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Sustainable finance — Basic concepts and key initiatives

Finance durable — Concepts de base et initiatives clés

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see www.iso.org/iso/foreword.html.

This document was prepared by Technical Committee ISO/TC 322, *Sustainable finance*.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

Introduction

The practice of sustainable finance is evolving fast and is being endorsed by an increasing number of regions, countries and economic entities with different focuses. Given this dynamic, there is a need to inform users about basic concepts, key initiatives and terms in common use, in order to facilitate communication among various types of financial market participants and stakeholders across wide geographic regions.

To compile this document, many information sources were reviewed. These included international, regional and national policies and frameworks, official websites and publications by multilateral development financial institutions, international initiatives and organizations which contribute to promoting, enabling and harmonizing sustainable finance practices worldwide, academic literature and related International Standards.

Inclusion in this document demonstrates that a term has been widely accepted and used in the global community of sustainable finance. However, its definition has not been formally endorsed through the consensus-building process used for developing International Standards.

Each term includes at least one accessible source for its definition. Some terms refer to one or more reference sources to provide the context for the definition. To improve ease of use, the listed key sustainable finance concepts, initiatives and terms are grouped into five clauses:

— basic concepts (see Clause 4);

— principles, guidelines and regulation (see Clause 5);

— financial products and services (see Clause 6);

— verification, reporting and disclosure (see Clause 7);

— international initiatives and organizations (see Clause 8).

Additionally, the liaison ISO committees of ISO/TC 322 and standalone standards directly related to sustainable finance are listed in Annex A.

Sustainable finance — Basic concepts and key initiatives

1 Scope

This document provides a non-exhaustive list of relevant basic concepts, key initiatives and terms that are in common use in the global community of sustainable finance, and have been identified by ISO/TC 322 as helpful to facilitate a greater understanding of the topics suggested by sustainable finance practitioners, including but not limited to: financial regulators, development and commercial banks, asset managers, investors, international initiatives and researchers.

The terms included in this document have been selected because they are:

— widely accepted and used in financial markets;

— sourced from supranational organization(s) or initiative(s), or national regulatory authorities;

NOTE With priority given to the source with the larger geographic coverage.

— likely to be used in documents from ISO/TC 322 and other related International Standards;

— of international prevalence and interest.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

No terms and definitions are listed in this document.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

— ISO Online browsing platform: available at https://www.iso.org/obp

— IEC Electropedia: available at http://www.electropedia.org/

4 Basic concepts

This clause outlines the basic concepts related to sustainable finance. In some instances, one source has been cited, but in others several sources have been identified as appropriate, e.g. the term “sustainable finance” has been used in many ways and this document identifies the four most appropriate descriptions.

sustainable finance
financing as well as related institutional and market arrangements that contribute to the achievements of strong, sustainable, balanced and inclusive growth, through supporting directly and indirectly the framework of the United Nations (UN) Sustainable Development Goals (SDGs) [SOURCE: *G20 Sustainable Finance Synthesis Report*, Introduction, July 2018]
the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects [SOURCE: European Commission website. Available from [last accessed 2021-05]: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance_en]
application of financial services to achieve the goal of sustainability [SOURCE: PAS 7340:2020, *Framework for embedding the principles of sustainable finance in financial services organizations. Guide*, 2.26]
incorporation of environmental, social, and governance (ESG) principles into business decisions, economic development, and investment strategies [SOURCE: International Monetary Fund. *Global Financial Stability Report: Lower for Longer*, Chapter 6: Sustainable Finance, October 2019. Available from: https://www.elibrary.imf.org/view/books/082/26206-9781498324021-en/26206-9781498324021-en-book.xml?language=en&redirect=true#references]

sustainability
state of the global system, including environmental, social and economic aspects, in which the needs of the present are met without compromising the ability of future generations to meet their own needs [SOURCE: ISO 20400:2017, *Sustainable procurement — Guidance*, 3.33] Further detail: — The environmental, social and economic aspects interact, are interdependent and are often referred to as the “three dimensions of sustainability”. — Sustainability is the goal of sustainable development.

Sustainable Development Goals (SDGs)
The blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. [SOURCE: UN SDGs website. Available from [last accessed 2021-03]: https://www.un.org/sustainabledevelopment/sustainable-development-goals/] Further detail: — The 17 goals are all interconnected and, in order to leave no one behind, it is important that all of them are achieved by 2030.

sustainability taxonomy
classification system identifying activities, assets and revenue segments that deliver on key sustainability goals based on the eligibility conditions set out by the taxonomy [SOURCE: PAS 7340:2020, *Framework for embedding the principles of sustainable finance in financial services organizations. Guide*, 2.24] Further detail: — Designed as a framework onto which existing (and future) definitions that are used in a variety of contexts can be mapped, enabling comparability of different standards and products. — A taxonomy is a framework that can be applied to a variety of financial instruments. — The classification system is an evolving tool that requires continuous review and updating.

green finance
financing of investments that provide environmental benefits in the broader context of environmentally sustainable development [SOURCE: G20 Green Finance Study Group. *G20 Green Finance Synthesis Report*, Summary, July 2016. Available from: http://www.g20.utoronto.ca/2016/green-finance-synthesis.pdf]
financial services provided for economic activities that are supportive of environment improvement, climate change mitigation and more efficient resource utilization [SOURCE: The People's Bank of China et al. *Guidelines for Establishing the Green Financial System* (Yinfa 2016 Doc No. 228), 2016. Available from: http://www.pbc.gov.cn/english/130721/3133045/index.html] Further detail: — These economic activities include the financing, operation and risk management for projects in areas such as environmental protection, energy savings, clean energy, green transportation and green buildings.

climate finance
local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change [SOURCE: UNFCCC Website. Available from [last accessed 2021-03]: https://unfccc.int/topics/climate-finance/the-big-picture/introduction-to-climate-finance]

social finance
financing that supports actions mitigating or addressing a specific social issue and/or seeking to achieve positive social outcomes especially but not exclusively for a target population(s) [Adapted from source: ICMA. *Sustainable Finance High-level definitions*, May 2020. Available from: https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Sustainable-Finance-High-Level-Definitions-May-2020-110520v4.pdf]

microfinance
Loans, savings, insurance, transfer services and other financial products targeted at low-income clients. [SOURCE: Wegner, L. (2006), "Microfinance: How Bankers Could Buy Back Their Soul", OECD Development Centre Policy Insights, No. 31, OECD Publishing, Paris, https://doi.org/10.1787/244828638578]

blended finance
the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries [SOURCE: Wegner, L. (2006), "Microfinance: How Bankers Could Buy Back Their Soul", OECD Development Centre Policy Insights, No. 31, OECD Publishing, Paris, https://doi.org/10.1787/244828638578]

official development assistance (ODA)
government aid that promotes and specifically targets the economic development and welfare of developing countries [SOURCE: OECD website. Available from [last accessed 2021-03]: https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm] Further detail: — ODA is flows to countries and territories on the DAC List of ODA Recipients and to multilateral development institutions that are: a) provided by official agencies, including state and local governments, or by their executive agencies; and b) concessional (i.e. grants and soft loans) and administered with the promotion of the economic development and welfare of developing countries as the main objective. — DAC List of ODA Recipients: https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm

ESG investing (responsible investing)
strategies and practices that incorporate material ESG factors in investment decisions and active ownership with a view to minimize risks and maximize returns [SOURCE: ICMA. *Sustainable Finance High-level definitions*, May 2020. Available from: https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Sustainable-Finance-High-Level-Definitions-May-2020-110520v4.pdf] Further detail: — ESG stands for “environmental, social and governance”. — There has not been a standardized approach to evaluate ESG performance of investment portfolios, although ESG ratings, benchmarks and indices are used by investors. — Some ESG investing methodology includes “best in class/positive screening”, “negative screening/exclusionary screening”, “sustainable thematic investing”, etc., see: https://www.sustainablefinance.ch/en/glossary-_content---1--3077.html

ESG integration
explicit and systematic inclusion of ESG issues in investment analysis and investment decisions [SOURCE: PRI website. Available from [last accessed 2021-03]: https://www.unpri.org/fixed-income/what-is-esg-integration/3052.article]

socially responsible investment (SRI)
investing with the aim of achieving financial returns while respecting specific ethical, environmental and/or social criteria [SOURCE: ICMA. *Sustainable Finance High-level definitions*, May 2020. Available from: https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Sustainable-Finance-High-Level-Definitions-May-2020-110520v4.pdf]

impact investment
investment made with the intention to generate positive, measurable social and environmental impact alongside a financial return [Adapted from source: GIIN website. Available from [last accessed 2021-03]: https://thegiin.org/impact-investing/need-to-know/#what-is-impact-investing]

green technology (environmental technology)
technology that has the potential to significantly improve environmental performance relative to other technology [SOURCE: UN ESCAP. *Low Carbon Green Growth Roadmap for Asia and the Pacific: Fact Sheet – Green Technology*, January 2012. Available from: https://www.unescap.org/sites/default/files/34.%20FS-Green-Technology.pdf]

greenwashing
the practice of gaining an unfair competitive advantage by marketing a financial product as environmentally friendly, when in fact it does not meet basic environmental standards [SOURCE: Technical expert group on sustainable finance (TEG). *Proposal for a Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment – Approval of the final compromise text*, December 2019. Available from: https://data.consilium.europa.eu/doc/document/ST-14970-2019-ADD-1/en/pdf]

sustainable supply chain
incorporate eligibility requirements, based on sustainability standards, into contractual relationships with suppliers Further detail: — By explicitly factoring social, environmental, and governance criteria upstream, where raw materials are processed, and downstream to the consumer, purchasers and their suppliers can reduce operational risks, maintain profitability, and meet the growing demand for organic, certified and sustainably produced goods. [SOURCE: IFC. *Sustainable Finance Opportunities: Sustainable Supply Chain Finance*, 2006. Available from: https://www.ifc.org/wps/wcm/connect/eea816de-4b76-4d5b-b607-665bfe5e6ac8/FMS-EO-SupplyChain.pdf?MOD=AJPERES&CVID=jkCUlzt]

sustainable infrastructure
infrastructure projects that are planned, designed, constructed, operated, and decommissioned in a manner to ensure economic and financial, social, environmental (including climate resilience), and institutional sustainability over the entire life cycle of the project [SOURCE: Inter-America Development Bank, *What is Sustainable Infrastructure*, March 2018. Available from: https://publications.iadb.org/publications/english/document/What_is_Sustainable_Infrastructure__A_Framework_to_Guide_Sustainability_Across_the_Project_Cycle.pdf]

environmental costs
costs connected with the actual or potential deterioration of natural assets due to economic activities [SOURCE: OECD Statistics Portal website. Available from [last accessed 2021-03]: https://stats.oecd.org/glossary/]

greenhouse gas emission reduction (GHG emission reduction)
quantified decrease in GHG emissions between a baseline scenario and the GHG project [SOURCE: ISO 14064-2:2019, *Greenhouse gases — Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements*, 3.1.7] Further detail: — Greenhouse gas (GHG): gaseous constituent of the atmosphere, both natural and anthropogenic, that absorbs and emits radiation at specific wavelengths within the spectrum of infrared radiation emitted by the Earth's surface, the atmosphere and clouds. — Baseline scenario: hypothetical reference case that best represents the conditions most likely to occur in the absence of a proposed GHG project. — GHG project: activity or activities that alter the conditions of a GHG baseline and which cause GHG emission reductions or GHG removal enhancements.

carbon pricing
to put a price on carbon pollution as a means of bringing down emissions and drive investment into cleaner options
[SOURCE: World Bank Website. Available from [last accessed 2021-03]: https://www.worldbank.org/en/programs/pricing-carbon#CarbonPricing]
Further detail:
— There are two main types of carbon pricing: emissions trading systems (ETS) and carbon taxes.

carbon credit
tradable certificate or permit that represents the right to emit a specified amount of greenhouse gases
[SOURCE: ISO 6707-3:2017, *Buildings and civil engineering works – Vocabulary – Part 3: Sustainability terms*, 3.6.20]
Further detail:
— The unit of one carbon credit is equal to one tonne of carbon dioxide emissions.
— Allows an organization to benefit financially from an emission reduction.

carbon offsetting
mechanism for compensating for all or for a part of the carbon footprint of a product or the partial carbon footprint of a product through the prevention of the release of, reduction in, or removal of an amount of greenhouse gas emissions in a process outside the product system under study
[SOURCE: ISO 14050:2020, *Environmental management – Vocabulary*, 3.11.5]
Further detail:
— Carbon footprint is the net amount of GHG emissions and GHG removals, expressed in CO_2 equivalents.

emissions trading system (ETS)
system whereby the government imposes a limit (cap) on the total emissions in one or more sectors of the economy, and it issues a number of tradable allowances not exceeding the level of the cap
[SOURCE: World Bank website. Available from [last accessed 2020-08]: https://www.worldbank.org/en/programs/pricing-carbon]
Further detail:
— The advantage of an emissions trading system is that it permits compliance flexibility, allowing each source to make a tailored choice in order to meet the target limit for emissions.
— There are two main types of trading systems: a) cap-and-trade systems, and b) baseline-and-credit systems. In a cap-and-trade system, an upper limit on emissions is fixed, and emission permits are either auctioned out or distributed for free according specific criteria. Under a baseline-and-credit system, there is no fixed limit on emissions, but polluters that reduce their emissions more than they otherwise are obliged to can earn “credits” that they sell to others who need them in order to comply with regulations they are subject to.

social responsibility
responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that — contributes to sustainable development, including health and the welfare of society; — takes into account the expectations of stakeholders; — is in compliance with applicable law and consistent with international norms of behaviour; and — is integrated throughout the organization and practised in its relationships. [SOURCE: ISO 26000:2010, *Guidance on Social Responsibility*, 2.18] Further detail: — Activities include products, services and processes. — Relationships refer to an organization's activities within its sphere of influence.

CSR (corporate social responsibility)
a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders [SOURCE: UNIDO Website. Available from [last accessed 2021-03]: https://www.unido.org/our-focus/advancing-economic-competitiveness/competitive-trade-capacities-and-corporate-responsibility/corporate-social-responsibility-market-integration/what-csr]

disaster resilience
the capacity of a system, community or society potentially exposed to hazards to adapt, by resisting or changing in order to reach and maintain an acceptable level of functioning and structure [SOURCE: UNISDR. *Hyogo Framework*, 2005. Available from: https://www.unisdr.org/2005/wcdr/intergover/official-doc/L-docs/Hyogo-framework-for-action-english.pdf]

climate resilience
the ability to anticipate, prepare for, and respond to hazardous events, trends, or disturbances related to climate [SOURCE: C2ES website. Available from [last accessed 2021-03]: https://www.c2es.org/content/climate-resilience-overview/] Further detail: — Governments and businesses are obtaining capital to invest in resilience projects through innovative finance mechanisms such as green bonds and climate funds.

environmental-related risks
risks posed by the exposure of financial firms and/or the financial sector to activities that may potentially cause or be affected by environmental degradation [SOURCE: Network for Greening the Financial System (NGFS). *First Comprehensive Report: A Call for Action-Climate Change as a source of financial risk*, April 2019. Available from: https://www.ngfs.net/sites/default/files/medias/documents/ngfs_first_comprehensive_report_-_17042019_0.pdf] Further detail: — Environmental degradation includes but is not limited to: air pollution, ware pollution and scarcity of fresh water, land contamination, reduced biodiversity and deforestation.

climate-related risks
risks posed by the exposure of financial firms and/or the financial sector to physical or transition risks caused by or related to climate change [SOURCE: NGFS. *First Comprehensive Report: A Call for Action-Climate Change as a source of financial risk*, April 2019. Available from: https://www.ngfs.net/sites/default/files/medias/documents/ngfs_first_comprehensive_report_-_17042019_0.pdf] Further detail: — Climate-related risks include transition and physical risks that can impact revenues, expenditures and liabilities of financial institutions and non-financial groups. — Description of transition and physical risks: https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf.

environmental risk assessment (ERA)
methods and modelling techniques used to size the financial impact of climate and environment-related risks to micro-prudential objectives [SOURCE: NGFS. *First Progress Report*, October 2018. Available from: https://www.ngfs.net/en/first-progress-report]

environmental stress testing
an approach to quantify the environmental risk probably facing financial institutions by making use of the stress testing methodology [SOURCE: Research Bureau of the People's Bank of China and the Green Finance Committee of China Society for Finance and Banking. *Green Finance Terminology Handbook*, 2018] Further detail: — The process is as follows: determine the stress taker and stress indicators; select the stress factors and indicators, build the stress conduction model; analyse the stress test results; and bring forward the policies and suggestions, see: https://www.trucost.com/publication/internalization-of-environmental-costs-for-investment-stress-testing/

stranded asset
asset that has suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities [SOURCE: Caldecott B., Howarth N., McSharry P. *Stranded Assets in Agriculture: Protecting Value from Environment-Related Risks*. Smith School of Enterprise and the Environment, University of Oxford, 2013. Available from: https://www.smithschool.ox.ac.uk/publications/reports/stranded-assets-agriculture-report-final.pdf] Further detail: — Inter-American Development Bank (IDB) adopted the definition in its report *Stranded Assets: A Climate Risk Challenge*, 2016.

green financial system
the institutional arrangement that utilizes financial instruments such as green credit, green bonds, green stock indices and related products, green development funds, green insurance, and carbon finance, as well as relevant policy incentives to support the green transformation of the economy [SOURCE: The People's Bank of China et al. *Guidelines for Establishing the Green Financial System* (Yinfa 2016 Doc No. 228), 2016. Available from: http://www.pbc.gov.cn/english/130721/3133045/index.html]

guarantee for green projects
credit guarantee scheme where a third party shares the credit risk of a green project with the lender and takes all or part of the losses incurred by the lender in the event of default by the borrower [SOURCE: Inter-American Development Bank. *Guarantees for green markets – potential and challenges*, 2014] Further detail: — All guarantee schemes contain some element of subsidy, hence are considered a green finance policy incentive.

subsidies for green bond issuance
subsidies granted to an external review entity to cover the additional cost required for pre-issuance and post-issuance certification and verification activities [SOURCES: Japan's financial support program for green bond issuance (subsidy project). Available from [last accessed 2020-08]: http://greenbondplatform.env.go.jp/en/support/subsidy.html Hong Kong Monetary Authority. *Fast Growing Green Finance Market*, June 2018. Available from: https://www.hkma.gov.hk/eng/news-and-media/insight/2018/06/20180620/ Monetary Authority of Singapore. *Sustainable Bond Grant Scheme*. Available from [last accessed 2021-03]: https://www.mas.gov.sg/schemes-and-initiatives/sustainable-bond-grant-scheme]

5 Principles, guidelines and regulation

Equator Principles (EPs)
Core components of EPs in its latest 2020 version "EP4":
Principle 1: Review and categorization
Principle 2: Environmental and social assessment
Principle 3: Applicable environmental and social standards
Principle 4: Environmental and social management system and Equator Principles action plan
Principle 5: Stakeholder engagement
Principle 6: Grievance mechanism
Principle 7: Independent review
Principle 8: Covenants
Principle 9: Independent monitoring and reporting
Principle 10: Reporting and transparency.
[SOURCE: EPs website. Available from [last accessed 2021-03]: https://equator-principles.com/about/]
Further detail:
— EPs is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and primarily intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making.
— The EPs apply globally, to all industry sectors and to five financial products: 1) project finance advisory services; 2) project finance; 3) project-related corporate loans; 4) bridge loans; and 5) project-related refinance and project-related acquisition finance. The relevant thresholds and criteria for application is described in detail in the scope section of the EPs.
— EPs are a voluntary standard only applicable to those that have agreed to become members of the Association.

Operating Principles for Impact Management
Principle 1: Define strategic impact objective(s), consistent with the investment strategy.
Principle 2: Manage strategic impact on a portfolio basis.
Principle 3: Establish the manager's contribution to the achievement of impact.
Principle 4: Assess the expected impact of each investment, based on a systematic approach.
Principle 5: Assess, address, monitor, and manage potential negative impacts of each investment.
Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.
Principle 7: Conduct exits considering the effect on sustained impact.
Principle 8: Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.
Principle 9: Publicly disclose alignment with the Principles and provide regular independent verification of the alignment.
[SOURCE: International Finance Corporation/World Bank. *Investing for Impact: Operating Principles for Impact Management*, February 2019. Available from: https://www.impactprinciples.org/9-principles]
Further detail:
— The Principles are intended to be a framework for investors for the design and implementation of their impact management systems, ensuring that impact considerations are integrated throughout the investment life cycle. They are scalable and relevant to all types of impact investors and sizes of investment portfolios, asset types, sectors and geographies.

OECD-DAC Blended Finance Principles
Principle 1: Anchor blended finance use to a development rationale
Principle 2: Design blended finance to increase the mobilization of commercial finance
Principle 3: Tailor blended finance to lobal context
Principle 4: Focus on effective partnering for blended finance
Principle 5: Monitor blended finance for transparency and results
[SOURCE: OECD. *OECD DAC Blended Finance Principles – for Unlocking Commercial Finance for the Sustainable Development Goals*, 2018. Available from: https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/OECD-Blended-Finance-Principles.pdf]
Further detail:
— The OECD DAC Blended Finance Principles are a policy tool for all providers of development finance: donor governments, development co-operation agencies, philanthropies and other stakeholders. They were endorsed at the Development Assistance Committee (DAC) High Level Meeting on 31 October 2017.

Principles for Responsible Investment

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

[SOURCE: PRI website. Available from [last accessed 2021-03]: https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment]

Further detail:

— The UN-supported Principles for Responsible Investment was created as a spin-off from UNEP FI and the UN Global Compact. Principles of Responsible Investment are voluntary investment principles launched in 2006 at the New York Stock Exchange.

Principles for Positive Impact Finance

Principle 1: Definition

Positive Impact Finance is that which serves to finance Positive Impact Business. It is that which serves to deliver a positive contribution to one or more of the three pillars of sustainable development (economic, environmental and social), once any potential negative impacts to any of the pillars have been duly identified and mitigated. By virtue of this holistic appraisal of sustainability issues, Positive Impact Finance constitutes a direct response to the challenge of financing the Sustainable Development Goals (SDGs).

Principle 2: Frameworks

To promote the delivery of Positive Impact Finance, entities (financial or non- financial) need adequate processes, methodologies, and tools, to identify and monitor the positive impact of the activities, projects, programs, and/or entities to be financed or invested in.

Principle 3: Transparency

Entities (financial or non-financial) providing Positive Impact Finance should provide transparency and disclosure on: (i) the activities, projects, programs, and/or entities financed considered Positive Impact, the intended positive impacts thereof (as per Principle 1); (ii) the processes they have in place to determine eligibility, and to monitor and to verify impacts (as per Principle 2); (ii) the impacts achieved by the activities, projects, programs, and/or entities financed (as per Principle 4).

Principle 4: Assessment

The assessment of Positive Impact Finance delivered by entities (financial or non- financial), should be based on the actual impacts achieved.

[SOURCE: UNEP FI website. Available from [last accessed 2021-03]: https://www.unepfi.org/positive-impact/principles-for-positive-impact-finance/]

Further detail:

— Released in 2017, the Principles provide a high-level framework to enable finance and its public and private stakeholders to analyse and manage impact across the economy, as the starting point to improve the impact of existing businesses and to stimulate the emergence and growth of new, impact-based business models.

Principles for Sustainable Insurance
Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business. Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions. Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues. Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles. [SOURCE: PSI website. Available from [last accessed 2021-03]: https://www.unepfi.org/psi/the-principles/] Further detail: — Principles for Sustainable Insurance is a global framework launched by UNEP FI in 2012 for the insurance industry to address environmental, social and governance risks and opportunities.

Principles for Responsible Banking (PRB)
Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks. Principle 2: Impact & target setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts. Principle 3: Clients & customers We will responsibly with clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations. Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals. Principle 5: Governance & culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking. Principle 6: Transparency & accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals. [SOURCE: UNEP FI website. Available from [last accessed 2021-03]: https://www.unepfi.org/banking/bankingprinciples/] Further detail: — Launched in 2019, the PRB provides the framework for a sustainable banking system, and helps the industry to demonstrate how it makes a positive contribution to society.

Green Investment Principles for the Belt and Road (GIP)
Principle 1: Embedding sustainability into corporate governance. Principle 2: Understanding Environmental, Social and Governance risks. Principle 3: Disclosing environmental information. Principle 4: Enhancing communication with stakeholders. Principle 5: Utilizing green financial instruments. Principle 6: Adopting green supply chain management. Principle 7: Building capacity through collective action. [SOURCE: GIP website. Available from [last accessed 2021-03]: https://gipbr.net/] Further detail: — Published in 2018, GIP was developed by a consortium of international organizations led by the Green Finance Committee of the China Society for Finance and Banking and the Green Finance Initiative of City of London. — GIP aims to incorporate low-carbon and sustainable development into the Belt and Road Initiative by encouraging financial institutions and corporates involved and invested in Belt and Road projects to sign up to a voluntary code of practice.

GABV Principles of Values-based Banking (2020)
5 + 1 Principles 1. Social and environmental impact and sustainability are at the heart of the business model. 2. Grounded in communities, serving the real economy, and enabling new business models to meet the needs of people. 3. Long-term relationships with clients and a direct understanding of their economic activities and the risks involved. 4. Long-term, self-sustaining, and resilient to outside disruptions. 5. Transparent and inclusive governance. All of these principles are embedded in the leadership and the culture of the member financial institution. [SOURCE: GABV website. Available from [last accessed 2021-03]: https://www.gabv.org/about-us/our-principles]

Green Bond Principles (GBP)

voluntary process guidelines, published by the ICMA, that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuance of a green bond

[SOURCE: ICMA. *Green Bond Principles*, latest version: June 2018. Available from: https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/]

Further detail:

— GBP have four core components: 1) use of proceeds, 2) process for project evaluation and selection, 3) management of proceeds, and 4) reporting.

— Types of green bond are listed in Appendix I at the end of the reference source.

Green Loan Principles (GLP)

a clear framework enabling all market participants to clearly understand the characteristics of a green loan

[SOURCE: APLMA, LMA and LSTA. *Green Loan Principles*, May 2020]

Further detail:

— GLP build on and refer to the GBP of ICMA, and have four core components: 1) use of proceeds, 2) process for project evaluation and selection, 3) management of proceeds, and 4) reporting.

— GLP was originally launched by LMA together with APLMA and LSTA in March 2018.

Social Bond Principles (SBP)

voluntary process guidelines, published by the ICMA, that recommend transparency and disclosure and promote integrity in the development of the social bond market by clarifying the approach for issuance of a social bond

[SOURCE: ICMA. *Social Bond Principles*, latest version: June 2020]

Further detail:

— SBP have four core components: 1) use of proceeds, 2) process for project evaluation and selection, 3) management of proceeds, and 4) reporting.

— Types of social bond are listed in Appendix I at the end of the reference source.

Sustainability Linked Loan Principles (SLLP)

a framework enabling all market participants to clearly understand the characteristics of a sustainability
linked loan

[SOURCE: APLMA, LMA and LSTA. *Sustainability Linked Loan Principles*, May 2020]

Further detail:

— SLLP has four core components: 1) relationship to the borrower's overall sustainability strategy, 2) target setting – measuring the sustainability of the borrower, 3) reporting, and 4) review.

— SLLP was originally launched by the LMA together with the APLMA and LSTA in March 2019.

Sustainability-Linked Bond Principles (SLBP)
voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance of a Sustainability-Linked Bond [SOURCE: ICMA. *Sustainability-Linked Bond Principles*, latest version: June 2020] Further detail: — SLBP have five core components: 1) selection of key performance indicators (KPIs), 2) calibration of sustainability performance targets (SPTs), 3) bond characteristics, 4) reporting, and 5) verification.

MDBs–IDFC Common Principles for Climate Mitigation Finance Tracking
definitions and guidelines jointly developed by multilateral development banks (MDBs) and the International Development Finance Club (IDFC) with the intention to be shared with other institutions that are looking for common approaches for tracking and reporting climate mitigation finance activities [SOURCE: *Common Principles for Climate Mitigation Finance Tracking version 2*, June 2015] Further detail: — A list of activities eligible for classification as climate mitigation finance is included in the guidelines.

European Green Bond Standard (EU-GBS)
A voluntary standard proposed to issuers that wish to align with best practices in the market. The proposed model sets out four core components: i) the alignment of the use-of-proceeds with the EU Taxonomy; ii) the content of a Green Bond Framework to be produced by the issuer; iii) the required Allocation and Impact Reporting; iv) the requirements for external verification by an approved verifier. [SOURCE: EU Technical Expert Group (TEG) on sustainable finance. *Usability Guide-TEG Proposal for an EU Green Bond Standard*, March 2020] Further detail: — On 18 June 2019, the EU Technical Expert Group (TEG) on sustainable finance published its Report on EU Green Bond Standard (EU-GBS), building on current best practices. The TEG published on 9 March 2020 their usability guide for the EU Green Bond Standard. — The TEG proposes that any type of listed or unlisted bond or capital market debt instrument issued by a European or international issuer that is aligned with the EU GBS should qualify as an EU Green Bond. — The European Commission will explore the possibility of a legislative initiative for an EU Green Bond Standard in the context of the public consultation on the renewed sustainable finance strategy, taking place from March to May 2020. — The objective of EU-GBS is to increase the flow of finance to green and sustainable projects through enhancing the effectiveness, transparency, comparability and credibility of the green bond market and to encourage the market participants to issue and invest in EU green bonds.

Climate Bonds Standard

a set of GBP-aligned pre-issuance and post-issuance requirements to be met by bond issuers seeking Climate Bond Certification

[SOURCE: CBI. *Climate Bonds Standard version 2.1*]

Further detail:

— Climate Bond Standard is developed by Climate Bonds Initiative (CBI) and published on its website, https://www.climatebonds.net/

ASEAN Green Bond Standards (ASEAN GBS)

voluntary process guidelines on how the GBP are to be applied across ASEAN

[SOURCE: ASEAN Capital Market Forum. *ASEAN Green Bond Standards*, November 2017]

Further detail:

— ASEAN GBS are developed by the ASEAN Capital Markets Forum in collaboration with the ICMA based on the GBP.

— ASEAN GBS are aligned and guided by the four core components of the GBP, with additional requirements regarding: 1) eligible issuers, 2) ineligible projects, 3) continuous accessibility to information, 4) encourage more frequent reports, and 5) external review.

APEC Guidebook on Quality of Infrastructure Development and Investment

A guidebook that provides model approaches and procedures for government officials and stakeholders of APEC economies for implementing quality infrastructure projects based on a common understanding of quality infrastructure development and investment. This book identifies five elements as the principal elements that ensure the quality of infrastructure:

1) alignment with development strategy/openness/transparency/fiscal soundness:

2) stability/safety/resiliency;

3) economic and financial soundness: cost-effectiveness including life cycle cost and utilization of markets;

4) social and environmental sustainability;

5) local high-quality development: job creation/capacity building and transfer of technologies.

[SOURCES:

APEC Committee on Trade and Investment. *APEC Guidebook on Quality of Infrastructure Development and Investment*, November 2014

APEC Committee on Trade and Investment. *APEC Guidebook on Quality of Infrastructure Development and Investment (Revision)*, November 2018]

APEC Guidebook on Quality of Infrastructure Development and Investment *(continued)*
Further detail: — This guidebook shares further details of the common recognitions with government officials and other stakeholders in the APEC economies that are engaged in infrastructure development and investment, so that such common recognitions are actually applied to projects. — The first APEC Guidebook on Quality of Infrastructure Development and Investment was developed in 2014 in line with the APEC Leaders' Declaration 2013. On 12 November 2018, APEC economies endorsed the "APEC Guidebook on Quality of Infrastructure Development and Investment (Revision)" at the Committee on Trade and Investment.

Sanpo-yoshi Principle (Triple satisfaction)
Corporate social responsibility philosophy of "good for the seller, the buyer, and society", a traditional Japanese strategy for corporate longevity, which is broadly practiced by Japanese financial institutions. [SOURCE: Ministry of Economics, Trade, and Industry of Japan. *Japan's Policy for CSR*, April 2012. Available from: https://www.meti.go.jp/english/policy/economy/corporate_accounting/pdf/121114_11.pdf] Further detail: — Many Japanese companies regard SDG business management as natural as exemplified by the principle of Sanpo-Yoshi. Commercial banks, fund management companies and the impact investing sector practise Sanpo-Yoshi for their investment decision-making, see: http://impactinvestment.jp/images/GSG_report_2017_en_A4.pdf

Sendai Framework for Disaster Risk Reduction 2015–2030 (Sendai Framework)
The first major agreement of the post-2015 development agenda. Provides Member States with concrete actions to protect development gains from the risk of disaster. It outlines four priorities for action to prevent new and reduce existing disaster risks: 1) understanding disaster risk, 2) strengthening disaster risk governance to manage disaster risk, 3) investing in disaster reduction for resilience, and 4) enhancing disaster preparedness for effective response and to "Build Back Better" in recovery, rehabilitation and reconstruction. [SOURCE: United Nations Office for Disaster Risk Reduction website. Available from [last accessed 2020-08]: https://www.undrr.org/implementing-sendai-framework/what-sendai-framework] Further detail: — The Sendai Framework is the successor instrument to the Hyogo Framework for Action (HFA) 2005–2015. — Official Development Assistance (ODA) loan under Sendai Framework: Japan International Cooperation Agency signed a loan agreement with the Government of the Republic of Fiji in Suva to provide ODA loan up to 50 million Japanese Yen for the Stand-by Loan for Disaster Recovery and Rehabilitation.

Europe Green Deal
Roadmap, presented in December 2019 by the European Commission, for making the EU's economy sustainable by turning climate and environmental challenges into opportunities across all policy areas and making the transition just and inclusive for all. [SOURCE: Europe Commission website. Available from [last accessed 2020-08]: https://ec.europa.eu/commission/presscorner/detail/e%20n/ip_19_6691] Further detail: — The Europe Green Deal is EU's new growth strategy that will transform the Union into a modern, resource-efficient and competitive economy. It provides a roadmap with actions to boost the efficient use of resources by moving to a clean, circular economy and to stop climate change, revert biodiversity loss and cut pollution. It outlines investments needed and financing tools available, and explains how to ensure a just and inclusive transition. — It is an integral part of the European Commission's strategy to implement the United Nations' 2030 Agenda and the Sustainable Development Goals.

European Commission Action Plan on Financing Sustainable Growth
A package of measures adopted by the European Commission in May 2018 aiming to: 1) reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth; 2) manage financial risks stemming from climate change, environmental degradation and social issues; and 3) foster transparency and long-termism in financial and economic activity. [SOURCES: Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions. *Action Plan: Financing Sustainable Growth*, 2018. Available from https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018DC0097. European Commission website. Available from [last accessed 2020-08]: https://ec.europa.eu/info/publications/sustainable-finance-renewed-strategy_en] Further detail: — The Action Plan builds upon recommendations by a High-Level Expert Group appointed by the Commission to set out an EU strategy for sustainable finance. — As part of the Action Plan, the Commission has achieved significant progress on the EU Taxonomy, EU GBS, EU Ecolabel for retail investment products, sustainability benchmarks and regulation on sustainability-related disclosures, see: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en

EU taxonomy
a classification system, establishing a list of environmentally sustainable economic activities [SOURCE: European Commission website. Available from [last accessed 2021-01]: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en] Further detail: — The EU Taxonomy Regulation entered into force on 12 July 2020, which establishes the framework for the EU taxonomy by setting out four overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable. — The Taxonomy Regulation tasks the Commission with establishing the actual list of environmentally sustainable activities by defining technical screening criteria for each environmental objective through delegated acts. — A first delegated act on sustainable activities for climate change adaptation and mitigation objectives was published on 21 April 2021. A second delegated act for the remaining objectives will be published in 2022. — The progress of the EU taxonomy can be found at: https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

Mongolian Green Taxonomy
Mongolian classification framework of activities that contribute to climate change mitigation, adaptation, pollution prevention, resource conservation, and livelihood improvement in the context of green finance. [SOURCE: Mongolian Sustainable Finance Association. *Mongolian Green Taxonomy*, April 2020] Further detail: — In December 2019, the Financial Stability Commission of Mongolia approved the Mongolian Green Taxonomy, which covers seven categories of industry activities: 1) renewable energy, 2) energy efficiency, 3) green building, 4) low pollution energy, pollution prevention and control, 5) sustainable water and waste use, 6) sustainable agriculture, land use, forestry, biodiversity conservation and eco-tourism, and 7) clean transport. — The intended primary users of the taxonomy include financial institutions, bond issuers, industry, verification and standard-setting companies, and policy-makers.

Green Bond Endorsed Project Catalogue of China
China's classification system which identifies a list of assets and projects that are eligible to be financed using green bonds, which make a substantial contribution to environmental improvements, action to climate change and resource efficiency. [SOURCE: The People's Bank of China, National Development and Reform Commission, and China Securities Regulatory Commission. Notice on Releasing of the Green Bond Endorsed Project Catalogue 2021. Available from: http://www.pbc.gov.cn/tiaofasi/144941/3581332/4239360/index.html] Further detail: — The initial version published in December 2015 contains technical screening criteria for activities that can generate significant positive environmental impacts. An updated Catalogue 2020 draft was issued jointly by the People's Bank of China, the National Development and Reform Commission and the China Securities Regulatory Commission in July 2020 for public consultation.

green Macro Prudential Assessment (green MPA)
Financial regulation which incorporates banks' green credit performance indicator scores into its Macro Prudential Assessment framework of the People's Bank of China. Under the green MPA, commercial banks that report higher proportion of green loans and higher growth rate of green loans receive higher MPA scores, which could imply monetary incentives from the central bank [SOURCE: The People's Bank of China. *Notice of the People's Bank of China On Conducting Green Credit Performance Evaluation of Banking Depository Financial Institutions* (Yinfa No. 180), 2018. Available from: http://www.pbc.gov.cn/en/3688253/3689009/3788480/3785916/index.html] Further detail: — A higher MPA score can entitle banks to higher rates on reserves they hold with the central bank, hence it is considered a green finance policy incentive.

6 Financial products and services

green loan
any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible green projects [SOURCE: APLMA, LMA and LSTA. *Green Loan Principles*, May 2020. Available from: https://www.lsta.org/content/green-loan-principles/]

sustainability-linked loan
any types of loan instruments and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) which incentivise the borrower's achievement of ambitious, predetermined sustainability performance objectives [SOURCE: APLMA, LMA and LSTA. *Sustainability Linked Loan Principles*, May 2020. Available from: https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/]

green bond
bond whose net proceeds or an amount equivalent to the net proceeds will be exclusively applied to finance or re-finance in part or in full new or existing eligible projects, assets or activities [SOURCE: ISO 14030-1, *Environmental performance evaluation — Green debt instruments — Part 1: Process for green bonds*, 3.1.2]
any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible green projects [SOURCE: ICMA. *Green Bond Principles*, latest version: June 2018. Available from: https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/]
[a] Under preparation. Stage at the time of publication: ISO/FDIS 14030-1:2021.

sustainability-linked bond
any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined sustainability/ESG objectives [SOURCE: ICMA. *Sustainability-Linked Bond Principles*, latest version: June 2020. Available from: https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/]

climate bond (climate-aligned bond)
labelled and unlabelled bond for which proceeds are intended to finance projects and activities that contribute to a low-carbon and climate-resilient economy [SOURCE: PRI. *Green and Climate-aligned Bonds*, 13 June 2018. Available from: https://www.unpri.org/climate-change/low-carbon-investing-and-green-and-climate-aligned-bonds/3284.article]

blue bond
A debt instrument issued by governments, development banks or others to raise capital from impact investors to finance marine and ocean-based projects that have positive environmental, economic and climate benefits. The blue bond is inspired by the green bond concept, which people are more familiar with. [SOURCE: World Bank website. Available from [last accessed 2020-08]: https://www.worldbank.org/en/news/feature/2018/10/29/sovereign-blue-bond-issuance-frequently-asked-questions#:~:text=The%20blue%20bond%20is%20a,environmental%2C%20economic%20and%20climate%20benefits]

social bond
any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible Social Projects (see section 1 Use of Proceeds) and which are aligned with the four core components of the SBP [SOURCE: ICMA. *Social Bond Principles*, latest version: June 2018. Available from: https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Social-Bond-Principles---June-2018-140618-WEB.pdf]

SDG-linked bond

broad category that includes use-of-proceed and general-purpose bonds either issued by companies, governments, and municipalities, or for assets and projects

[SOURCE: UN Global Compact and UNEP FI. *SDG Bonds and Corporate Finance: A Roadmap to Mainstream Investments*, 2018. Available from: https://catalogue.unccd.int/1004_SDG-Bonds-and-Corporate-Finance.pdf]

Further detail:

— Use-of-proceed SDG Bonds: Bonds with strict accountability of the use of proceeds toward eligible green, social or climate activities and a link to the SDGs.

— General-purpose SDG Bonds: Bonds issued by companies that have adopted a corporate-level strategy to contribute to the SDGs and that are committed to providing accountability for the general use of funds and corporate-level SDG impacts.

green asset backed security (green ABS)

any asset-backed security with proceeds raised to finance loans for green infrastructure

[SOURCE: CBI. *Green Securitisation: Unlocking finance for small-scale low carbon projects*, March 2018. Available from: https://www.climatebonds.net/files/files/March17_CBI_Briefing_Green_Securisation.pdf]

environmental insurance (pollution insurance/coverage)

insurance that provides coverage for loss or damages resulting from unexpected releases of pollutants typically excluded in general liability and property insurance policies

[SOURCE: National Association of Insurance Commissioners website. Available from [last accessed 2021-03]: https://content.naic.org/cipr_topics/topic_environmental_insurance.htm]

Further detail:

— Standard general liability and property insurance policies exclude most losses connected to pollution with very few exceptions such as from smoke from an out-of-control fire or fumes from a faulty heating or air-conditioning system.

— The losses or damages covered by environmental pollution liability insurance usually arise in the form of claims against insureds for bodily injury, property damage, clean-up costs and business interruption.

climate risk insurance
vital instrument within a comprehensive climate risk management system, spanning a continuum of prevention, risk reduction, risk retention and risk transfer such as insurance schemes [SOURCE: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. *Climate risk insurance for strengthening climate resilience of poor people in vulnerable countries*, May 2015. https://www.giz.de/de/downloads/giz-2016-en-climate_risk.pdf] Further detail: — Climate risk insurance can play numerous roles: a) providing security against the loss of assets, livelihoods and even lives in the post-disaster period; ensuring reliable and dignified post-disaster relief; b) setting incentives for prevention; and c) providing certainty for weather-affected public and private investments, and easing disaster-related poverty and spurring economic development.

green equity indexes
an index can provide investment managers and asset owners with a benchmark for active investment decisions [SOURCE: European Commission. *Defining “green” in the context of green finance: Final report*, October 2017. Available from: https://ec.europa.eu/environment/enveco/sustainable_finance/pdf/studies/Defining%20Green%20in%20green%20finance%20-%20final%20report%20published%20on%20eu%20website.pdf]

SDG equity
common stock of companies that have adopted a corporate-level strategy to contribute to the SDGs and that are committed to providing accountability for the general use of capital and corporate-level SDG impacts [SOURCE: UN Global Compact & UNEP FI. *SDG Bonds & Corporate Finance: A Roadmap to Mainstream Investments*, 2018. Available from: https://catalogue.unccd.int/1004_SDG-Bonds-and-Corporate-Finance.pdf]

low-carbon indices
benchmark to shift the equity portfolio towards a lower carbon, more climate-resilient future in a way that best aligns with an organization’s climate-related investment policies and objectives [SOURCE: UNPRI website. Available from [last accessed 2021-03]: https://www.unpri.org/climate-change/low-carbon-investing-and-low-carbon-indices/3283.article]

gender lens investing
an investing approach to promote social and/or economic empowerment of women, in addition to financial returns [SOURCE: International Development Research Centre website. Available from [last accessed 2021-03]: https://idl-bnc-idrc.dspacedirect.org/bitstream/handle/10625/57478/IDL-57478.pdf] Further detail: — Gender lens investing is part of the broader genre of impact investing, a term coined by the Rockefeller Foundation in 2007 that puts a name to investments made with the intention of generating both a financial return and a social and/or environmental impact: https://core.ac.uk/download/pdf/144768451.pdf — The International Development Research Centre (IDRC) is a Canadian federal Crown corporation. IDRC was established by the Parliament of Canada in 1970 under The International Development Research Centre Act: https://www.idrc.ca/en/about-idrc

7 Verification, reporting and disclosure

accreditation
third-party attestation related to a conformity assessment body conveying formal demonstration of its competence to carry out specific conformity assessment tasks [SOURCE: ISO 14030-4, *Environmental performance evaluation — Green debt instruments — Part 4: Verification*, 3.10]
[a] Under preparation. Stage at the time of publication: ISO/FDIS 14030-4:2021.

environmental impact
impact to or conservation of the environment, wholly or partially resulting from eligible projects, assets or activities [SOURCE: ISO 14030-1, *Environmental performance evaluation — Green debt instruments — Part 1: Process for green bonds*, 3.2.6]
[a] Under preparation. Stage at the time of publication: ISO/FDIS 14030-1:2021.

green bond impact reporting
report on the expected environmental impacts by green bond issuers [SOURCE: ICMA website. Available from [last accessed 2020-08]: https://www.icmagroup.org/sustainable-finance/impact-reporting/] Further detail: — The GBP recommends the use of both qualitative performance indicators and, where feasible, quantitative performance measures with the disclosure of the key underlying methodology and/or assumptions used in the quantitative determination. — Harmonized framework for impacting reporting on eligible green projects under GBP include: a) energy efficiency and renewable energy projects, b) water and wastewater management, c) waste management and resource-efficiency projects, d) clean transportation, and e) green buildings.

social impact
impact to society or quality of life, wholly or partially resulting from social aspects [SOURCE: ISO 15392:2019, *Sustainability in buildings and civil engineering works — General principles*, 3.17.3] Further detail: — Social aspect: characteristic of construction works, parts of works, processes or services related to their life cycle that can cause a change to society or quality of life.

social bond impact reporting
report on the expected social impacts by social bond issuers [SOURCE: ICMA website. Available from [last accessed 2020-08]: https://www.icmagroup.org/green-social-and-sustainability-bonds/impact-reporting/] Further detail: — A framework for reporting on projects to which social bond proceeds have been allocated has been developed by the Social Bond Principles Sub-Working Group and published in June 2019.

sustainability-related disclosures
disclosures to end investors on the integration of sustainability risks, on the consideration of adverse sustainability impacts, on sustainable investment objectives, or on the promotion of environmental or social characteristics, in investment decision-making and in advisory processes [SOURCE: EU regulation on sustainability-related disclosures in the financial services sector. *Official Journal of the European Union*, 27 November 2019. Available from: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R2088]

sustainability factors
environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters [SOURCE: EU regulation on sustainability-related disclosures in the financial services sector. *Official Journal of the European Union*, 27 November 2019. Available from: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R2088]

environmental information disclosure (environmental disclosure)
companies disclose their environmental performance information so that their stakeholders, especially investors and business partners, can understand the environmental impacts, costs, risks and liabilities associated with their activities and make informed decisions [SOURCE: United States Government Accountability Office. *Environmental Disclosure: SEC Should Explore Ways to Improve Tracking and Transparency of Information*, July 2004. Available from: https://www.gao.gov/products/gao-04-808]