

# P.R.I.M.E. Finance

## Panel of Recognized International Market Experts in Finance

### Sustainable Finance



Heikki Cantell  
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# Sustainable growth and development

- Overall goal = Sustainable growth, Sustainable development
- Sustainable development has been defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (The Brundtland Commission)
- As a contributor to sustainable growth and development: Sustainable finance



# Definition of sustainable finance

- EU definition of Sustainable finance:  
Sustainable finance is the provision of finance to investments taking into account environmental, social and governance considerations (ESG)
- Aligned with:
  - UN 2030 Agenda and Sustainable Development Goals (2015)
  - Paris Climate Agreement (2015)

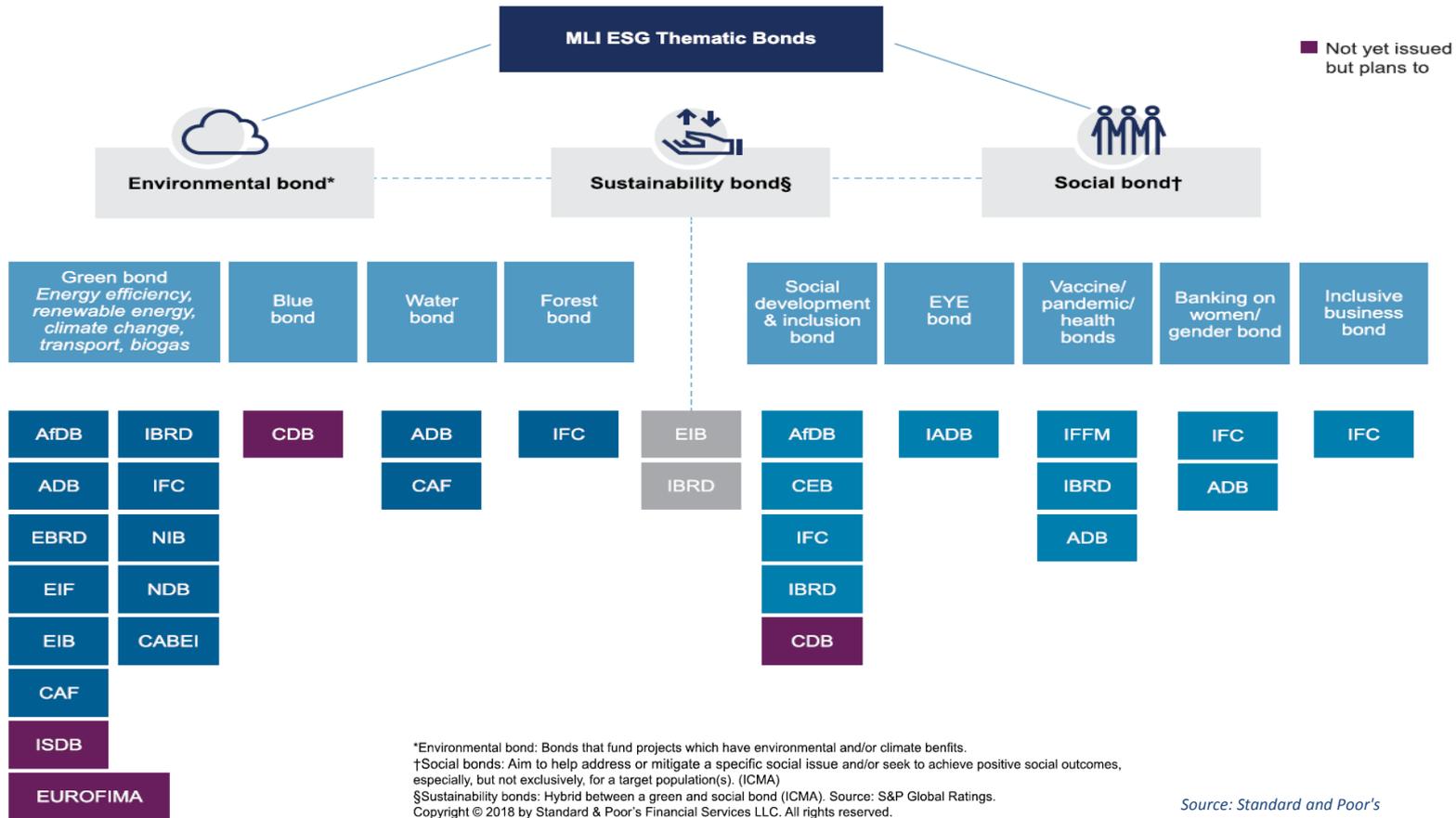


# International Financial Institutions

- International Financial Institutions (IFIs): Treaty based; promoting an agreed mandate
- Financing projects to promote their mandate. Require Sustainability (safeguards) criteria to be fulfilled.
- Have introduced sustainability also to their funding, to the capital markets by issuing bonds linked to sustainable goals



# Multilateral Lending Institutions ESG thematic bond map



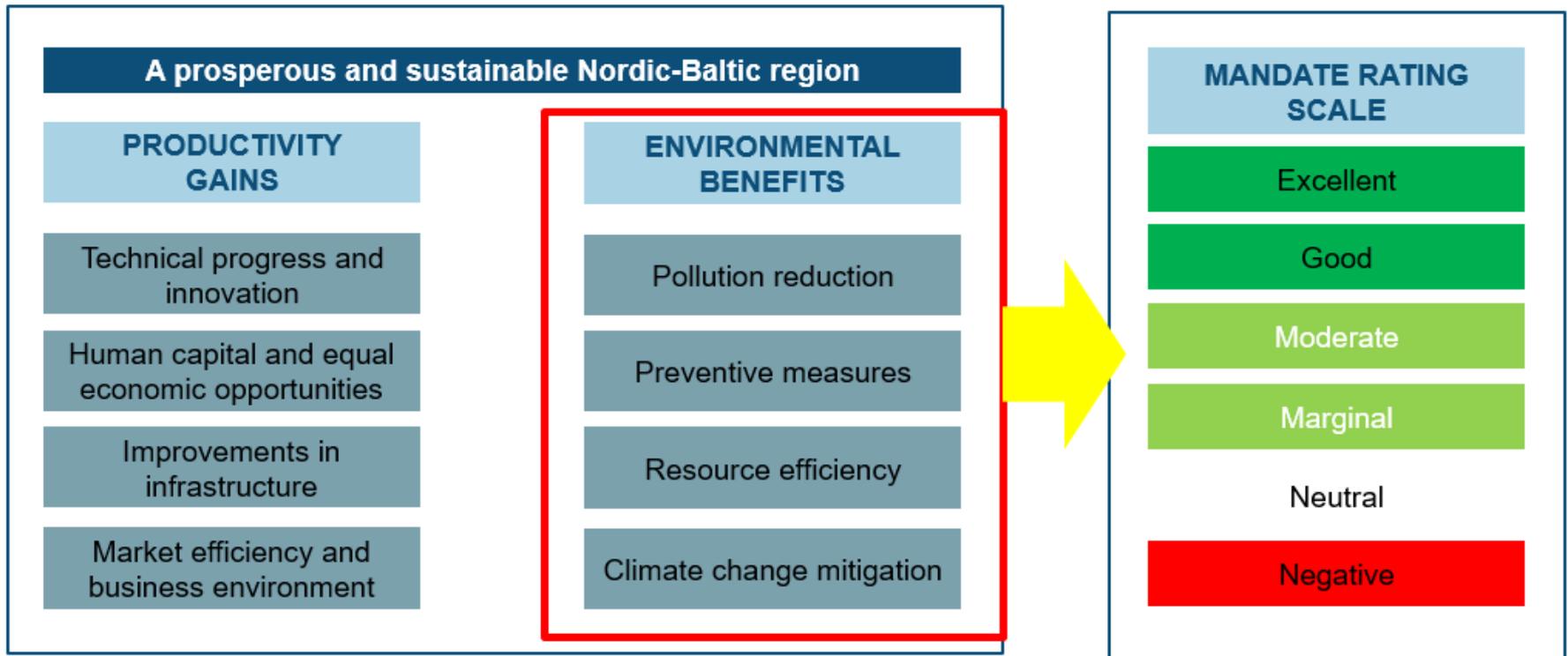
Source: Standard and Poor's



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# NEB: Selection Process

## NIB's Mandate Rating Framework

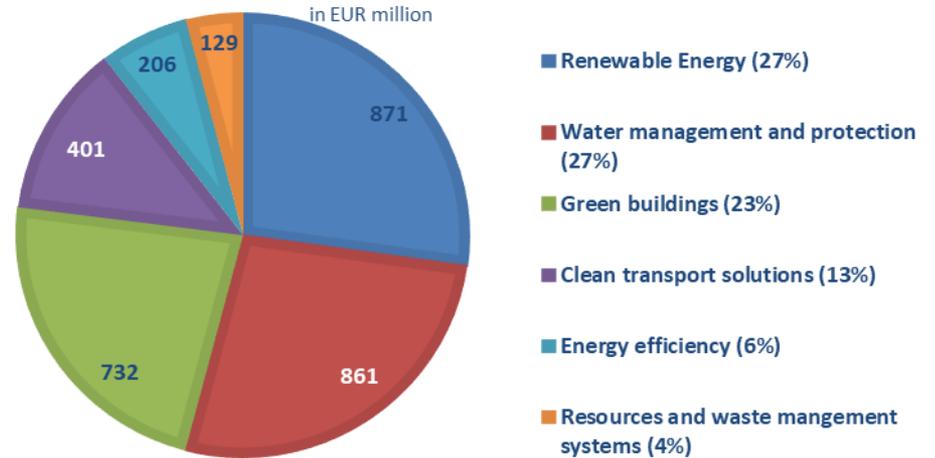


# NEB: Use of proceeds 7 categories



- Energy efficiency**  
Reduction of energy use by min. 30%
- Renewable Energy**  
Wind, solar, tidal / wave, geothermal, biofuels and – gas, hydropower
- Transmission, distribution and storage systems**
- Water management and protection**
- Resources and waste management**
- Clean transport solutions**
- Green buildings**  
Certification LEED Platinum or BREEAM Excellent / Outstanding

Projects per use of proceeds category (total EUR 3,248 million)



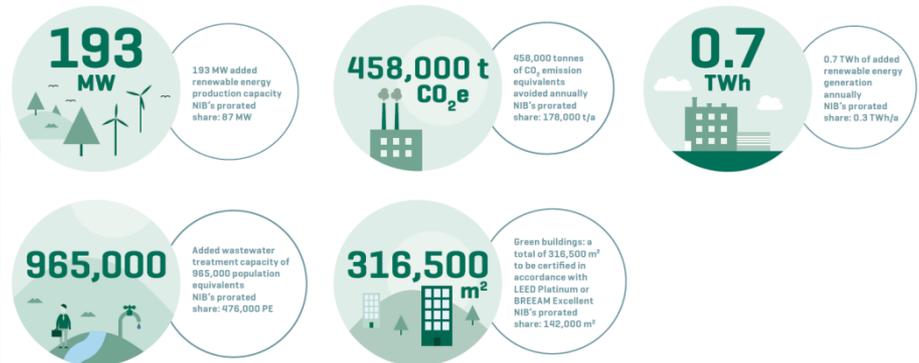
# NEB Impact Reporting

## Continuously on the webpage and annual NEB update



### Total impact of projects financed by NEBs in 2017

Projects that have been allocated funds from NIB Environmental Bond (NEB) proceeds during 2017 have the following total estimated impact, presented with NIB's prorated share:

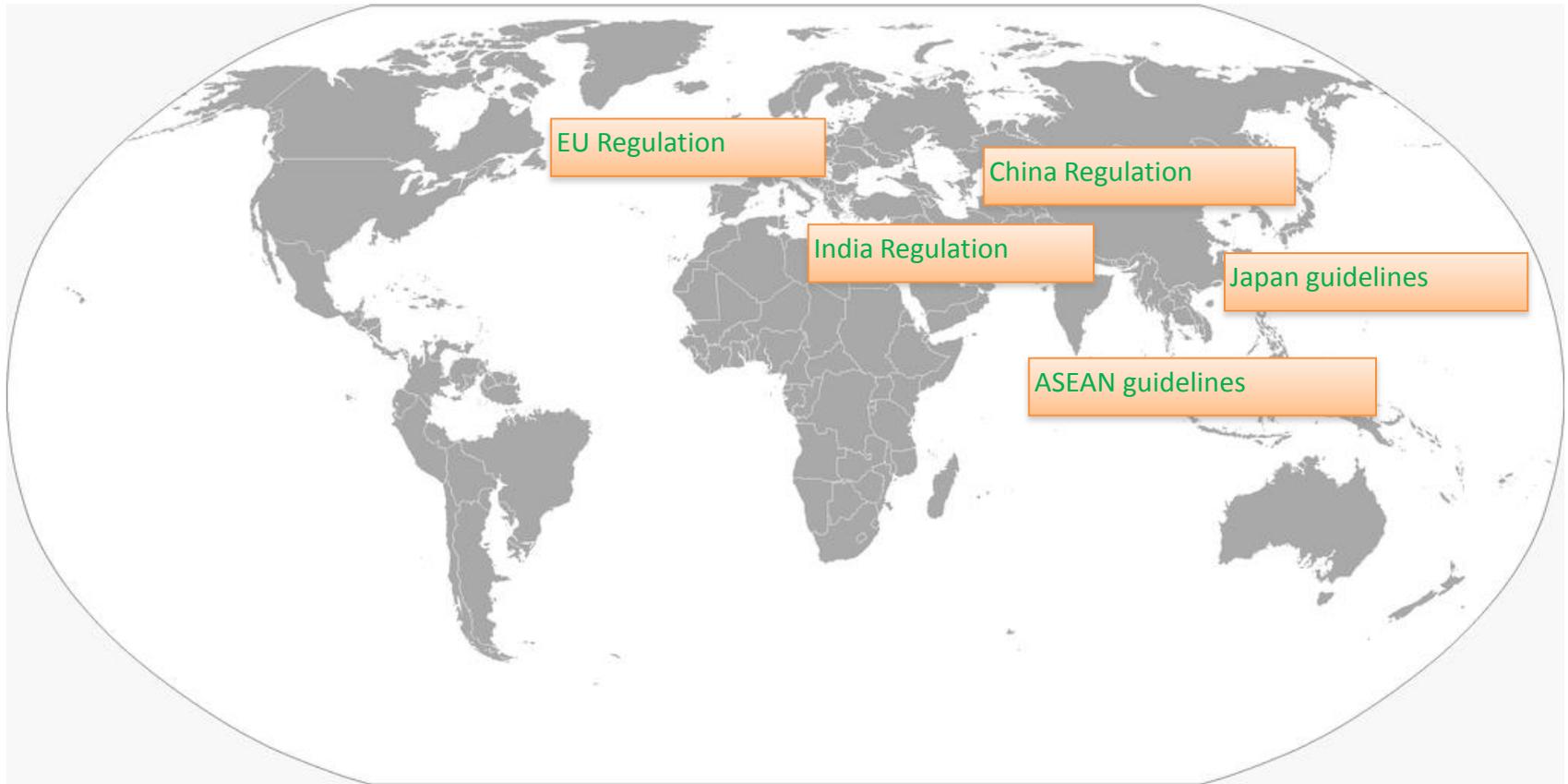


NIB Environmental Bond Report 2017



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# Regulatory initiatives globally



# Regulatory initiatives globally

<p><b>ASEAN</b></p>	<ul style="list-style-type: none"> <li>• ASEAN Capital Markets Forum (ACMF) Launch ASEAN Green Bond Standards to drive Sustainable Investments for <a href="#">ASEAN Green Bonds</a> aligned with the GBP (Nov 2017)</li> </ul>
<p><b>China</b></p>	<ul style="list-style-type: none"> <li>• <b>China</b> has released <a href="#">Government guidelines</a> largely based on international market practices referring to the GBP and with an official green taxonomy</li> </ul>
<p><b>EU</b></p>	<p>The action plan on sustainable finance adopted by the European Commission in March 2018 has 3 main objectives 1) reorient capital flows towards sustainable investment, in order to achieve sustainable and inclusive growth 2) manage financial risks stemming from climate change, environmental degradation and social issues and 3) foster transparency and long-termism in financial and economic activity. <a href="#">EU Action Plan on Financing Sustainable Growth</a></p>
<p><b>India</b></p>	<ul style="list-style-type: none"> <li>• The Securities Exchange Board of <b>India</b> has released <a href="#">listing disclosure requirements</a> for Green Bonds based on the GBP and international market practice</li> </ul>
<p><b>Japan</b></p>	<ul style="list-style-type: none"> <li>• <b>Japan</b> released <a href="#">Green Bond guidelines</a> in March 2017 following an extensive consultation process</li> </ul>



# ESG and Multilateral Lending Institutions Rating Criteria (S&P)



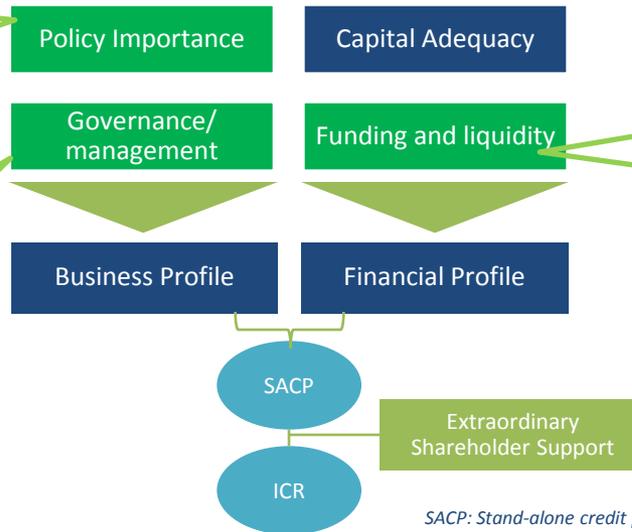
• For S&P, ESG factors mainly affect business profile assessment (both the policy importance and governance/management expertise). In instances where ESG factors provide a monetary benefit for an MLI, they consider that in their financial profile assessment.

Source: Standard and Poor's

"For instance, if we perceive that an MLI has been exposed to considerable ESG-related controversies, such as infrastructure projects that create environmental damage or dislocate local communities, this could call into question our view of the MLI's track record in fulfilling its public policy mandate."

"Other factors, particularly our assessment of governance and management expertise, may enhance or detract from an MLI's ESG strength."

"However, we have seen anecdotal evidence that suggests that green and social bonds, in particular, may be priced slightly better and attract a more diverse group of investors."



SACP: Stand-alone credit profile  
ICR: Issuer Credit Rating



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