

**Green & Sustainable Finance *Conference #2, 18 January 2024, Nicosia***

# **Sustainable finance and the role of standards in enhancing policy**

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# Bridging the gap



**GREEN BANK NETWORK**



**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



**PRI** | Principles for Responsible Investment



## Embrace

- ① **Common Approach & Common Solution**
- ② **Sustainability Ambitions into Meaningful Actions**



# What is a standard and why are standards important?

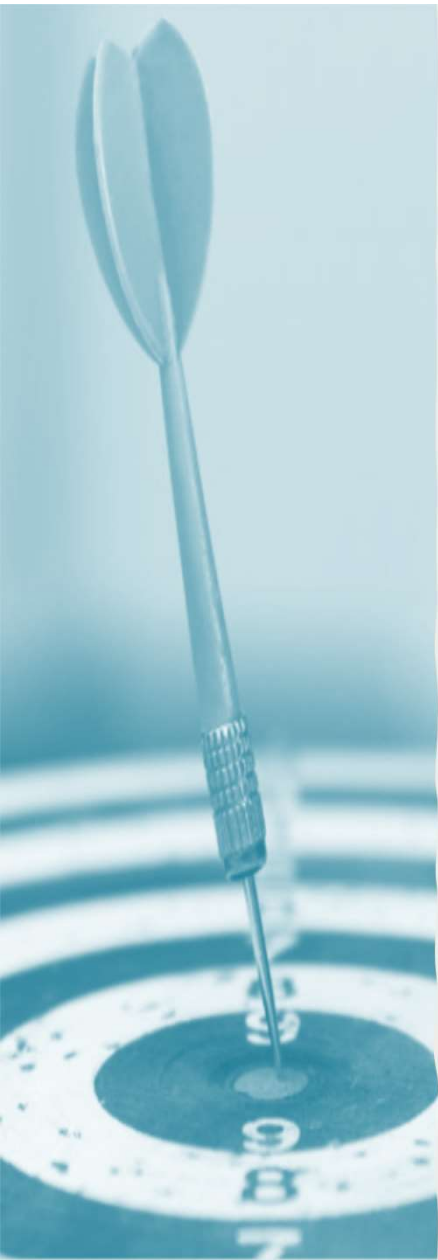
- Standards are documents outlining guidelines or describing characteristics of a product or service in relation to specific criteria
- They can be implemented in all aspects of a community



# CYPRUS ORGANIZATION FOR STANDARDIZATION (CYS)

CYS is the NATIONAL standards body of Cyprus with its main activities being the:

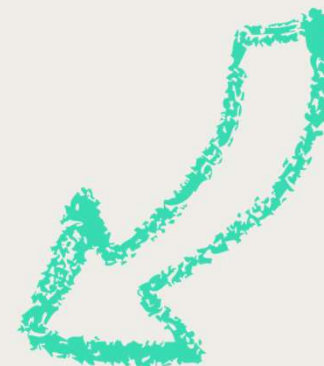
- Promotion of the National, European and International Standards
- Continuous Development of the Organisation and its services
- Management and Development of the National Standardisation System
- Participation in the European and International Standardisation System



**PRIORITY**

## Turning Aspirations into Actions

### Standards



- **Trusted**
- **Credible**
- **Consensus-based**

## KEY MILESTONES

A decorative graphic on the left side of the slide features a light grey, winding path that leads from the bottom left towards the top right. Along this path, there are four colorful balloons: a dark blue one at the start, followed by an orange one, a green one, and a brown one at the end. Each balloon has a small stem and a shadow on the path below it.

**How Standards relating to sustainable finance have a pivotal role in policy making & effectiveness**

# ESRS

## *Delegated Act*

the need to better align sustainability reporting with sustainability standards.

## *ESRS 2 “General Disclosures”*

International & European standards (CEN, CENELEC, ISO, IEC) to help them reach sustainability objectives when reporting against the ESRS .

*recognition of standards from  
policy makers & the  
encouragement in their  
applicability.*





## ISO Discussion Paper

# MAPPING CEN/ISO STANDARDS WITH THE ESRS

- ✓ ■ CEN & ISO standardization supports the applicability of the reporting framework & disclosure requirements of the ESRS.
- ✓ ■ Existing CEN & ISO standards that will help meet the ESRS requirements.
- ✓ • CEN & ISO standards can supplement the ESRS disclosure requirements & provide tools for reporting.







ESRS	TOPIC	STANDARD
<b>ESRS 1</b> <b>General Requirements</b>	<b>Materiality</b>	ISO 32210 Sustainable finance - Guidance on the application of sustainability principles for organizations in the financial sector.
<b>ESRS 1</b> <b>General Requirements</b>	<b>Governance</b>	ISO 14093 Mechanism for financing local adaptation to climate change - Performance-based climate resilience grants - Requirements and guidelines.
<b>ESRS 1</b> <b>Climate</b>	<b>Financing &amp; Investments</b>	<p>-ISO 14097 Greenhouse gas management and related activities — Framework including principles and requirements for assessing and reporting investments and financing activities related to climate change.</p> <p>-EN ISO 14031 Environmental management - Environmental performance evaluation - Guidelines.</p> <p>-ISO 14030 - Series Environmental performance evaluation - Green debt instruments.</p>

# ISO 14030 - Series of Standards Environmental Performance Evaluation (EPE) on Green Debt Instruments

- ***ISO 14030-1: Green Bonds***
- ***ISO 14030-2: Green Loans***

Establish principles, specify requirements & give guidelines, including:

-  validation & verification,
-  reporting to interested parties,
-  defining, monitoring & reporting on environmental impacts
-  managing and reporting on the use of proceeds.

# ISO 14030 - Series of Standards Environmental Performance Evaluation (EPE) on Green Debt Instruments

## ■ ***ISO 14030-3: Taxonomy***

- Defines a taxonomy of eligible investment categories for designation as green debt instruments (incl. bonds & loans).
- Categorizes economic sectors and establishes criteria for determining the eligibility.

## ■ ***ISO 14030-4: Verification Programme Requirements***

- Specifies requirements for verification bodies performing verification of claims of conformity to ISO 14030-1 or ISO 14030-2 & to ISO 14030-3 or a suitable substitute taxonomy.

## ***ISO 14093 - Mechanism for financing local adaptation to climate change-Performance-based climate resilience grants-Requirements & guidelines***

- Channel climate finance to subnational authorities to support climate change adaptation and to increase local resilience.
- Uses performance-based climate resilience grants (PBCRGs) which ensure programming and verification of climate change expenditures.

## ***ISO 14097 - Greenhouse gas management & related activities-Framework including principles & requirements for assessing & reporting investments & financing activities related to climate change***

- Assessing, measuring, monitoring & reporting on investments & financing activities in relation to climate change & the transition into a low-carbon economy.
- Applicable to financiers (investors & lenders), guides their reporting activities to various third parties.

- ***ISO 32210 - Sustainable finance - Guidance on the application of sustainability principles for organizations in the financial sector***
  - Sustainable finance principles are interrelated & integrated using a holistic approach to aligning sustainability with commercial performance in the value chain.
- ***ISO 14031 - Environmental management: Environmental performance evaluation - Guidelines***
  - Gives guidelines for the design & use of EPE.
  - Support an organization's own approach to EPE including its commitments to compliance with legal and other requirements, the prevention of pollution and continual improvement, among others.

# IFRS

## *ISO signed cooperation agreement with IFRS Foundation*



- ISO will provide implementation guidelines for the ISSB disclosure standards.
- ISSB's inaugural Standards (IFRS S1 & IFRS S2) – the IFRS Foundation & ISO have confirmed their shared commitment to cooperate to support efficient and resilient global economies.
- ISO 14001 Environmental Management & Greenhouse Gas Emission series of standards & support disclosures in line with IFRS S2.

# Green Claims Directive (GDC)



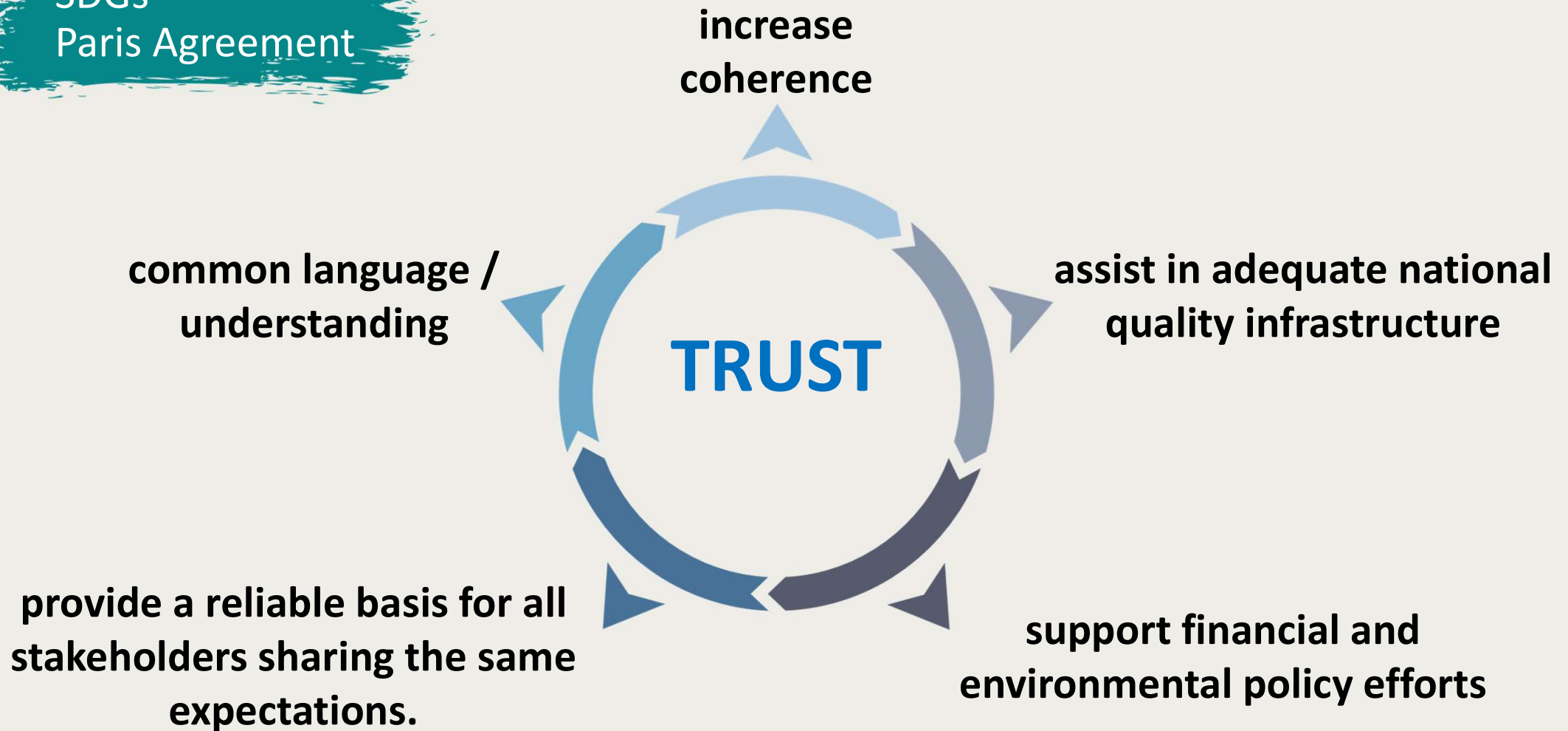
↳ *Stop Greenwash.*

↳ *Achieve & assure transparency, verifiability & communication of green claims.*

↳ *ISO 14020 series of standards - a precious library for businesses to prepare for the result of the EU proposal for a directive on green claims.*



2030 Agenda  
SDGs  
Paris Agreement





Thank you

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