Argentina
Country Progress Report
April 2022
SUPPLEMENT TO THE 2021 GLOBAL PROGRESS REPORT OF THE SUSTAINABLE BANKING AND FINANCE NETWORK
About SBFN

Established in 2012, SBFN is a voluntary community of financial sector regulators and industry associations from emerging markets committed to collectively advancing sustainable finance in line with international good practice and national priorities. As of October 2021, SBFN members represented 63 institutions, 43 countries, and $43 trillion (86 percent) of the total banking assets in emerging markets. Members are committed to i) improving the management of environmental, social, governance, and climate change risks in financial sector activities, and ii) increasing capital flows to activities with positive environmental and social impacts, including climate change mitigation and adaptation. For more information, visit www.sbfnetwork.org.

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Note to the reader: All measurement results featured in this document, such as graphs and progression matrices, are based on data collected up to July 2021. Additional activities up to the publishing date of this country report have been included in narrative form.
1. Overall country progress – Argentina

1.1 SBFN member institution:

Association of Argentine Banks (ADEBA)  
Member Since: 2016  
Working Group: Measurement

1.2 Other key institutions and national initiatives promoting sustainable finance

Association of Banks of Argentina (ABA)  
Central Bank of Argentina  
National Securities and Exchange Commission (CNV)  
Argentina Stock Exchange (BYMA)

Association of Public and Private Banks of the Republic of Argentina (ABAPPRA)  
Association of Specialized Banking (ABE)  
National Council for the Coordination of Social Policies

1.3 Overall progress

Argentina has moved up to the "Developing" sub-stage of the "Implementation" stage from the "Formulating/Commitment" sub-stage of the "Preparation" stage of the Overall SBFN Progression Matrix. In 2019, a group of 18 banks signed the Argentina Sustainable Finance Protocol, launching Argentina's national sustainable finance framework. A formal taskforce is in charge within the banking association, which is supported by both regulators and industry. Awareness raising and capacity building (training 1.0) have been conducted.

Figure 1: SBFN Progression Matrix - Overall Country Progress

*Countries within each sub-stage are listed in alphabetical order.*
14 Country sustainable finance journey

Figure 2: Argentina’s sustainable finance journey

<table>
<thead>
<tr>
<th>Policies, principles, regulations, and guidance</th>
<th>Research and engagement (since last SBFN progress report)</th>
<th>Examples of market actions and impacts</th>
</tr>
</thead>
</table>

2016

ADEBA joins SBFN

2017

ADEBA establishes the Argentina Sustainable Finance Task Force

2018

Argentina joins the Climate Action Alliance

CNV adopts Guidelines for the Issuance of Social, Green, and Sustainable (SGS) Securities in Argentina

2019

The National Council for the Coordination of Social Policies issues the Sustainable Development Goals Agenda 2030 for Argentina

ADEBA creates the Gender Equality Task Force. Under the green protocol, the Environmental and Social Commission is created particularly to address climate and environmental issues and risks

As of June 2020, a total of 21 banks have joined the Sustainable Finance Protocol

Five banks report their environmental, social, and governance activities and performance regularly, representing 66 percent of total national value

Climate bonds have been issued to the value of $637 million

2020

BYMA issues the Green and Sustainable Social Bond Guide

BYMA issues the Rules on SGS Corporate and Government Bonds and Their Listing on BYMA SGS Bonds Trading Panel

2021

The National Council for the Coordination of Social Policies issues the Sustainable Development Goals Agenda 2030 for Argentina

CNV issues Resolution 885/21 for Sustainable Investment

Government of Argentina passes the Law for the Implementation of Comprehensive Environmental Education, a public policy that establishes the right to integrated environmental education

BYMA issues the Listing Rules on SGS Trust Securities and/or Closed-End Funds

(CEF) Shares

CNV issues Resolution 885/21 for Sustainable Investment

Government of Argentina passes the Law for the Implementation of Comprehensive Environmental Education, a public policy that establishes the right to integrated environmental education

BYMA issues the Listing Rules on SGS Trust Securities and/or Closed-End Funds

18 Argentine banks launch the Sustainable Finance Protocol of the Banking Industry in Argentina

CNV adopts Argentina’s Guidelines for the Issuance of Social, Green, and Sustainable Negotiable Securities

BYMA issues the Green and Sustainable Social Bond Guide

BYMA issues the Rules on SGS Corporate and Government Bonds and Their Listing on BYMA SGS Bonds Trading Panel
1.5 COVID response

Government policy focused on guaranteeing access to food, sustaining the income of the most vulnerable sectors, facilitating access to credit for companies and small businesses, and granting certain State aid so that companies affected by the quarantine can pay salaries. Wage assistance was conducted through the Emergency Assistance Program for Jobs and Production, which requires companies to meet certain conditions. Price ceilings have been established for essential products including food and sanitary products. Layoffs were also prohibited until November 30, 2020. The Central Bank has provided incentives so that banks will grant credit at preferential rates to small and medium enterprises (SMEs) for the payment of salaries.

1.6 Ambitions for the next phase

Green bonds are seen as an area of great interest and excitement, but the market is not ready for this measure due to economic issues exacerbated by the pandemic. Argentinean banks are seeking to become fundamentally data-driven organizations, which has implications for better data collection and disclosure, as well as presenting the opportunity for integration with environment, social, and governance (ESG) metrics. A major focus and opportunity created by the Sustainable Finance Protocol is the unification of different institutions that have not previously worked together, which allows for a collaborative agenda on sustainable finance and the creation of leadership, innovation, and enthusiasm within the sector.

1.7 SBFN and IFC role

IFC has provided support to the financial sector for sustainable finance initiatives and capacity building in Argentina, in partnership with the Government of Canada. Through SBFN, ADEBA has shared its experience with other SBFN members and benefited from the collective SBFN knowledge base.

I am very proud. It started with a dream and just a few banks, and it really was just a dream, this protocol. It is something very important because it is the first time so many different banks – public, private, small, and big – have joined in this way.

Lis Medina
Association of Argentine Banks (ADEBA) Representative, Head of Environmental and Social Risks, Banco CMF
2. Progress by three pillars

Figure 3: Mapping of overall country progress and individual pillar progress

Overall mapping

Pillar-level mapping

Pillar 1: ESG Integration
Pillar 2: Climate Risk Management
Pillar 3: Financing Sustainability

Sub-pillar 1: Strategic Alignment
• Argentina’s national frameworks for the banking sector and non-banking sector, including the Sustainable Finance Protocol of the Banking Industry in Argentina (2019) and Guidelines for Issuance for Green, Social and Sustainable Securities in Argentina (CNV, 2019), set out expectations for integrating the consideration of ESG risks and performance.
• The financial sector’s approach to ESG integration is aligned with international good practices and standards, such as the UN Sustainable Development Goals.
**Sub-pillar 2: Regulatory and Industry Association Actions**

- In 2019, a group of 18 banks signed the Sustainable Finance Protocol of the Banking Industry in Argentina with the aim of building a sustainable finance strategy among banks. One of the strategic axes of this crucial protocol is to create financial products and services to support the financing of projects with a positive environmental and social impact. As of February 2021, 21 banks are implementing a Sustainable Finance Protocol to promote credit to finance triple-impact projects.
- In January 2021, the CNV launched its Sustainable Finance Program to promote socially responsible investment and encourage the issuance of green, social, and sustainability bonds. CNV also recognizes the Green Bond Principles of the International Capital Market Association and the Climate Bonds Standard by the Climate Bonds Initiative as Argentina's standards for issuing green bonds.

**Sub-pillar 3: Expectations for FI Actions**

- As part of future progress, the ESG framework can be further elaborated to guide the expected actions of FIs for the development of their strategy, governance, policies, and procedures to manage ESG risks and performance, build capacity, undertake regular review and monitoring of ESG risks, and report ESG performance.
Pillar 2: Climate Risk Management
Pillar Progress: Formulating

Argentina is in the “Formulating” sub-stage of the “Preparation” stage of the Climate Risk Management Pillar. In 2019, a group of 18 banks, along with partner organizations including ADEBA, issued the Sustainable Finance Protocol of the Banking Industry in Argentina, which emphasizes Argentina’s vulnerability to climate change in the context of global action related to the Paris Agreement and Nationally Determined Contributions (NDCs). The Protocol includes the management and disclosure of environmental and social (E&S) risk in the banking sector, and lists climate mitigation and adaptation as part of sustainable financing activities. Preparations and activities include research, surveys, and/or multi-stakeholder engagement and awareness raising on expectations for climate risk management.

Sub-pillar 1: Strategic Alignment
- Addressing climate change risks is a national priority as indicated in Argentina’s NDC to the Paris Agreement and national climate policies, including the National Action Plan for Energy and Climate Change. In the financial sector, a group of 18 banks, along with partner organizations including ADEBA, signed the Sustainable Finance Protocol of the Banking Industry in Argentina, which emphasizes Argentina’s vulnerability to climate change in the context of global action related to the Paris Agreement, NDCs, and international practices including the Task Force on Climate-related Financial Disclosures (TCFD). The Protocol includes the management and disclosure of E&S risk in the banking sector, and lists climate mitigation and adaptation as part of sustainable financing activities.

Sub-pillar 2: Regulatory and Industry Association Actions
- ADEBA, the Association of Banks in Argentina (ABA), and the Association of Public and Private Banks of the Republic of Argentina (ABAPPRA) participated in the elaboration of the Sustainable Finance Protocol of the Banking Industry in Argentina in 2019. In its introduction, the Protocol references the impacts of climate change in the context of global action related to the Paris Agreement, NDCs, and international practices including the TCFD. The Protocol includes the management and disclosure of E&S risk and credit analysis in the banking sector as part of Strategy 3, and lists climate mitigation and adaptation as part of sustainable financing activities in Strategy 1.
- As part of future progress by Argentina, recommended areas of focus for regulatory and industry association actions include research, capacity building, technical guidance (such as climate scenarios and risk assessment methodologies), and development of regulatory and supervisory expectations for FIs for managing climate-related physical and transition risks and financial impacts.
- In terms of awareness-raising for E&S and climate risks, there is ongoing regulatory-industry engagement as part of the dialogue on sustainability established by the Sustainable Finance Protocol.

Sub-pillar 3: Expectations for FI Actions
- As part of raising awareness on climate risk management, in 2020, seven banks in Argentina participated in a regional survey, undertaken by the United Nations Environment Program Finance Initiative and the Development Bank of Latin America (CAF), with coordination by the Federation of Latin American Banks (FELABAN, a member of SBFN) on the approaches of FIs to incorporating climate change into risk management.
- As part of future progress, the Sustainable Finance Protocol can be further elaborated to guide the expected actions of FIs for the development of their strategy, governance, risk management, metrics and targets, and disclosure approaches for climate-related physical and transition risks and financial impacts.
Pillar 3: Financing Sustainability
Pillar Progress: Developing

Argentina is in the “Developing” sub-stage of the "Implementation" stage for the Financing Sustainability Pillar. There is a national framework for promoting financial flows into green, climate, social, and sustainability-linked projects and sectors, and ongoing awareness raising and capacity building on financing sustainability actions and expectations.

Sub-pillar 1: Strategic Alignment
- Argentina's national framework for financing sustainability covers both the banking sector and the capital markets and investment funds, led by ADEBA, ABA, ABAPPRA, and the BYMA. In 2019, a group of 18 banks signed the Sustainable Finance Protocol of Argentina, the signatories of which surpasses 75 percent of the country's bank loans. BYMA issued the Social, Green and Sustainability Bonds Guidelines and CNV issued Guidelines for Issuance for Green, Social and Sustainable Securities in Argentina.
- The financial sector's approach to promoting financial flows into green and sustainability projects and sectors is aligned with international goals, good practices, and standards, such as the UN SDGs, the International Capital Market Association's Principles for Green Bonds, Social Bonds, Sustainability-linked Bonds, and the Climate Bonds Initiative's Climate Bond Standards.
- The financial sector’s approach to financing sustainability enables the achievement of stated national objectives by guiding capital to sectors, assets, and projects that have environmental and social benefits, in line with national sustainable development priorities, strategies, and targets.

Sub-pillar 2: Regulatory and Industry Association Actions
- Argentina's framework for financing sustainability asks the regulator or industry association to establish mechanisms to identify and encourage the allocation of capital to sustainable sectors, assets, and projects.
- Argentina's framework for financing sustainability provides guidelines for sustainable loans and bonds. The BYMA Social, Green and Sustainability Bonds Guidelines provides definitions and samples of green and sustainable assets and requires external party verification to ensure the credibility of these sustainability instruments.
- BYMA monitors information reported by FIs related to green, social, and/or sustainability-focused investment, lending, and other instruments to prevent greenwashing and social-washing.

Sub-pillar 3: Expectations for FI Actions
- Argentina's framework for financing sustainability requires FIs to publish annual updates on the performance and impacts of the sustainability instruments and to report publicly on their green, social, and sustainability-focused finance activities and positive outcomes or impacts.
3. Progress by three sub-pillars and 11 indicators

Figure 4: Overview of Argentina’s sustainable finance coverage in three framework areas

<table>
<thead>
<tr>
<th>Sub-pillar 1: Strategic Alignment</th>
<th>Pillar 1: ESG Integration</th>
<th>Pillar 2: Climate Risk Management</th>
<th>Pillar 3: Financing Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Framework Coverage</td>
<td>![Progress Indicator]</td>
<td>![Progress Indicator]</td>
<td>![Progress Indicator]</td>
</tr>
<tr>
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<td>![Progress Indicator]</td>
<td>![Progress Indicator]</td>
<td>![Progress Indicator]</td>
</tr>
<tr>
<td>Alignment with National Goals &amp; Strategies</td>
<td>![Progress Indicator]</td>
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<td>![Progress Indicator]</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Sub-pillar 2: Regulatory and Industry Association Actions</th>
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<tbody>
<tr>
<td>Overall Approach &amp; Strategy</td>
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<tr>
<td>Technical Guidance</td>
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<tr>
<td>Supervisory Activities &amp; Incentives</td>
<td>![Progress Indicator]</td>
<td>![Progress Indicator]</td>
<td>![Progress Indicator]</td>
</tr>
<tr>
<td>Tracking &amp; Aggregated Disclosure</td>
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<td>![Progress Indicator]</td>
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</table>

<table>
<thead>
<tr>
<th>Sub-pillar 3: Expectations of Financial Institution (FI) Actions</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Strategy &amp; Governance</td>
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<td>![Progress Indicator]</td>
<td>![Progress Indicator]</td>
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<tr>
<td>Organizational Structure &amp; Capacity Building</td>
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<td>![Progress Indicator]</td>
<td>![Progress Indicator]</td>
</tr>
<tr>
<td>Policies &amp; Procedures</td>
<td>![Progress Indicator]</td>
<td>![Progress Indicator]</td>
<td>![Progress Indicator]</td>
</tr>
<tr>
<td>Tracking, Reporting &amp; Disclosure</td>
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</tr>
</tbody>
</table>

All data in the report are pending member confirmation.
4. Library of national sustainable finance framework documents

National strategies, roadmaps, policies, voluntary principles, regulations, guidelines, research, templates, and tools that provide an enabling framework for sustainable finance

- Resolution 885/21 for Sustainable Investment (CNV Exchange, 2021)
- Listing Rules on SGS Trust Securities and/or Closed-End Funds (CEF) Shares (BYMA, 2021)
- Rules on SGS Corporate and Government Bonds and Their Listing on BYMA SGS Bonds Trading Panel (BYMA, 2019)
- Sustainable Finance Protocol of the Banking Industry in Argentina (Bank of Argentina, 2019)
- Social, Green and Sustainability Bonds Guidelines (BYMA, 2019)
- Guidelines for Issuance for Green, Social and Sustainable Securities in Argentina (CNV, 2018)

Download framework documents and check for updates at www.sbfnetwork.org/library

* Not a policy-document, but a key sustainable finance disclosure or stakeholder engagement material.
5. SBFN measurement framework and methodology

About SBFN
Established in 2012, the Sustainable Banking and Finance Network (SBFN) is a unique, voluntary community of financial sector regulatory agencies and industry associations from emerging markets committed to advancing sustainable finance in line with international best practice. SBFN is facilitated by IFC as secretariat, and supported by the World Bank Group.

As of October 2021, SBFN comprised 43 member countries representing over US$43 trillion and 86 percent of total banking assets in emerging markets. Members are committed to collectively driving measurable change.

Why a measurement framework?
In 2016, members requested a systematic comparison of country approaches to developing national sustainable finance frameworks. The SBFN Measurement Working Group was established to convene member inputs on the design of a common framework to benchmark country progress and accelerate peer-to-peer knowledge exchange. The Framework is designed to inform the biennial SBFN Global Progress Report.

An evolving framework
The SBFN Measurement Framework reflects the activities, strategies, and tools that members use to promote sustainable finance in their countries. It evolves to match advances in country initiatives. It also incorporates the latest international standards and best practices identified by members as important to their efforts.

A member-led approach
The Framework was designed with extensive member input under the leadership of the Measurement Working Group and Co-Chairs. Updates to the Framework are guided by the Measurement Working Group and agreed by all SBFN Members.

Data collection in partnership with members
As of 2021, data collection for the SBFN Global Progress Report relies on member country reporting in line with the updated Measurement Framework. Information is supported by evidence, which is verified by the SBFN secretariat in collaboration with third-party service providers. Evaluation and milestones are objective and transparent. Members approve the final Global and Country Progress Reports.

The Framework can be used as:

- a mapping tool to capture the dynamic interaction of collective insights, market-based actions, and policy leadership demonstrated by SBFN members as they move their financial markets toward sustainability;
- a benchmarking tool for SBFN members to learn from and compare peer approaches, track and review progress against global benchmarks, develop common concepts and definitions, and leverage innovations and strengths; and
- a forward planning and capacity building tool to identify future policy pathways and capacity building needs.

The Measurement Framework is based on three intersecting themes in sustainable finance. For each theme, it assesses regulatory guidance, supervision strategies, disclosure requirements, and voluntary industry approaches.

ESG Integration refers to the management of environmental, social, and governance (ESG) risks in the governance, operations, lending, and investment activities of financial institutions.

Climate Risk Management refers to new governance, risk management, and disclosure practices that financial institutions can use to mitigate and adapt to climate change.

Financing Sustainability refers to initiatives by regulators and financial institutions to unlock capital flows for activities that support climate, green economy, and social goals. This includes new products like green bonds and sustainability-linked loans. Initiatives include definitions, guidance, taxonomies, monitoring, and incentives.
The Measurement Framework consists of three complementary components:

1. Progression matrices

Drawing on SBFN members’ common development paths and milestones, the SBFN Progression Matrix provides an overview of market-wide progress for all SBFN countries across three typical stages of development. It allows each SBFN member to review its own progress and identify the strengths and weaknesses of its approach.

The stage mapping is based on qualitative milestones and quantitative analysis related to (i) progress in developing and implementing national policies and principles, and (ii) industry uptake and practices. In the 2021 report, in addition to the Overall Progression Matrix, three pillar-level matrices are added to reflect a country’s development process in each of the pillar areas.

2. Pillar benchmarking

A dynamic assessment is conducted across several priority pillars of sustainable finance, using qualitative and quantitative datapoints to assess progress and allow comparison across countries. Three pillars, three cross-cutting sub-pillars, 11 cross-cutting indicators, and 75 underlying datapoints are used to objectively assess a country’s sustainable finance framework(s), according to clarity, depth, and alignment to international good practice.

Sub-pillar 1: Strategic Alignment
- National framework
- Alignment with international goals and standards
- Alignment with national goals and strategies

Sub-pillar 2: Regulatory and Industry Association Actions
- Overall approach and strategy
- Technical guidance
- Supervisory activities and incentives
- Tracking and aggregated disclosure

Sub-pillar 3: Expectations of Financial Institution (FI) Actions
- Strategy and governance
- Organizational structure and capacity
- Policies and procedures
- Tracking, reporting, and disclosure

3. Sector data and case studies

In 2021, data collection included an exploratory request for quantitative data points — where available — for the number and percentage of financial institutions that are implementing ESG integration as well as climate risk management and disclosure; and the total value of green, social, and sustainability bond issuance. Detailed case studies were also collected of innovative approaches by regulators and industry. Case studies will be published in a new on-line case study catalogue.
### Pillar 1: ESG Integration

<table>
<thead>
<tr>
<th>Indicator</th>
<th>No.</th>
<th>Underlying datapoint</th>
</tr>
</thead>
<tbody>
<tr>
<td>National framework (e.g. policies, roadmaps, guidance, regulations, voluntary principles, templates, or tools)</td>
<td>1</td>
<td>Has the regulator or industry association published a national framework (&quot;Framework&quot;) for the banking sector that sets out expectations for integrating the consideration of environmental, social, and governance (ESG) risks and performance?</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Has the relevant regulator or industry association published a Framework for capital markets, investment, insurance or other non-lending FIs that sets out expectations for integrating the consideration of ESG risks and performance?</td>
</tr>
<tr>
<td>Alignment with international goals and standards</td>
<td>3</td>
<td>Does the Framework make reference to international sustainable development frameworks or goals?</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Does the Framework make reference to established international ESG risk management standards and principles for FIs?</td>
</tr>
<tr>
<td>Alignment with national goals and strategies</td>
<td>5</td>
<td>Does the Framework make reference to specific national development objectives, plans, policies, goals, or targets?</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Does any cooperation exist between agencies or between the regulator and industry association with respect to policy design and/or implementation related to ESG integration?</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Does any inter-agency data sharing currently exist related to ESG integration by FIs?</td>
</tr>
</tbody>
</table>

### Pillar 2: Climate Risk Management

<table>
<thead>
<tr>
<th>Indicator</th>
<th>No.</th>
<th>Underlying datapoint</th>
</tr>
</thead>
<tbody>
<tr>
<td>National framework</td>
<td>25</td>
<td>Has the regulator or industry association published a national framework (&quot;Framework&quot;) for the banking sector that sets out expectations for integrating the consideration and management of climate risks and their impact in the national economy?</td>
</tr>
<tr>
<td></td>
<td>26</td>
<td>Has the relevant regulator or industry association published a Framework for capital markets, investment, insurance, or other non-lending FIs that sets out expectations for integrating the consideration and management of climate risks and their impact in the national economy?</td>
</tr>
<tr>
<td>Alignment with international goals and standards</td>
<td>27</td>
<td>Does the Framework make reference to international agreements or frameworks to address climate?</td>
</tr>
<tr>
<td></td>
<td>28</td>
<td>Does the Framework recognize or align with established regional or international good practice for climate risk management and disclosure by FIs?</td>
</tr>
<tr>
<td>Alignment with national goals and strategies</td>
<td>29</td>
<td>Has the regulator or industry association aligned the Framework with national goals to address climate change in line with the country’s Nationally Determined Contributions (NDCs) to the Paris Agreement?</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>Does any cooperation exist between agencies, or between government and industry association, with respect to policy design or implementation related to climate risk management?</td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>Does any inter-agency data sharing currently exist related to climate risk management by FIs?</td>
</tr>
</tbody>
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1. **National framework** refers to the collective set of policies, roadmaps, guidance, regulations, and/or voluntary principles issued by national regulators or industry associations in relation to each pillar of sustainable finance. SBFN recognizes that national frameworks for sustainable finance vary from country to country and are influenced by national priorities and characteristics. They are also often interdependent with other national roadmaps, policies, and regulations. Countries vary in their starting points and the types of documents to kickstart the enabling framework. For instance, initial frameworks could choose to focus on ESG risk management and/or sustainable finance opportunities such as green bonds. They could also focus on banking, capital markets, or institutional investors. The variety of SBFN frameworks provides a rich source of inspiration for peer learning and collaboration.
<table>
<thead>
<tr>
<th>Regulatory and Industry Association Actions</th>
<th>Overall approach and strategy</th>
<th>Strategic Alignment</th>
<th>Pillar 3: Financing Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has the regulator or industry association undertaken research on historical impacts to the economy and financial sector from climate change, and/or future expected impacts resulting from physical and transition climate risks?</td>
<td>Does the regulator or industry association undertake research to identify key sources of GHG emissions?</td>
<td>Has the regulator or industry association published a national framework (“Framework”) for the banking sector that sets out expectations for integrating the consideration of instruments, goals, and standards for financing sustainability, including requirements for ensuring credibility and managing and measuring resulting impacts in the national economy?</td>
<td>50</td>
</tr>
<tr>
<td>Does the Framework incorporate the conservation/restoration of natural carbon sinks (such as oceans, forests, mangroves, grasslands, and soils) as an important part of reducing climate change risks (e.g., through guidelines, scenario analysis, targets, or incentives for FIs)?</td>
<td>Does the Framework recognize and/or align with existing standards, voluntary principles, or market good practices related to sustainable finance instruments?</td>
<td>Has the relevant regulator or industry association published a Framework for capital markets, investment, insurance, or other non-lending FIs that sets out expectations for integrating the consideration of instruments, goals, and standards for financing sustainability, including requirements for ensuring credibility and managing and measuring resulting impacts in the national economy?</td>
<td>51</td>
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<td>Has the regulator or industry association developed an internal strategy to address climate risk, and/or embedded climate risk management into its governance, organizational structures, and budget as part of the Framework?</td>
<td>Does the Framework enable the achievement of stated national objectives by guiding capital to sectors, assets, and projects that have environmental and social benefits in line with national sustainable development priorities, strategies, targets, and the size of sustainable investment needs, and taking into account the local barriers to scaling-up sustainable finance?</td>
<td>Has the regulator or industry association undertaken any activities to expand and deepen analytical understanding of national and/or cross-border physical and transition climate risks, and to raise awareness as to how these risks may transmit to, and impact, the financial sector?</td>
<td>52</td>
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<td>Has the regulator or industry association undertaken any activities to expand and deepen analytical understanding of national and/or cross-border physical and transition climate risks, and to raise awareness as to how these risks may transmit to, and impact, the financial sector?</td>
<td>Does the regulator or industry association monitor information reported by FIs related to green/social/sustainability investment, lending, and other instruments to prevent greenwashing and social-washing?</td>
<td>Does any cooperation exist between agencies or between the regulator and industry association with respect to policy design or implementation related to sustainable finance flows?</td>
<td>53</td>
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<td>Does the regulator or industry association incorporate supervisory expectations with regard to climate risk management by FIs, including consideration of international good practices?</td>
<td>Does the regulator or industry association collect and/or publish data from FIs or other sources about allocation of capital to green/social/sustainability assets, projects, or sectors?</td>
<td>Does any inter-agency data sharing currently exist related to stimulating and monitoring sustainable finance flows?</td>
<td>54</td>
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<td>Is the implementation of the Framework regularly monitored and/or information regularly collected from FIs by the regulator and/or industry association?</td>
<td>Does the regulator or industry association require/ask FIs to adopt and report on performance targets to reduce portfolio greenhouse gas (GHG) emissions on a regular basis?</td>
<td>Does any cooperation exist between agencies or between the regulator and industry association with respect to policy design or implementation related to sustainable finance flows?</td>
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<td>Are there any financial or non-financial incentives to encourage FIs to establish climate risk management systems?</td>
<td>Does the regulator or industry association require/ask FIs to adopt and report on performance targets to reduce exposure to climate change risks at the portfolio level on a regular basis?</td>
<td>Does any inter-agency data sharing currently exist related to stimulating and monitoring sustainable finance flows?</td>
<td>56</td>
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<tr>
<td>Does the Framework require/ask FIs to expand existing risk management processes to identify, measure, monitor, and manage/mitigate climate risks as part of the Framework?</td>
<td>Does the regulator or industry association monitor information reported by FIs related to green/social/sustainability investment, lending, and other instruments to prevent greenwashing and social-washing?</td>
<td>Does any inter-agency data sharing currently exist related to stimulating and monitoring sustainable finance flows?</td>
<td>57</td>
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<td>Does the Framework provide definitions, examples, and/or a taxonomy (catalogue and guidelines) of sustainable finance assets?</td>
<td>Does the regulator or industry association require/ask FIs to adopt and report on performance targets to reduce exposure to climate change risks at the portfolio level on a regular basis?</td>
<td>Does any cooperation exist between agencies or between the regulator and industry association with respect to policy design or implementation related to sustainable finance flows?</td>
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<td>Does the Framework provide guidelines for extending green, social, or sustainability-focused loans (excluding bonds)?</td>
<td>Does the regulator or industry association require/ask FIs to adopt and report on performance targets to reduce exposure to climate change risks at the portfolio level on a regular basis?</td>
<td>Does any cooperation exist between agencies or between the regulator and industry association with respect to policy design or implementation related to sustainable finance flows?</td>
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<td>Does the Framework provide guidelines for issuance of green, social, or sustainability bonds?</td>
<td>Does the regulator or industry association require/ask FIs to adopt and report on performance targets to reduce exposure to climate change risks at the portfolio level on a regular basis?</td>
<td>Does any cooperation exist between agencies or between the regulator and industry association with respect to policy design or implementation related to sustainable finance flows?</td>
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<td>Does the regulator or industry association require/ask for external party verification to ensure the credibility of sustainability instruments?</td>
<td>Does the regulator or industry association require/ask FIs to adopt and report on performance targets to reduce exposure to climate change risks at the portfolio level on a regular basis?</td>
<td>Does any cooperation exist between agencies or between the regulator and industry association with respect to policy design or implementation related to sustainable finance flows?</td>
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<td>Are there any financial or non-financial incentives for FIs to develop and grow green, social, or sustainability finance instruments?</td>
<td>Does the regulator or industry association require/ask FIs to adopt and report on performance targets to reduce exposure to climate change risks at the portfolio level on a regular basis?</td>
<td>Does any cooperation exist between agencies or between the regulator and industry association with respect to policy design or implementation related to sustainable finance flows?</td>
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<td>Does the regulator or industry association require/ask FIs to adopt and report on performance targets to reduce exposure to climate change risks at the portfolio level on a regular basis?</td>
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<td>Does the regulator or industry association require/ask FIs to adopt and report on performance targets to reduce exposure to climate change risks at the portfolio level on a regular basis?</td>
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<td>Expectations of FI Actions</td>
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<td><strong>Strategy and governance</strong></td>
<td>65</td>
<td>Does the Framework require/ask FIs to establish a strategy, governance, or high-level targets, including at the Board of Directors level, for capital allocation to sustainable assets, projects, or sectors?</td>
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<td><strong>Organizational structure and capacity building</strong></td>
<td>66</td>
<td>Does the Framework require/ask FIs to define internal staff roles and responsibilities to encourage finance flows to green, social, and/or sustainability-focused investments?</td>
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<td>67</td>
<td>Does the Framework require/ask FIs to develop and maintain internal staff capacity on green, social, or sustainability products through regular training and learning?</td>
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<td><strong>Policies and procedures</strong></td>
<td>68</td>
<td>Does the Framework require/ask FIs to put in place policies and procedures for defining, issuing, managing proceeds, tracking performance, and reporting on green, social or sustainability-focused products?</td>
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<td>69</td>
<td>Does the Framework require/ask FIs to appoint an independent external reviewer to confirm that the FIs internal framework meets the requirements of the recognized national framework and regulations, or aligns to international standards?</td>
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<td></td>
<td>70</td>
<td>Does the Framework require/ask that FIs create incentives for managers to increase sustainable loans or investments in the portfolio?</td>
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<td><strong>Tracking, reporting, and disclosure</strong></td>
<td>71</td>
<td>Does the Framework require/ask FIs to publish annual updates on the performance and impacts of the sustainability instruments in compliance with relevant national and/or international standards?</td>
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<td>72</td>
<td>Does the Framework require/ask FIs to obtain and disclose independent review of metrics reported annually in relation to the social and environmental outcomes and impacts achieved through the sustainability instruments?</td>
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<td></td>
<td>73</td>
<td>Does the Framework require/ask FIs to report to the regulator(s) or industry association(s) on allocation and/or outcomes of green, social, and/or sustainability loans?</td>
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<td></td>
<td>74</td>
<td>Does the Framework require/ask FIs to report to the regulator(s) or industry association(s) on green, social, and/or sustainability bonds or other positive impact investments?</td>
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<td></td>
<td>75</td>
<td>Does the Framework require/ask FIs to report publicly on their green, social, and sustainability-focused finance activities and positive outcomes or impacts (i.e. not only to the regulator or shareholders)?</td>
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</tbody>
</table>
The financial sector regulator or industry association has announced a formal commitment to achieve progress on Sustainable Finance in the next two years.

Initial steps have been taken, such as a kick-off meeting or workshop with key stakeholders and industry.

A formal initiative — led by a financial sector regulator or industry association or both — is in progress to develop a national roadmap, framework, policy, or voluntary industry principles on Sustainable Finance.

Preparations include research, surveys, multi-stakeholder engagement, and/or awareness raising for the financial sector.

A first national roadmap, framework, policy, regulation, or set of voluntary industry principles on Sustainable Finance has been formally launched.

A formal taskforce or dedicated unit is leading implementation efforts — either within the regulator or industry association, or as a multi-stakeholder working group or platform.

The Sustainable Finance initiative is acknowledged or supported by both regulators and industry.

Awareness raising and capacity building have been conducted.

Implementation tools and initiatives are in place, such as guidance, guidelines, reporting templates, training, online tools, and supervisory instructions.

The national Sustainable Finance framework covers multiple parts of the financial system.

Financial institutions report on their implementation of the roadmap, framework, policy, or voluntary principles in line with consistent reporting instructions or templates provided by the financial sector regulator or industry association.

A comprehensive set of national Sustainable Finance initiatives and frameworks are in place, covering all parts of the financial system.

The national frameworks are aligned with international good practice across all three pillars of Sustainable Finance.

Consistent and comparable data is being collected by the regulator as part of supervision — or by the industry association, about implementation by financial institutions.

There is an established ecosystem of Sustainable Finance initiatives and frameworks that align and integrate with each other.

Financial institutions are required or encouraged to report publicly on their implementation of Sustainable Finance across risk and opportunity.

The regulator or industry association has multi-year data on implementation by financial institutions — including both risk and opportunity. Data includes information on the benefits of Sustainable Finance.

The national frameworks for ESG Integration are aligned with international good practice and national regulations; and are consistent across different parts of the financial sector.

Local financial institutions demonstrate that they have embedded the requirements for ESG integration and are reporting on their efforts.

Extensive data are becoming available on trends among financial institutions regarding practices in ESG integration and the resulting benefits.
**Figure 7: Progression Matrix Milestones – Pillar 2: Climate Risk Management**

**Commitment**  
A formal initiative is in progress to develop or refine a national policy, regulation, guidelines, or voluntary principles to promote financial flows to green, social, or sustainability-focused projects and sectors.

**Formulating**  
A national policy, regulation, guidelines, or voluntary principles is in place that includes requirements and/or recommendations for the financial sector to manage climate risk — either as part of an existing ESG framework or as a standalone framework. A formal taskforce, working group, or institution is tasked with implementation and/or supervision, and is supported by regulators and industry. Activities include awareness raising, research, guidance, and capacity building for financial institutions on managing climate-related physical and transition risks in line with the new expectations in the national framework.

**Preparation**  
The national frameworks for Climate Risk Management are aligned with international good practice expectations and national climate change commitments; and are consistent across different parts of the financial sector. Local financial institutions demonstrate that they have embedded the requirements for climate risk management and are reporting on their efforts. Extensive data are becoming available on trends among financial institutions regarding climate risk management and the resulting benefits.

**Implementation**  
A comprehensive national initiative or set of frameworks are in place aimed at supporting all parts of the financial system to manage climate risk. The national frameworks cover all three cross-cutting areas of Climate Risk Management:
1. strategic alignment,  
2. regulatory and industry association actions, and 3. expectations of financial institution actions.

**Advancing**  
Consistent and comparable data are becoming available on trends in the practices of financial institutions in relation to Climate Risk Management and the resulting benefits.

**Consolidating**  
The resulting benefits.

**Maturing**  
The resulting benefits.

**Mainstreaming Behavioral Changes**

**Figure 8: Progression Matrix Milestones – Pillar 3: Financing Sustainability**

**Commitment**  
A formal initiative is in progress to develop a policy, regulation, guidelines, or voluntary principles to promote financial flows to green or sustainability-focused projects and sectors.

**Formulating**  
A national framework is in place that includes regulations or guidance for the financial sector to promote financial flows to green, social, or sustainability-focused projects and sectors. A taskforce, working group, or institution is tasked with implementation and/or supervision and is supported by regulators and industry. Activities include awareness raising and capacity building for financial institutions on the new expectations for Financing Sustainability.

**Preparation**  
The national frameworks for Financing Sustainability are aligned with international good practice expectations and national sustainable development plans; and are consistent across different parts of the financial sector. Local financial institutions demonstrate that they have embedded the requirements for Financing Sustainability in their operations, portfolio, products, and services and are reporting their performance publicly.

**Implementation**  
A comprehensive national initiative or set of frameworks are in place aimed at supporting all parts of the financial system to promote financial flows to green, social, or sustainability-focused projects and sectors.

**Advancing**  
Implementation tools and initiatives are in place, such as guidance, templates, reporting, training, online tools, and supervisory instructions to help the financial sector manage climate-related physical and transition risks.

**Consolidating**  
Financial institutions report on their approach to Financing Sustainability in line with consistent reporting instructions or templates provided by the financial sector regulator and/or industry association and reflecting international practices.

**Maturing**  
A national framework or industry association has announced a commitment to develop a policy, regulation, or voluntary principles on Climate Risk Management for the financial sector. Initial awareness raising and knowledge sharing is being organized by the regulator or industry association.

**Mainstreaming Behavioral Changes**

**Behavioral Changes**  
The resulting benefits.
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