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Sustainable Finance
Internationale Normungsaktivitäten bei ISO

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ISO/TC 322 Sustainable Finance
Convenor TC 322/AHG 2 ‘Future Standards Development’
Convenor TC 322/WG3 ISO 32211 ‘Sustainable Finance Products & Services’

Ruf nach Standards zu Sust. Finance: Realökonomie < Logik > Finanzökonomie

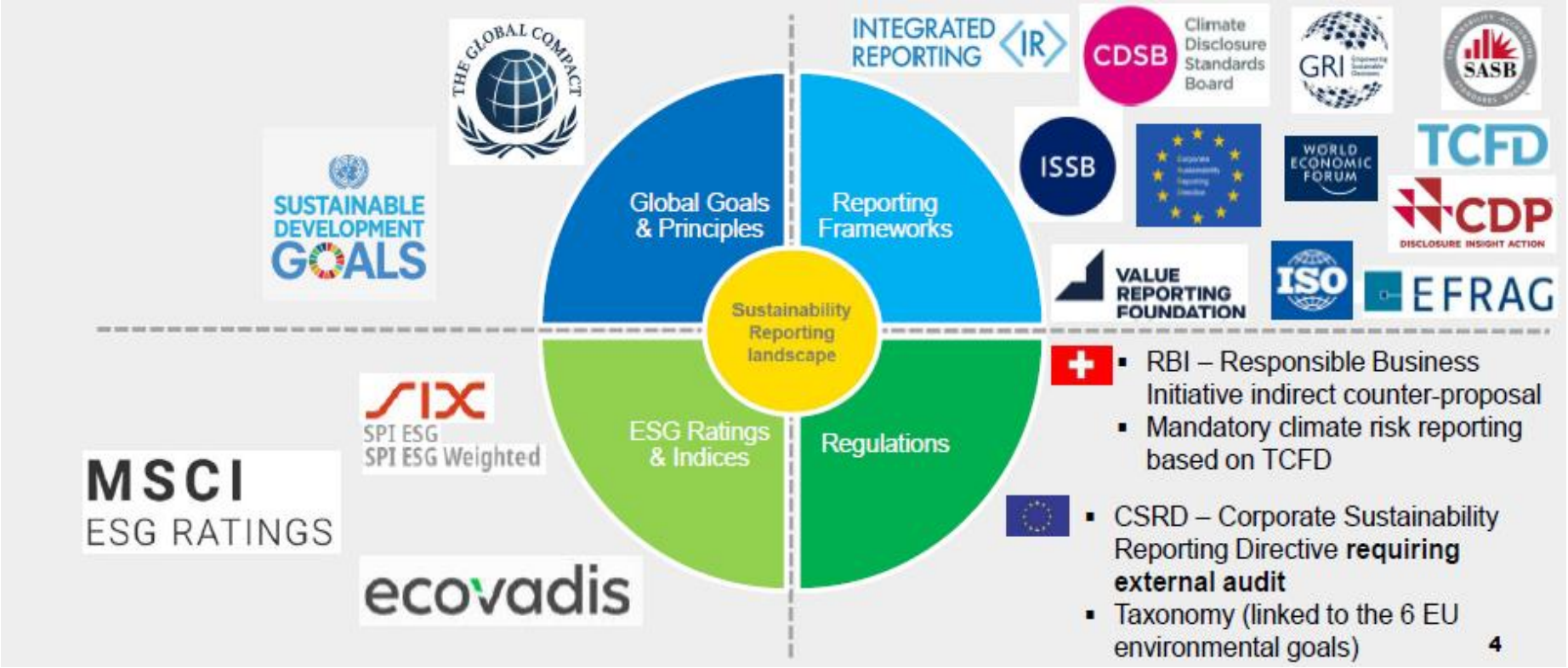
Handelsblatt 13.7.22:

Wenn ein Markt nicht läuft, leiden normalerweise Investitionen. In der Hotelbranche ist es anders. Je trister die Gästebilanz, desto toller die Projekte. ….

Zimmerauslastung: 31,5 Prozent. Und doch stehen derzeit in der Branche 22,4 Milliarden Euro für neue Hotels bereit, doppelt so viel wie vor zehn Jahren, zeigt unser Report. In den nächsten drei Jahren sollen mehr als 800 weitere Hotels entstehen.

Das Geheimnis des Investitionswunders liegt in der Finanzbranche: Hotellerie ist noch immer der Darling der Kapitalanleger. Und wem angesichts der schwierigen Ökonomie die Puste ausgeht, der kann immer noch damit rechnen, aufgekauft zu werden. Mit den wenigen Gästen schläft in diesem Gewerbe auch die unternehmerische Vernunft.

‘Standards’ all over the Place – ‘anspruchsvolle’ Ausgangslage für Unternehmen



ISO Develops Standards. Not Frameworks.

Different to Frameworks

- Global: 164 countries
- Non single sector focus
- No limitation re topics
- Full process transparency in standard development
- Structured process WD->CD->DIS->FDIS->Publ.
- Strict governance required
- Usually longer development timeline 12->36+ month

Similar with Frameworks

- Focus on specific topics by TCs – but integrating others (e.g., socioeconomic consequences in TC 207)
- Sector experts contributing
- Membership required
- Externals on invitation

Wer ist ISO?

- **Weltweite, unabhängige Vereinigung** der Standardisierungs-organisationen aus 164 Ländern. Gründung 1946, 25 Ländern, Ziel: Industriestandards zu vereinheitlichen. Basis: Länderstandards wie BSI, DIN.
- ISO bringt durch ihre 164 Mitglieder Expertinnen und Experten aus der ganzen Welt an einen Tisch, um **freiwillige, konsensuale, marktrelevante internationale Standards** zu erarbeiten.
- **Ziele: Innovation** fördern, **Lösungen** für globale Herausforderungen finden (Klimawandel), internationalen **Handel** unterstützen (Datenqual.)
- Bis heute etwa **23.000 Internationale Standards** publiziert: Management-, Prozess-, Ergebnis-Standards (Schalter, Schrauben, Blockchain/DLT), Lebensmittelsicherheit, Gesundheit, Finanzdienstleistungen, … .
- 2022: **781 technische Komitees** (wie z.B. TC 207 Umweltmanagement oder TC 322 Sustainable Finance) und Subkomitees. Hauptsitz in Genf.
- **Verknüpfung mit vielen Branchenverbänden und Organisationen**, sowie Politik und NGOs aller thematischen Ausrichtung (z.B. WWF, WEF, WRI)

ISO TC 322 Sustainable Finance (2019)

SCOPE

Standardization in the field of sustainable finance to integrate sustainability considerations including environmental, social and governance practices in the financing of economic activities.

Note : the TC for sustainable finance will have 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 and TC 309 in the field of governance of organizations.

1	2	26	18
PUBLISHED ISO STANDARD *	**ISO STANDARDS UNDER DEVELOPMENT** *	**PARTICIPATING MEMBERS**	**OBSERVING MEMBERS**
under the direct responsibility of ISO/TC 322	under the direct responsibility of ISO/TC 322		

* number includes updates

ISO TC 322 Working Areas

REFERENCE	TITLE	TYPE
ISO/TC 322/AG	Communication and engagement	Working group
ISO/TC 322/AHG 2	Future standards development	Working group
ISO/TC 322/CAG	Chair's Advisory Group	Working group
ISO/TC 322/TAG 1	Sustainable FinTech	Working group
ISO/TC 322/WG 1	Sustainable finance framework	Working group
ISO/TC 322/WG 2	Terminology	Working group
ISO/TC 322/WG 3	Sustainable finance products and services	Working group

TC 322 Cooperation Landscape

Other TCs with ESG Focus Coverage

Direct ESG Topic Focus TCs

- TC 207 Env. Mgt., TC 331 Biodiversity
- TC 309 Governance of Organizations
- TC 292 Security and Resilience
- Social Responsibility – various TCs
- Several National Member Bodies with own SF standard projects

TCs with Finance System Focus on ESG integration, e.g.

- TC 68 Financial Services
- TC 251 Asset Management
- TC 307 Blockchain & DLS

Cooperation with SF Focus Organizations

Ext. Liaison of TC 322 with active contributions:

EEA	European Environment Agency
GABV	Global Alliance for Banking on Values
IEMA	Institute of Environmental Management and Assessment
IETA	International Emissions Trading Association
IIF, Inc	Institute of International Finance, Inc
LMA	Loan Market Association
SASB Foundation	Sustainability Accounting Standards Board Foundation
SPTF	Social Performance Task Force
SVI	Social Value International
WWF	World Wide Fund for Nature

ISO TC 322 Approach: Integration and Cooperation

TC 322 Workflow Status July 2022

Direct ESG Focus within ISO

- TC 207 Env. Mgt., TC 331 Biodiversity
- TC 309 Governance of Organizations
- TC 292 Security and Resilience
- Social Responsibility – various TCs
- Several National Member Bodies with own SF standard projects

Finance System Focus with ESG Relevance, e.g.

- TC 68 Financial Services
- TC 251 Asset Management
- TC 307 Blockchain & DLS

External Liaison Initiatives / selection

- IETA Int. Emissions Trading Assoc.
- LMA Loan Market Association
- (ICMA Int. Cap. Market Association)
- GABV Global Alliance Banking on Values
- IIF Inst. on International Finance
- SASB Foundation
- SPTF Social Performance Task Force
- others

Integration

Coordination

Scope:
ESG & SDG Orientation for Finance Sector

- Based on existing standards by other TCs and sector initiatives for ESG / SF
- Aim: Strengthen SF contribution and support to SDGs

Aim:
Organization
Products
Impacts

- Guidance on corporate level : strategy, governance, management, implementation, disclosure, engagement
- Provide practical solutions for products & services
- Offer specific approaches for selected areas

First projects since start 2019:
32210 Framework SF for Organizations
32220 Glossary of Key Terms
14100 Green Finance Criteria (JWG with TC207/SC4)

Under development by AHG 2:
- Sustainable. Financial Products & Services
- Sustainable PE/VC Funds
- Impact Assessment/Transparency & Disclosure/Assurance & Verification
- ESG Properties for Asset Classes
- Transparency for Asset Management solutions
- Sustainable FinTech

TC 322 Sustainable Finance Status July 2022

First projects since start 2019:

32210 Framework Sust. Finance for Organizations (end '22)

32220 Glossary of SF Key Terms (2023)

14100 Green Finance Criteria for Financing Projects, Assets and Expenditures (end '22)

32211 Sustainable Finance Products & Services (2024)

Under development by AHG Future Standards Development :

- Sustainable PE/VC Funds (Start 2022)
- Impact Assessment - Transparency & Disclosure (Start 2023)
- Transparency in Sustainable Asset Management Solutions
- Social Aspects of Sustainable Finance
- ESG Properties for Asset Classes

Example: Scope & Aim

ISO 32211 Sustainable Finance Products and Services

ISO/AWI 32211 covers:

- **Sustainable finance products** including debt and equity instrument.
- **Sustainable finance services** areas relevant for the support of SDGs e.g. asset management, payment services, advisory and risk transfer solution (e.g. insurance) via financial markets.

The document aims to help to:

- define the properties for new (self-developed or acquired) SFPS;
- integrate sustainability considerations into existing SFPS;
- evaluate externally sourced SFPS.

This document supports the development, implementation of SFPS, the fair promotion/marketing, and transparent reporting of sustainability performance - also to avoid ‘greenwashing’.

Development Strategy: Coordination and cooperation with *related ISO TCs* and *Financial Initiatives*

Coordinate with ISO TC with ESG & Finance Scopes

E.G.: TC 68 Financial Services

TC 207 Environmental Management

- SC4 Environmental performance evaluation
- SC7 Greenhouse gas management and related activities

TC 251 Asset Management,

TC 307 Blockchain and distributed ledger technologies

TC 309 Governance of Organizations

Engage with external organizations - Examples

- Climate Bonds Initiative (CBI）- experience with green/sustainable bonds
- Global Alliance for Banking on Values（GABV）- Social focus inputs
- Loan Market Association – mainstream on debt finance markets
- IFRS/ISSB – mainstream for sustainability reporting in capital markets
- EU Sustainable Finance Polices – Workgroups (e.g. EFRAG, Taxonomy)

TC 322 New Standards Pipeline

Sustainable Financial Products & Services 32211

Status: Started June 2022

Scope: Guidance to integrate sustainability aspects when developing and presenting products and services

Aim: Contribute to SD in general and to specific SDGs

Basis: Existing/developing approaches of legislations, fin. sector initiatives and standards (e.g. ISO 14030, 14097, 14100*)

Time: 24 month dev. track (Technical Specification)

Sustainable PE/VC Funds – Ballot Fall 2022

Status: NWIP July/Aug (SAC)

Scope: Guidance/requirements for PE/VC funds with holistic sustainability integration / ESG focus

Aim: Provide practical guidance for ESG integration and impact documentation

Basis: Existing/developing approaches of legislations, fin. sector initiatives and standards

Time: 36 month dev. track (Standard)

TC 322 Projects under Development

Sustainability in FinTech – Observing SF Relevance

Status: Technical Advisory Group on TC 322 level (Lead: BSI)

Scope: Follow and provide Guidance to integrate sustainability aspects in FinTech

Aim: Contribute to SD in general and to specific SDGs

Basis: Existing/developing approaches by specialized TCs and initiatives, scan legislation development and markets

Time: TAG started in 2021

Impact Assessment – Transparency & Disclosure – Assurance & Verification

Status: Subgroup developing basis for scope (Lead: JISC)

Scope: Hard Performance Elements of financial products

Aim: Provide guidance and requirements for Transparency &Disclosure of ESG impacts

Basis: Existing/developing approaches of legislations, fin. sector initiatives and standards

Time: NWIP by end of 2022

Investigation of (Hot) Topics

Sustainability in Asset Management Solutions

Status: Topic under investigation

Scope: TBD

Aim: Improvement of quality in content and outcome/impact, prevent greenwash, and strengthen credibility for markets

Basis: Existing and developing approaches

Time: Q3/21

Social Aspects of Sustainable Finance

Status: Subgroup building to investigate developing basis for scope as topic is growing (also due to Covid-19)

Scope: TBD

Aim: Provide guidance and requirements for S issues in sustainable finance solutions

Basis: Existing/developing approaches of legislations, fin. sector initiatives and standards

Time: Subgroup Aug 21

ESG Properties for Asset Classes

Status: Under investigation of approach and focus

Scope: TBD

Aim: Provide guidance and requirements for defined properties and elements of ESG for different asset classes to increase transparency and credibility for market participants

Basis: Existing/developing approaches of legislations, fin. sector initiatives and standards

Time: Start Q3/21

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ISO TC 322 Coordinated with TCs

LIAISON COMMITTEES TO ISO/TC 322

The committees below can access the documents of ISO/TC 322:

REFERENCE	TITLE
ISO/TC 68	Financial services
ISO/TC 176/SC 1	Concepts and terminology
ISO/TC 207	Environmental management
ISO/TC 207/SC 4	Environmental performance evaluation
ISO/TC 251	Asset management
ISO/TC 268/SC 1	Smart community infrastructures
ISO/TC 307	Blockchain and distributed ledger technologies
ISO/TC 309	Governance of organizations
ISO/TC 331	Biodiversity

ORGANIZATIONS IN LIAISON (CATEGORY A AND B)

=> Fin. Sector Initiatives

ACRONYM	TITLE
ANEC	European Association for the Co-ordination of Consumer Representation in Standardization
CB Initiative	Climate Bonds Initiative
EC - European Commission	European Commission
EEA	European Environment Agency
GABV	Global Alliance for Banking on Values
IEMA	Institute of Environmental Management and Assessment
IETA	International Emissions Trading Association
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ISO Green Finance Standards

'Green Finance' = Focus on financing green technologies
'Sustainable Finance' = Full consideration of ESG factors

ISO 14030 – Green debt instruments 2021/22

- Part 1 Green Bonds Framework (selection of projects, assets or activities and evaluation of green performance of a green bond)
- Part 2 Green Loans Framework (evaluation of green performance of a green loan)
- Part 3 Taxonomy (if no other taxonomy is chosen, e.g., EU)
- Part 4 Verification (by third party)

ISO 14097 – Framework including principles and requirements for assessing and reporting investments and financing activities related to climate change 2021

Main elements:

- Targeted user is the active investor with
- Intention to contribute with his 'climate action' to the 1.5° target
- By actively influencing the investee
- Enabling the investor to document his contribution
- Verifiable ('hard' standard with shall/should requirements)