

HKGFA Sustainable Finance Policy Review 2020

1. Introduction

The objective of this Policy Review is to provide an overview of the key policy developments in sustainable finance in Hong Kong, mainland China, and internationally in 2020.

2. Key Policy Developments in 2020

2.1. Hong Kong

- **Greater Bay Area Green Finance Alliance (GBA-GFA) pre-launch meeting:** In January, Greater Bay Area (GBA) government officials, green finance committees, project owners and industry professionals joined forces at the China Commission Exchange Shenzhen office to strategize a platform for policy research and incubate green investments to decarbonize the region. Of the 5 key projects discussed, 3 will be led by Hong Kong including the Green Buildings Project, Blockchain Solar Project and Carbon Trading.¹
- **2020 Green and Sustainable Finance Opportunity workshop:** In January, the Hong Kong Green Finance Association (HKGFA) and Hong Kong Trade Development Council co-organized a workshop at the 13th Asian Financial Forum which highlighted plans to establish the GBA-GFA, opportunities in developing green buildings and the blue economy, fulfilling funding gaps, the latest Hong Kong SAR (HKSAR) government policy support and Hong Kong's role in the regional green and sustainable finance opportunities.²
- **Cross-Agency Steering Group established:** In May, the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) launched the Green and Sustainable Finance Cross-Agency Steering Group with five other financial regulators. This group aims to coordinate the management of climate and environmental risks to the financial sector, accelerate the growth of green and sustainable finance and support the Government's climate strategies.³
- **HKMA Common Assessment Framework:** In May, the HKMA issued a self-assessment framework to evaluate an institutions' capacity to address climate and environmental-

¹ <https://www.hkgreenfinance.org/the-greater-bay-area-green-finance-alliance-pre-launch-meeting/>

² <https://www.hkgreenfinance.org/asia-financial-forum-2020-green-and-sustainable-finance-opportunity/>

³ <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2020/05/20200505-8/>

related risks, enabling the measurement of the “Greenness Baseline” of individual authorized institutions.⁴

- **HKMA published White Paper on Green and Sustainable Banking:** In June, the HKMA published the white paper to provide background on climate and environmental issues in addition to the regulator’s initial thoughts on its supervisory approach to addressing climate-related issues, and to a lesser extent, broader sustainability issues.⁵
- **Financial Services Development Council (FSDC) released a new Environmental, Social, and Corporate Governance (ESG) report:** In July, FSDC released its new report titled Hong Kong – Developing into the Global ESG Investment Hub of Asia, advocating for strengthening Hong Kong’s role as the preferred ESG investment hub in the region.⁶
- **SFC launched a consultation on climate-related risks in funds:** The consultation, launched in October, proposed requirements for fund managers to take climate-related risks into consideration in their investment and risk management processes. The proposal was aimed to promote high-quality disclosures and respond to the growing demands for climate risk information in investment.⁷
- **HKGFA 2020 Annual Forum:** In November, HKGFA held its 3rd forum titled “Financing A Green and Inclusive Recovery”. Over 700 participants from Hong Kong and Mainland China joined the forum, including policy makers, regulators, financial institutions, companies and civil society. Discussions focused on what collective action is needed for Hong Kong towards a brighter future with a vibrant job market, prosperous economy and

⁴ <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2020/20200513e1.pdf>

⁵ <https://www.hkma.gov.hk/media/chi/doc/key-information/guidelines-and-circular/2020/20200630c1a1.pdf>

⁶ Press release: https://www.fsd.org.hk/sites/default/files/20200708_FSDC-releases-reports-on-ESG-and-Family-Office_EN.pdf; Report highlights:

https://www.fsd.org.hk/sites/default/files/FSDC_Paper_No_44_Hong_Kong-Developing_into_the_Global_ESG_Investment_Hub_of_Asia_Infographic_Eng.pdf; Report:

https://www.fsd.org.hk/sites/default/files/FSDC_Paper_No_44_Hong_Kong-Developing_into_the_Global_ESG_Investment_Hub_of_Asia_Eng.pdf

⁷ Press release: <https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=20PR104>; consultation paper:

<https://apps.sfc.hk/edistributionWeb/gateway/EN/consultation/doc?refNo=20CP5>

cleaner environment.⁸ The Hong Kong Green and Sustainable Finance Survey⁹ and the paper “Navigating Climate Transition Finance”¹⁰ were also issued that day.

- **International Finance Corporation (IFC) and HKMA launched Alliance for Green Commercial Banks:** In November, the IFC and HKMA signed a new partnership to support commercial banks in Asia. This includes launching an Alliance for Green Commercial Banks and HKMA will serve as the founding member and first regional anchor for the Alliance. The HKMA and IFC will also jointly develop targeted initiatives and campaigns providing practical guidance for banks to revamp their existing green financial products and services.¹¹
- **Council for Sustainable Development’s (SDC’s) Report on Public Engagement on Hong Kong’s Long-term Decarbonization Strategy advocated “net zero by 2050”:** In November, SDC published the Report on Public Engagement for Hong Kong’s Long-term Decarbonization Strategy in which a vision of achieving net zero by 2050 was proposed. In support of this strategic goal, the SDC has put forward 55 recommendations across eight key areas, namely target; lifestyles; education, training and research; built environment; energy; transport; city planning and management; and finance.¹²
- **Hong Kong announced 2050 carbon neutrality goal:** In November, Chief Executive Carrie Lam announced Hong Kong’s 2050 carbon neutrality goal in her 2020 Policy Address. To this end, the government will also update the “Hong Kong’s Climate Action Plan” and set out more proactive strategies as well as measures to reduce carbon emissions.¹³

⁸ Press release: <https://www.hkgreenfinance.org/hkgfa-2020-annual-forum-financing-a-green-and-inclusive-recovery/>

⁹ <https://www.hkgreenfinance.org/wp-content/uploads/2020/11/Green-and-Sustainable-Finance-Survey.pdf>

¹⁰ <https://www.hkgreenfinance.org/research-report/navigating-climate-transition-finance/>

¹¹ Press release: <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2020/11/20201109-4/>, <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26062>

¹² Press release: <https://www.info.gov.hk/gia/general/202011/13/P2020111300269.htm>; report: https://www.susdev.org.hk/download/report/council_report_e.pdf

¹³ Press release: <https://www.info.gov.hk/gia/general/202011/25/P2020112500544.htm>; Policy address: <https://www.policyaddress.gov.hk/2020/eng/pdf/PA2020.pdf>

- **Hong Kong completed first interest rate swap linked to the United Nations Sustainable Development Goals (UN SDGs):** In November, the New World Development Company Limited (NWD) and DBS Hong Kong (DBS) completed Hong Kong's first-ever interest rate swap linked to the UN SDGs. Under this innovative solution, NWD is eligible to receive sponsorship from DBS to support social innovation projects, if they successfully generate at least eight business-to-business integration opportunities that contribute to the UN SDGs adopted by the New World Sustainability Vision 2030.¹⁴
- **HKEX launched Sustainable and Green Exchange (STAGE):** In December, HKEX launched STAGE, Asia's first multi-asset sustainable investment product platform and an online product repository. At launch, STAGE features 29 sustainable-themed products from leading Asian corporates covering a variety of sectors including utilities, transport, property development and financial services as well as ESG-related exchange.¹⁵
- **Civic Exchange and HKGFA released two reports on green buildings:** The two reports, released in December, were results of the green building project collaborated between HK2050 is Now and the GBA-GFA. The reports analysed the similarities and differences between several Green Building Rating Systems (GBRSs) to understand whether existing GBRSs sufficiently facilitate decarbonisation in the building sector. Steps for the building industry to decarbonise were proposed including utilizing sustainable finance opportunities in Hong Kong.¹⁶
- **Green and Sustainable Finance Cross-Agency Steering Group announced its strategic plan:** In December, the Steering Group announced its green and sustainable finance strategy aiming at strengthening Hong Kong's financial ecosystem to support a greener and

¹⁴ Press release:

https://www.dbs.com/newsroom/New_World_Development_Joins_Forces_with_DBS_Hong_Kong

¹⁵ Press release: https://www.hkex.com.hk/News/News-Release/2020/201201news?sc_lang=en

STAGE platform: https://www.hkex.com.hk/Join-Our-Market/Sustainable-Finance/HKEX-STAGE?sc_lang=en

¹⁶ Press release: <https://www.hkgreenfinance.org/event/hk2050-is-now-green-building-reports-launch-webinar/>; Decarbonising Hong Kong Buildings report: <https://civic-exchange.org/report/decarbonising-hong-kong-buildings-policy-recommendations-and-next-steps/>; Green Building Rating Systems report: <https://civic-exchange.org/report/green-building-rating-systems-energy-benchmarking-study/>

more sustainable future. Six long-term focus areas and five near-term action points have been set out by the Steering Group.¹⁷

2.2. Mainland China

- **China Green Bond Endorsed Projects Catalogue released:** In May, the People’s Bank of China, the China Securities & Regulatory Commission and the National Development & Reform Commission announced an updated catalogue for eligible projects in China’s green bond market, where “clean coal” is excluded from eligibility of Chinese green bonds.¹⁸
- **Shanghai-Singapore Financial Co-operation:** In June, Mr. Ravi Menon, Managing Director of the Monetary Authority of Singapore (MAS) acknowledged that green finance would be an important collaboration area for the continued bi-lateral relationship. Suggested the co-development of frameworks for green and sustainability-linked loans for Chinese and Singaporeans small and medium-sized enterprises (SMEs) while adopting innovative FinTech solutions.¹⁹
- **Virtual events on China Green Bond Market:** In June, the Climate Bonds Initiative (CBI) hosted several virtual events to launch their research report on the Chinese Green Bond Market in 2019. The fourth annual report covered key insights on developments in Chinese green finance with US\$55.8B issued in 2019 and policy recommendations moving forward.²⁰
- **The State and Effectiveness of the Green Bond Market in China published by the Climate Policy Initiative (CPI):** In June, the CPI published a report that found a lack of diversity in Chinese green bond market participation, evaluated environmental impact,

¹⁷ Press release: <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2020/12/20201217-4/>;
Infographic: <https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2020/20201217e4a2.pdf>; Strategic plan: <https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2020/20201217e4a1.pdf>

¹⁸ <https://www.reuters.com/article/us-china-environment-finance-idUSKBN2350FW> &
<https://www.climatebonds.net/files/files/China-Green-Bond-Catalogue-2020-Consultation.pdf>

¹⁹ <https://www.bis.org/review/r200619a.htm>

²⁰ <https://www.climatebonds.net/2020/06/china-green-bond-market-2019-report-china-cements-position-leading-market-usd558bn-issued>

addressed current regulatory framework, and presented recommendations on how the market could operate more efficiently.²¹

- **Green Bonds Endorsed Project Catalogue consultation:** In July, the People's Bank of China, the National Development and Reform Commission and the China Securities Regulatory Commission jointly issued the second round of consultation on the draft of the Green Bond Endorsed Project Catalogue (2020 version).²² The first round of consultation was initiated in May 2020.²³ The 2020 version has removed “clean coal” from the list of activities labelled as green and introduced a unified national standard for green bonds in China.
- **GBA-GFA launched:** In September, the GBA-GFA, a collaboration between the HKGFA, the Green Finance Committee of Guangdong Society for Finance and Banking, the Green Finance Committee of Financial Society of Shenzhen Special Economic Zone, and the Macau Association of Banks, was launched in Guangzhou. The Alliance aims to promote research and incubate green investments that will benefit the GBA as a whole by leveraging green investment demands in Guangdong and green finance capacities in Hong Kong and Macau.²⁴
- **GBA Green Supply Chain Financial Service Guide (Automotive Manufacturing Industry) released:** In September, the Guide was released by the Green Finance Committee of Guangdong Society for Finance and Banking at the launch of GBA-GFA. It is the first service guide on green supply chain finance in the GBA. It takes the automotive industry as an entry point and demonstrates a model for green supply chain finance to support the industrial chain’s green transformation and development.²⁵
- **The first equity investment fund fully adopts ESG investment standards introduced in Mainland China:** In September, the first equity investment fund that fully adopts ESG investment standards was introduced by the Belt & Road Green Fund, which is managed

²¹ https://greenfinanceplatform.org/State%20and%20Effectiveness%20Chinese%20Green%20Bonds_.pdf

²² Full text of the consultation: <http://www.pbc.gov.cn/tiaofasi/144941/144979/3941920/4052500/index.html>

²³ The first round of consultation: <https://www.hkgreenfinance.org/draft-for-public-consultation-of-green-bond-endorsed-project-catalogue-2020-version/>

²⁴ Press release: <https://www.hkgreenfinance.org/greater-bay-area-green-finance-alliance-officially-launched-today/>

²⁵ Press release (Chinese only): <http://www.gzccex.com/jtdt/15682.jhtml>

by China Everbright Limited, at the annual meeting of the Green Finance Committee, China Society for Finance and Banking.²⁶

- **China announced 2060 carbon neutrality target:** In September, President Xi Jinping pledged to achieve carbon neutrality before 2060 at the 75th Session of the UN General Assembly.²⁷
- **Consultation on measures of carbon trading issued:** In October, the Ministry of Ecology and Environment issued a consultation on the national measures for the administration of carbon emissions trading. The measures will replace the 2014 interim measures and provide technical and regulation guidance for the national and local carbon trading market.²⁸
- **Shenzhen Special Economic Zone on Green Finance Regulation passed:** Shenzhen Special Economic Zone Green Finance Regulation, China's first regulation in green finance, was passed on 29th October 2020 and will be promulgated on 1st March 2021. The regulation clarifies the main responsibilities of financial institutions and green enterprises, stipulates the supervision and management measures of governmental departments and the central financial regulatory agency in Shenzhen. It provides an environment that is conducive to the development of green industries and established a pioneering model for the legislation development of green finance in the country.²⁹
- **The Belt and Road Initiative (BRI) Green Development Institute launched:** In December, a high-level international think tank, the BRI Green Development Institute was established in Beijing. It aims to promote joint research on green development, climate change, biodiversity protection and green finance across the BRI regions.³⁰ The Institute will also provide all-around support to the BRI International Green Development Coalition, a joint initiative by the Ministry of Ecology and Environment of China with its international

²⁶ Press release: <https://www.everbright.com/en/news/everbrights-belt-road-green-fund-creates-equity-investment-flagship-brand-fully-adopts-esg>

²⁷ Full text of President Xi's speech at the UN General Assembly:
<https://www.chinadaily.com.cn/a/202009/23/WS5f6a640ba31024ad0ba7b1e7.html>

²⁸ Full text of the consultation: http://www.gov.cn/hudong/2020-11/05/content_5557519.htm

²⁹ Full text of the Shenzhen Special Economic Zone Green Finance Regulations (Chinese only):
http://www.szrd.gov.cn/szrd_zlda/szrd_zlda_flg/flfg_szfg/202011/t20201112_19355701.htm.

³⁰ Press release: http://en.brigc.net/Pictures/202012/t20201201_102930.html

partners. The Coalition was firstly proposed by President Xi Jinping in May 2017 at the BRI Forum.³¹

- **China ESG Development White Paper released:** In December, China ESG Development White Paper was jointly released by the International Institute of Green Finance at the Central University of Finance and Economics and Sina Finance. The white paper provides a comprehensive analysis of ESG including its definition, indicator systems, financial products, and information disclosure policies etc. It serves as an important reference for ESG's promotion in the future.³²

2.3. Global Markets

- **European Green Deal Investment Plan proposed:** In January, the European Commission (EC) aimed to mobilize €1T of sustainable investment over the next decade by initially using public funds to help unlock private funds through European Union (EU) financial instruments.³³
- **The UK Stewardship Code revised:** In January, the Financial Reporting Council of the UK integrated outcome based ESG factors to strengthen its Code which consists of 12 principles for asset managers and owners, and six principles for financial service providers.³⁴
- **European Securities and Markets Authority (ESMA) Strategy on Sustainable Finance:** In February, the ESMA published the Strategy on Sustainable Finance, which will take ESG factors into account across all activities, monitor and assess ESG-market developments and risks, and include environmental systematic risk in its stress test scenario.³⁵
- **Australia publishes climate risk reporting guidance:** In February, Governance Institute of Australia released a guide on climate risk reporting to provide practical assistance to

³¹ Overview of the BRI International Green Development Coalition:

http://en.brigc.net/About_us/Overview/202009/t20200928_102502.html

³² Press release (China only): <http://iigf.cufe.edu.cn/info/1017/1782.htm>

³³ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_17

³⁴ https://www.frc.org.uk/getattachment/Stewardship-Code_Dec-19-Final-Corrected.pdf

³⁵ https://www.esma.europa.eu/sites/default/files/library/esma22-105-1052_sustainable_finance_strategy.pdf

Australian Stock Exchange listed companies and steps for reporting against the Task Force on Climate-related Financial Disclosures (TCFD) framework.³⁶

- **The UK proposes rule to report against TCFD recommendations:** In March, the Financial Conduct Authority of the UK proposed a rule that would require companies with a premium listing to report against the TCFD recommendations on a comply or explain basis.³⁷
- **EU Sustainability Disclosures Regulation:** In March, the EU introduced new requirements on the sustainability-related disclosure obligation for the financial services sector.³⁸
- **German Sustainable Finance Committee issued interim report:** In March, the Sustainable Finance Committee of the German Government laid out 53 draft recommendations addressing the German public sector, real economy and financial market participants.³⁹
- **France published new guidelines on disclosure for investors:** In March, the French Financial Market Authority published new guidelines for sustainable funds, aimed at ensuring non-financial factors are accounted and communication of ESG integration is reliable.⁴⁰
- **Japan's Stewardship Code updated:** In March, the Financial Services Agency of Japan updated its code to place stronger emphasis on sustainability factors, set expectations that beneficiaries' views are considered, and encouraged investors to disclose rationales for significant voting decisions.⁴¹

³⁶ <http://image.e-marketing.unpri.org/lib/fe39117075640475741272/m/1/354c6d63-26d7-4721-b5e0-7863f43832d6.pdf>

³⁷ <https://www.fca.org.uk/publications/consultation-papers/cp20-3-proposals-enhance-climate-related-disclosures-listed-issuers-and-clarification-existing>

³⁸

https://d8g8t13e9vf2o.cloudfront.net/Uploads/l/i/v/externalbriefing20192088investordisclosure_69662_0.pdf

³⁹ https://sustainable-finance-beirat.de/wp-content/uploads/2020/03/200306_SFB-Zwischenbericht_EN.pdf

⁴⁰ https://doctrine.amf-france.org/en_US/Reglementation/Doctrine/Doctrine-list/Doctrine?docId=workspace%3A%2F%2FSpacesStore%2F138e8494-3731-476e-a7da-7bf79200c1a2&docVersion=1.0&langSwitch=true

⁴¹ <https://www.fsa.go.jp/en/refer/councils/stewardship/20200324.html>

- **The Association of Southeast Asian Nations (ASEAN) Capital Markets Forum finalized Roadmap:** In March, the 32nd ASEAN Capital Markets Forum Meeting finalized recommendations under the Roadmap for ASEAN Sustainable Capital Markets. The Roadmap provides recommendations under four priority areas, namely strengthening foundations, catalyzing products and enabling access to underserved areas, raising awareness and capacity building, and increasing regional connectivity.⁴²
- **The European Central Bank (ECB) published a guide on climate-related and environmental risks:** In May, the ECB released its supervisory expectations relating to the integration of climate and environmental risks in business strategy, governance, risk management and disclosure.⁴³
- **The Network of Central Banks and Supervisors for Greening the Financial System (NGFS) Report on Risk Differentials and Supervision:** In May, the NGFS released survey results from financial institutions research on risk assessment and measurement in green, non-green, and brown financial assets,⁴⁴ as well as a report on best practices in supervision of green finance.⁴⁵
- **Adoption by the European Parliament of the Sustainability Taxonomy Regulation:** In June, the EC adopted new legislation to provide a first-ever “green list” classification framework to define environmentally sustainable economic activity and contribute to the European Green Deal by boosting private sector investments in sustainable projects.⁴⁶
- **Principles for Sustainable Insurance Initiative published:** In June, the United Nations Environment Finance Initiative collaborated with the global insurance industry to produce guidelines that outline 8 key areas of possible actions for insurers to manage ESG risks in non-life insurance transactions, focus on risk assessment and insurance underwriting.⁴⁷
- **EU Green Bond Standard usability guide published:** In June, the Technical Expert Group (TEG) on Sustainable Finance proposed that the EC create a voluntary non-legislative EU Green Bond Standard to encourage issuance and investments in EU green

⁴² <https://www.theacmf.org/initiatives/sustainable-finance>

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<https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200520~0795c47d73.en.htm>

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⁴⁴ https://www.ngfs.net/sites/default/files/medias/documents/ngfs_status_report.pdf

⁴⁵ https://www.ngfs.net/sites/default/files/medias/documents/ngfs_guide_for_supervisors.pdf

⁴⁶ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1112

⁴⁷ <https://www.unepfi.org/psi/wp-content/uploads/2020/06/PSI-ESG-guide-Global-announcement-final-17-Jun-2020.pdf>

bonds. The TEG drew from stakeholder feedback from over 100 organizations to develop best practices that reflect a wide array of perspectives.⁴⁸

- **NGFS published several reports on climate scenarios and monetary policy:** In June, the NGFS released a report and guide on climate scenarios for central banks and supervisors and research priorities in relation to the impacts of climate change on macroeconomic and financial stability.⁴⁹
- **The UK delays pledge to follow EU green finance rules:** In June, the UK Treasury issued a letter that raised the prospect of a split on sustainable finance from the EU. The UK has held off on fully committing to the EU rules until after Brexit.⁵⁰
- **The UK sets out post-Brexit plans on carbon pricing:** In June, the UK government laid out plans for a national emissions trading system (ETS) after Brexit with proposed cap on emissions that is tighter than the UK's EU quota and left open the possibility of linking to the EU ETS.⁵¹
- **European Commission launched the Platform on Sustainable Finance:** In June, the European Commission launched the Platform on Sustainable Finance in support of the adoption of the Taxonomy Regulation by the European Parliament. This platform serves as an advisory body composed of experts from the private and public sector. It will assist the Commission in the preparation of technical screening criteria for developing the taxonomy further and in developing its sustainable finance policies. At present, 50 members have been selected from more than 500 highly qualified applications for the Platform.⁵²
- **The World Bank published a guide for Developing a National Green Taxonomy:** In June, the World Bank published Developing a National Green Taxonomy: A World Bank Guide. The guide addresses the need among financial market participants for clarity and transparency in what is understood and what qualifies as green. The World Bank Group

⁴⁸ <https://greenfinanceplatform.org/resource/report-eu-green-bond-standard>

⁴⁹ <https://www.ngfs.net/en/liste-chronologique/ngfs-publications>

⁵⁰ <https://www.ft.com/content/f1623027-26fb-4d73-8161-19e40f1f7eb2>

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/889037/Government_Response_to_Consultation_on_Future_of_UK_Carbon_Pricing.pdf

⁵² Press release on the creation of the platform:

https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1112; the Platform:

https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance_en

recommends the principles and methodology for developing a taxonomy of environmentally sustainable activities.⁵³

- **India's mandatory Stewardship Code entered in force:** In July, India's mandatory stewardship code entered in force. The code is applicable to all funds and managers investing in listed Indian companies. It requires investors to monitor and engage investee companies, including on ESG issues, to define and disclose a stewardship policy and report on engagement with investee companies.⁵⁴
- **Russia's first Stewardship Code published:** In July, Russia's Central Bank published a stewardship code for institutional investors. The voluntary guidelines recommend the incorporation of ESG factors in investment decision making and engagement with investee companies to support responsible business conduct and sustainable development. The code also recommends disclosure of stewardship activities.⁵⁵
- **Japan's TCFD Guidance 2.0 published:** In July, the TCFD Consortium published the revised "TCFD Guidance" and announced it as the TCFD Guidance 2.0. Revisions in the TCFD Guidance 2.0 include industry-specific guidance and case studies.⁵⁶
- **NGFS released two publications promoting the Environmental Risks Analysis (ERA) in the financial industry:** In September, NGFS published Overview of Environmental Risk Analysis by Financial Institutions and Case Studies of Environmental Risk Analysis Methodologies.⁵⁷ The Overview explains how environmental risks translate into financial risks, and reviews the tools and methodologies for ERA used by financial institutions. The Case Studies document present an in-depth discussion of the tools and methodologies for ERA using examples from over 30 organizations.

⁵³ Full text of the Guide: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/953011593410423487/.%20please%20accept%20our%20thanks%20for%20reviewing%20the>

⁵⁴ India's stewardship code: https://www.sebi.gov.in/legal/circulars/dec-2019/stewardship-code-for-all-mutual-funds-and-all-categories-of-aifs-in-relation-to-their-investment-in-listed-equities_45451.html

⁵⁵ Russia's stewardship code (Russian only): https://www.cbr.ru/statichtml/file/59420/20200715_in_06_28-111.pdf

⁵⁶ Press release: https://tcfd-consortium.jp/en/news_detail/20081201; full text of the TCFD Guidance 2.0: https://tcfd-consortium.jp/pdf/en/news/20081201/TCFD_Guidance_2_0-e.pdf

⁵⁷ Press release: <https://www.ngfs.net/en/communique-de-presse/ngfs-promotes-environmental-risk-analysis-financial-industry>

- **New Zealand announced mandatory climate risk reporting:** In September, New Zealand announced to introduce a mandatory climate-related financial disclosure regime, making it the first country in the world to do so.⁵⁸
- **EC launched a consultation on sustainable corporate governance:** In October, the EC started a consultation seeking stakeholders' views with regard to the sustainable corporate governance initiative.⁵⁹
- **The International Platform on Sustainable Finance (IPSF) launched a new international taskforce on sustainable finance taxonomies:** IPSF published its annual report in October, in which a taskforce on sustainable finance taxonomies has been set out. The taskforce will be co-chaired by China and the EU working to “comprehensively compare existing taxonomies” to “identify commonalities and differences in their respective approaches, criteria and outcomes”. The result will be summarised in “Common Ground Taxonomy” by mid-2021, providing transparency and increasing cross-border green capital flows.⁶⁰
- **European Green Deal set as the top priority in the EC’s 2021 work programme:** In October, the EC published its 2021 work programme. The programme sets European Green Deal as its top priority which includes various initiatives related to sustainable finance, including the “Fit for 55%” package, the EU Green Bond Standard, the deepening of the Capital Markets Union and the Sustainable Corporate Governance legislation.⁶¹
- **The UK positioned itself at the forefront of green finance in its future plans for financial services:** In November, Chancellor of the Exchequer Rishi Sunak announced the

⁵⁸ Press release: <https://www.beehive.govt.nz/release/new-zealand-first-world-require-climate-risk-reporting>

⁵⁹ Consultation: <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12548-Sustainable-corporate-governance/public-consultation>; sustainable corporate governance initiative: <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12548-Sustainable-corporate-governance>

⁶⁰ IPSF 2020 Annual Report: https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/international-platform-sustainable-finance-annual-report-2020_en.pdf

⁶¹ Press release: https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1940

UK government's future plans for financial services in which the UK positioned itself as the global leadership in green finance.⁶²

- **The UK published A roadmap towards mandatory climate related disclosures:** In its future plans for global green finance leadership released in November, the UK announced its intention to make TCFD-aligned disclosures mandatory across the economy by 2025. The UK Taskforce's Interim Report, and accompanying roadmap, sets out an indicative pathway to achieving the ambition.⁶³
- **ECB published Guide on climate-related and environmental risks:** In November, ECB published Guide on climate-related and environmental risks setting out ECB's expectations for banks on managing and disclosing risks under current prudential rules.⁶⁴
- **Singapore published Guidelines on Environmental Risk Management for Banks:** The Guidelines was published in December and it sets out MAS's expectations on environmental risk management for all banks, merchant banks, and finance companies.⁶⁵

⁶² Press release: <https://www.gov.uk/government/news/chancellor-sets-out-ambition-for-future-of-uk-financial-services>

⁶³ Interim Report and Roadmap: <https://www.gov.uk/government/publications/uk-joint-regulator-and-government-tcfd-taskforce-interim-report-and-roadmap>

⁶⁴ Press release:

<https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr201127~5642b6e68d.en.htm>

]; full text of the Guide:

<https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202011finalguideonclimate-relatedandenvironmentalrisks~58213f6564.en.pdf>

⁶⁵ Full text of the Guidelines: <https://www.mas.gov.sg/regulation/guidelines/guidelines-on-environmental-risk-management>