmental Finance Bond Database](#)). This represents 1.2% of the total value of bonds outstanding (US\$128.3 trillion, see [ICMA](#)).
- **According to CBI**, green bonds cumulative issuance has recorded a 60% average annual growth from 2015 to 2020.
- Financial and non-financial corporates have been the largest issuers of green bonds in every quarter since Q3 2018, according to [CBI Green Bond Market Summary Q3 2020](#).

The shares in the green bond market were 35% for the energy sector, 26% for buildings and 24% for transport in 2020 ([CBI article](#)).

FIGURE 4. GREEN BOND ISSUANCE PER REGION



Source: BloombergNEF.

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MARKET DEVELOPMENT: CAPITAL MOBILIZATION | FIXED INCOME



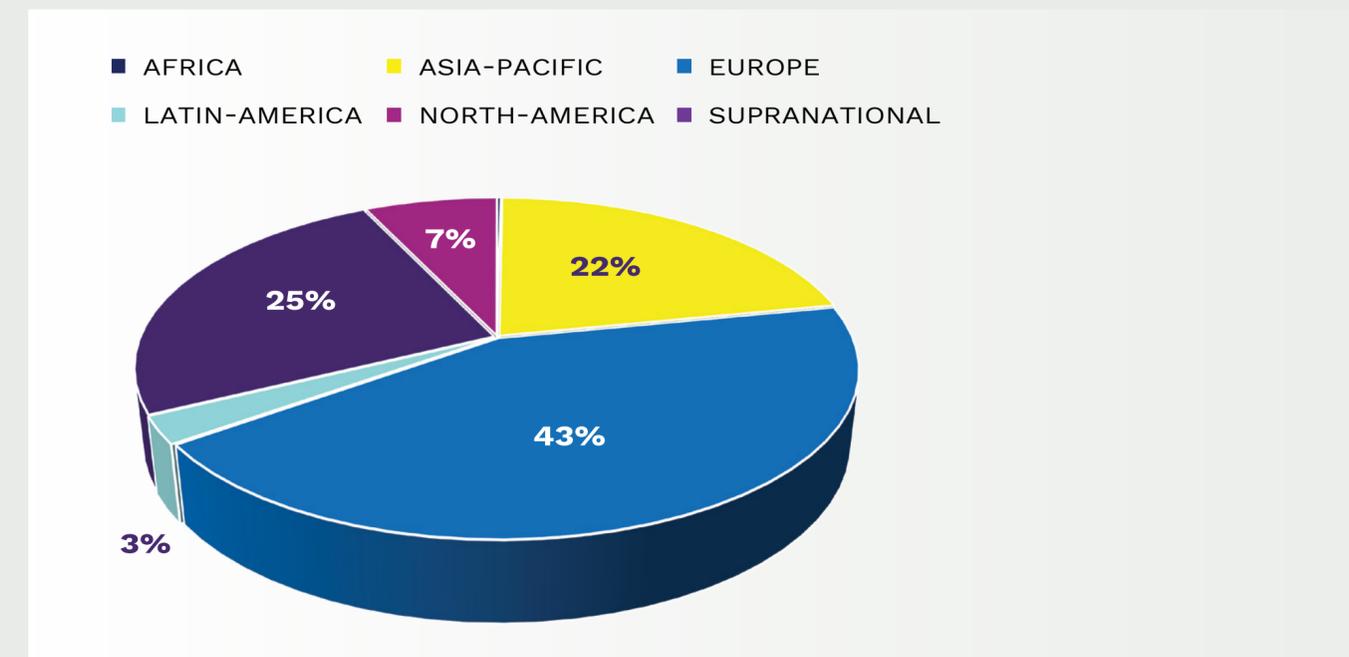
GLOBAL GREEN BOND ISSUANCE IS STILL MOSTLY CONCENTRATED IN EUROPE AND NORTH AMERICA, HOWEVER LDCS ARE INCREASINGLY ACTIVE

- Europe and North America represented 68% of the green bond cumulative issuance from 2015 to 2020.

In particular, United States (US\$243 billion), China (US\$147 billion), France (US\$111 billion), and Germany (US\$96 billion) led the country rankings ([BloombergNEF](#)).
- Nevertheless, developing countries have also been increasingly active in green bond markets.

A 2019 [SBN and IFC report](#) acknowledges that Bangladesh, Kenya, Mongolia, and Nigeria have introduced green bond frameworks, are issuing sovereign green bonds, and are building capacity to stimulate private sector issuance.

FIGURE 5. % OF CUMULATIVE GREEN BOND ISSUANCE PER REGION FROM 2015 TO 2020



Source: BloombergNEF.

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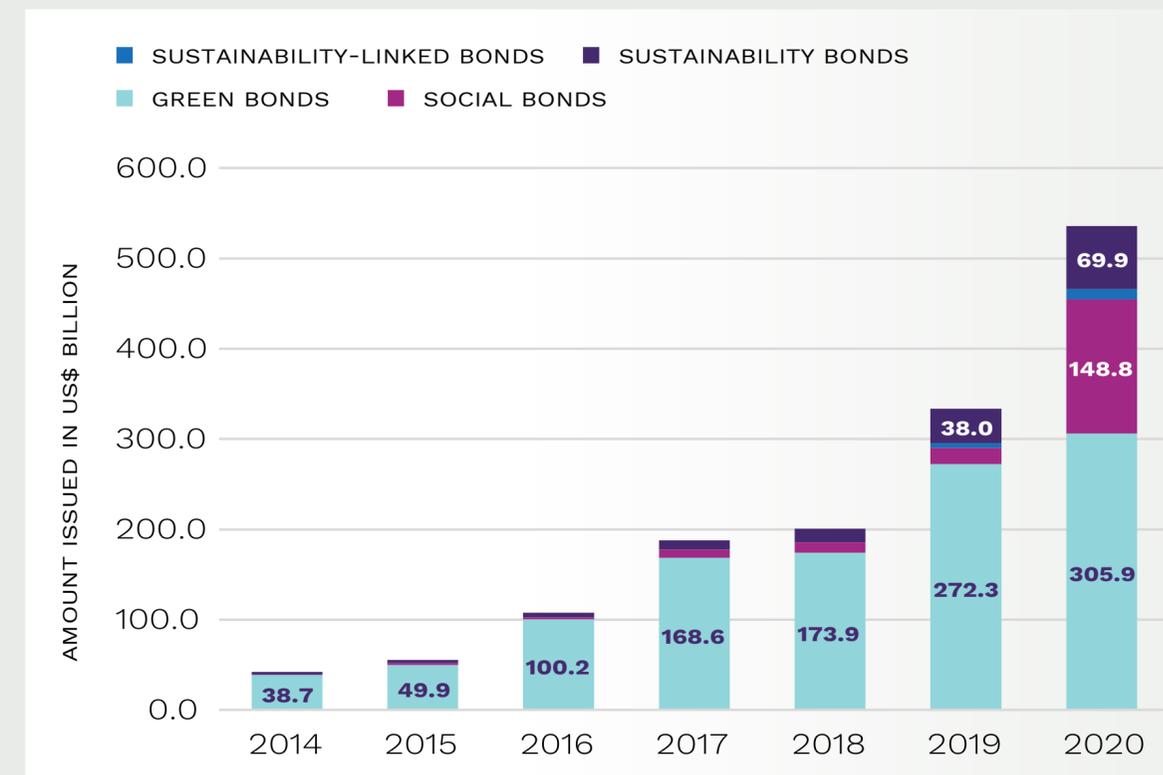
MARKET DEVELOPMENT: CAPITAL MOBILIZATION | FIXED INCOME



WHILE GREEN BONDS STILL REPRESENT THE MAJORITY OF SUSTAINABILITY BOND ISSUANCE, SOCIAL BONDS AND SUSTAINABILITY LINKED BONDS ARE GAINING IMPORTANCE

- Social and Sustainability bonds have been used to address relevant social issues during the COVID19 pandemic. From April to December 2020, cumulative issuance of Social and Sustainability bonds reached US\$209 billion ([BloombergNEF](#)).
- From 2019 to 2020, social bonds increased from US\$18 billion to US\$149 billion, sustainability bonds from US\$38 billion to US\$70 billion, and sustainability-linked bonds issuance from US\$5 billion to US\$11 billion ([BloombergNEF](#)).
- While green bond issuance has grown by 60% on average from 2015 to 2020, it grew only by 12% from 2019 to 2020, reaching US\$306 billion (obtained from the BloombergNEF). Their issuance dropped in the first two quarters of 2020 but increased in the second two quarters ([BloombergNEF](#)).

FIGURE 6. WORLD SUSTAINABILITY BONDS ISSUANCE



Source: BloombergNEF.

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MARKET DEVELOPMENT: CAPITAL MOBILIZATION | FIXED INCOME



SOVEREIGN BONDS ISSUANCE IS ALSO ON THE RISE

- The cumulative issuance of green, social, and sustainability sovereign bonds amounted to US\$99 billion from 2015 to 2020 ([BloombergNEF](#)).
- The total issuance of these bonds reached US\$45 billion in 2020, an increase of 80% from 2019. This represented 8.6% of total private and public green, social and sustainability bond issuance that year ([ICMA](#)).
- Europe issued 83% of green, social, and sustainability labeled bonds from 2015 to 2020, while Latin-America and Asia Pacific followed with 10% and 6% respectively.

FIGURE 7. : **WORLD SUSTAINABILITY-RELATED SOVEREIGN BOND ISSUANCE**



Source: [BloombergNEF](#).



MARKETS CONTINUE TO DEVELOP INNOVATIVE CLIMATE AND ESG-RELATED FINANCIAL PRODUCTS

- The growth of the green bond market has given rise to new and **innovative forms of green bond issuance**. For instance,
 - **Germany's sovereign twin bonds** offer investors the possibility of swapping green bonds with conventional government bonds, an innovative mechanism that fosters liquidity and helps develop a term structure for green bonds.
- **Green securitization** isolate and allocate climate risk to investors willing to accept it (**CFTC report**), helping credit institutions offload to capital markets illiquid assets and thus unlock finance for smaller scale low carbon and climate-resilient assets (**CBI briefing paper**).
- **Catastrophe bonds** (CAT bonds) transfer the physical risk of extreme events from an issuer to the capital markets (**Artemis library**). According to **Artemis' Dashboard**, their cumulative issuance increased 14%, from US\$118 billion in 2019 to US\$135 billion in 2020.
 - Mexico's 2020 **World Bank** supported catastrophe (CAT) bonds will provide financial protection of up to \$485 million against costly natural disasters such as hurricanes and earthquakes.
- The **sustainability-linked bond issued by ENEL SpA** (Italian electric utility company) in 2020 defined a coupon that varies depending on the environmental performance of the issuer, with better sustainable performance carrying lower interest rates.
- **Nature performance bonds (NPBs)** proposed by the Finance for Biodiversity Initiative (**F4B**) in September 2020, are aimed at emerging-market nations to protect ecosystems and biodiversity (**F4B report**). **NPBs** would be linked to pre-defined targets for nature and climate. Positive outcomes would bring about reductions in coupon payments, and even have the potential for adjustment of principal.
 - One of the first issues of NPBs could be Pakistan. The country is planning to issue a nature performance bond of up \$1 billion in 2021 (**F4B update**).

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REGULATORY DEVELOPMENTS



SOME SUPERVISORS AND REGULATORS REQUIRE THEIR LISTED EQUITY MARKET TO DISCLOSE ESG-INFORMATION

- In a 2020 **survey**, the International Organization of Securities Commissions (**IOSCO**) found that.
 - | 83% of securities commissions facilitate sustainable investment by promoting transparency;
 - | 45% prevent greenwashing; and
 - | 41% define ESG-related risks as financial risks and for that reason must be managed and disclosed.
- The European Securities and Markets Authority (ESMA) published in 2019 a **technical advice** to the European Commission for the integration of sustainability risks and factors into securities trading.
- In late 2020, the UK Financial Conduct Authority (FCA), set out a **Roadmap** that proposes an indicative path, towards comprehensive and high-quality information on how climate-related risks and opportunities are being managed across the UK.
- China's Guidelines on Green Bond Issuance have made various mandatory provisions on reporting and disclosure of information related to the use of proceeds of green bonds (see **ADBI Working Paper**).
- In 2020, the US Investor Advisory Committee of the SEC **recommended** that it should promulgate ESG specific disclosure policies and incorporate them into the integrated disclosure regime for SEC-registered issuers.
- In March 2021 the International Financial Reporting Standards (IFRS) Foundation announced the development of a global Sustainability Standards Board to address the demand for global sustainability accounting standards (**IFRS press release**). The **International Federation of Accountants** and **IOSCO** are backing this initiative.

3

REGULATORY DEVELOPMENTS



AUTHORITIES ARE ALSO DEVELOPING MEASURES TO MOBILIZE GREEN CAPITAL

- Responding to growing demand for green bonds, the Bank for International Settlements (BIS) has “launched an open-ended fund for central bank investments in green bonds, helping central banks to incorporate environmental sustainability objectives in the management of their reserves” ([BIS](#)).
- The Monetary Authority of Singapore in 2019 launched a US\$2 billion green investments program, which is part of the Green Finance Action Plan ([MAS press release](#)).
- As to regulatory developments, a notable example is the current draft of the mandatory [EU Green Bond Standard](#). The accompanying ‘Disclosure Regulation’ will apply to the prospectus disclosure requirements for green bonds issuance. The EU Green Bond Standard requires financed green investments to follow the [EU green taxonomy](#).
- Luxembourg in 2018 established a legal framework for green covered bonds to finance renewable energy generation ([Journal Officiel du Grand-Duché de Luxembourg’s publication](#)).
- The ASEAN region has developed its own regional standards, the [ASEAN Green Bond Standards](#) which are based on the Green Bond Principles.



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