



EUROFILING CONFERENCE

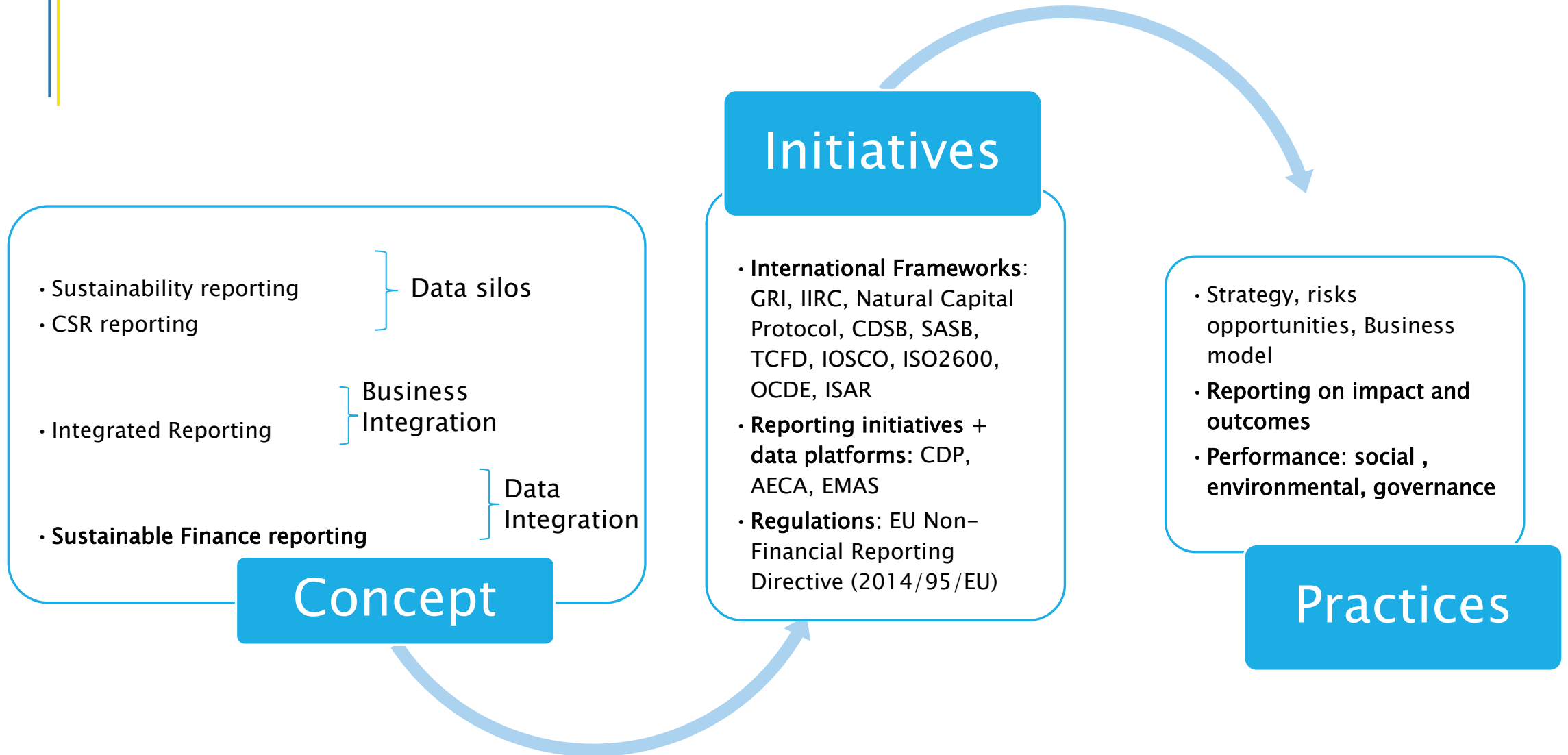
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SUSTAINABLE FINANCE AND ISO

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SUSTAINABLE FINANCE



SUSTAINABLE FINANCE BRINGS TRENDS

Sustainable Finance is looking at how to integrate ESG practices in the financing of economic activities.

- This is moving trends on

- Better alignment between financial and non-financial reporting practices and analysis of information.
- And the establishment of metrics for sustainable investment into sustainable activities and products.

Business strategy

Principles

Metrics

Analysis

Comparability

Measurement

XBRLTM
THE BUSINESS REPORTING STANDARD

EXAMPLE: EU REGULATION IS MOVING INTO CONCRETE KPIs

5. KPIs

In disclosing KPIs related to GHG emissions, banks and insurance companies should focus on Scope 3 GHG emissions, despite the well-known challenges associated with it. Scope 1 and Scope 2 GHG emissions (direct emissions and indirect emissions from the generation of purchased energy) are likely to be small when compared to other indirect emissions (Scope 3).

Key Performance Indicators (Banks and Insurance companies)						
	KPI	Unit of Measure	Example	Rationale	Alignment with Other Reporting Frameworks	EU Policy Reference
KPIs	Amount or percentage of carbon-related assets in each portfolio in M€ or as a percentage of the current portfolio value.	M in reporting currency / percentage	20 M€ or 20% carbon-related assets of bank's equity portfolio	Show awareness of the exposure of portfolio to sectors affected to varying degrees by climate-related risks and opportunities.	TCFD Common Carbon Footprinting and Exposure Metrics	2030 climate & energy framework
	Weighted average carbon intensity of each portfolio, where data are available or can be reasonably estimated.	tCO ₂ e/ M revenues in reporting currency	A bank reports the carbon intensity of its equity portfolio in terms of tCO ₂ e per EUR MM using third-party carbon data.	Show awareness of the exposure of portfolio to sectors affected to varying degrees by climate-related risks and opportunities.	TCFD Common Carbon Footprinting and Exposure Metrics	2030 climate & energy framework
	In addition to the weighted average carbon intensity and the amount or percentage of carbon-related assets, reporting companies may provide other indicator they believe are useful for decision making along with a description of the methodology used. This can include carbon footprinting normalized by invested value (see TCFD annex p. 43).					
	Volume of exposures by sector of counterparty.	Reporting currency % of the total risk exposure	1.250 MEUR in energy sector accounting for 17% of total investments	Show the concentration of exposures towards high-carbon and low-carbon sectors.		EU Low Carbon Economy Roadmap

Consultation Document on the update of the non-binding guidelines on non-financial reporting (2019)

ISO WORK ON SUSTAINABLE FINANCE

TC 322

- **Scope:** “ Standardisation in the field of sustainable finance to integrate sustainability considerations including environmental, social and governance practices in the financing of economic activities”
- TC322 for sustainable finance will have a close cooperation with
 - TC 68 in the field of financial services,
 - TC 207 in the field of environmental management
 - TC 251 in the field of asset management
 - TC 309 in the filed of governance of organizations



RELEVANT STAKEHOLDERS

- Non-financial organizations
- Financial market participants such as institutional and retail investors, fund managers, banks, insurers, intermediaries, funds (investment, pensions and sovereign wealth)
- Private equity and venture capital
- Third-party providers and recipients of finance
- Policy makers and regulators



TANGIBLE OPPORTUNITIES

-Role for adaption/reuse of standards

Role for XBRL

Role for ISO standards

Example:

- Classification of sustainable finance financial instruments
 - Structured, standardised, usefulness in analysis and measurement