

# Ukraine

## Country Progress Report

April 2022

SUPPLEMENT TO THE 2021 GLOBAL PROGRESS REPORT OF  
THE SUSTAINABLE BANKING AND FINANCE NETWORK



Sustainable  
Banking and  
Finance  
Network



## Acknowledgements

This Country Progress Report was developed by the SBFN Secretariat under the leadership of the SBFN Measurement Working Group with guidance from the SBFN Regional and Country Coordinators Boris Janjalia and Yuliya Holodkova. Data are provided by the National Bank of Ukraine (NBU) and the National Securities and Stock Market Commission (NSSMC) and verified by SBFN. The team is grateful for the support and guidance of NBU and NSSMC representatives who provided data, participated in interviews, and reviewed and provided comments to this report, in particular Maksym Libanov, NSSMC Commissioner; Alla Papaika, NSSMC Head of Ukraine Securities Issue Registration Department; Tetiana Nesina, NBU Senior Manager; Arsen Makarchuk, NBU Head of the Office of the Board; Alla Gubriy, NBU Head of Division for International Projects and TA Coordination Office for European Integration and International Projects Head; Volodymyr Kuchyn, NBU Head of the Office for European Integration and International Programs, Liudmyla Labur, NBU Head of the Unit for European Integration and Cooperation with International Organizations; Iksarova Nataliya, NBU Deputy Head of EU and Bilateral International Relations Division; and Nikita Lazarenko, NBU Senior Project Manager.

## 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](http://www.sbfnetwork.org).

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Note to the reader: All measurement results featured in this document, such as graphs and progression matrixes, 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 – Ukraine

## 1.1 SBFN member institutions:

[National Bank of Ukraine \(NBU\)](#)

Member Since: 2020

**Working Groups:**

Measurement

Sustainable Finance Instruments

[National Securities and Stock Market Commission of Ukraine \(NSSMC\)](#)

Member Since: 2020

**Working Groups:**

Measurement

Sustainable Finance Instruments

Data and Disclosure

## 1.2 Other key institutions and national initiatives promoting sustainable finance

[Independent Association of Banks in Ukraine \(IABU\)](#)

[First Stock Trading System \(PFTS\) Stock Exchange](#)

[Ukrainian Stock Exchange \(UX\)](#)

[Perspektiva Stock Exchange](#)

## 1.3 Overall progress

As a new member, Ukraine has **leaped to the “Developing” sub-stage of the “Implementation” stage on the SBFN Progression Matrix.** In 2021, Ukraine established its sustainable finance framework with multiple policy actions. NSSMC published the Recommendations on the Implementation or Financing of Environmental Projects through the Issuance of Green Bonds and incorporated an Environmental, Social, and Governance (ESG) Supplement to the Corporate Governance Code. NBU also issued the Sustainable Finance Development Policy 2025 with regulators and industry support and approved an amendment to reflect the ESG and sustainable finance aspects in its Corporate Governance Regulation for Banks. In addition, awareness raising and capacity building have been conducted.

Figure 1: SBFN Progression Matrix - Overall Country Progress



## 1.4 Country sustainable finance journey

Figure 2: Ukraine's sustainable finance journey



## 1.5 COVID response

Ukreximbank's<sup>1</sup> Access to Long-Term Finance project provides loans to export-oriented small and medium enterprises (SMEs) affected by the COVID-19 pandemic. In early 2020, National Bank of Ukraine (NBU) announced it would allow Ukrainians to postpone mortgage payments until quarantine restrictions had been lifted. The NBU also launched other initiatives to support banks during the crisis, including postponing stress testing and the introduction of capital buffers, and cancelling field checks. In July 2020, NBU sold \$150 million on the interbank foreign exchange market to mitigate excessive exchange rate fluctuations. In October 2020, six regions in Ukraine received permission to disburse state funds to private laboratories so that they could provide COVID testing free of charge to help address the testing backlog. The Ukrgasbank is ready to credit medical institutions for their sustainable development projects, which is expected to maximize the cost-savings of these institutions, and increase the level of medical services.

## 1.6 Ambitions for the next phase

The development of green bonds and green finance legislation will be the focus of the Ukraine's government and financial sector in the near future. More collaboration is needed between the NBU and other Ukrainian banks who will be potential investors in green bonds. Collaborative promotion of green finance will be necessary as the NSSMC finalizes secondary legislation on these issues. A separate discussion with municipal authorities may be necessary with a view to these authorities becoming potential issuers of green bonds. The NBU is at the beginning stages of drafting the sustainable funding development plan for the next two years, and at this stage requires consultations for sharing experience.

## 1.7 SBFN and IFC role

IFC has provided advisory services to NBU and National Securities and Stock Market Commission of Ukraine (NSSMC) for their sustainable finance initiatives and capacity building, in partnership with the Program on Promoting Investment through Integrated Environmental, Social, Governance (ESG) Standards in Europe and Central Asia, which is supported by the Swiss State Secretariat for Economic Affairs (SECO) and the Green Finance Program, which is supported by the Austrian Federal Ministry of Finance. Through SBFN, NBU and NSSMC have shared their experience with other SBFN members and benefited from the collective SBFN knowledge base.



We observe the demand from investors who are interested in green bonds. There is also a need for funding for many green projects at the municipal and corporate levels. Therefore, green bonds are just the tool that solves these problems and enables the development of capital markets. The NSSMC has started the process of forming the legal framework for Ukraine and sees good prospects in this.

**Maksym Libanov**  
Commissioner, National Securities & Stock  
Market Commission of Ukraine (NSSMC)



NATIONAL SECURITIES AND  
STOCK MARKET COMMISSION



I appreciate all the previous developments in this field, but also appreciate the opportunity to have this tri-lateral conversation and cooperation because part of our roadmap foresees green bonds and attitudes to green bonds from the banking sector, so we need good collaboration from our colleagues at the Securities Commission.

**Arsen Markarchuk**  
Head of the Strategy and Development Department  
National Bank of Ukraine (NBU)

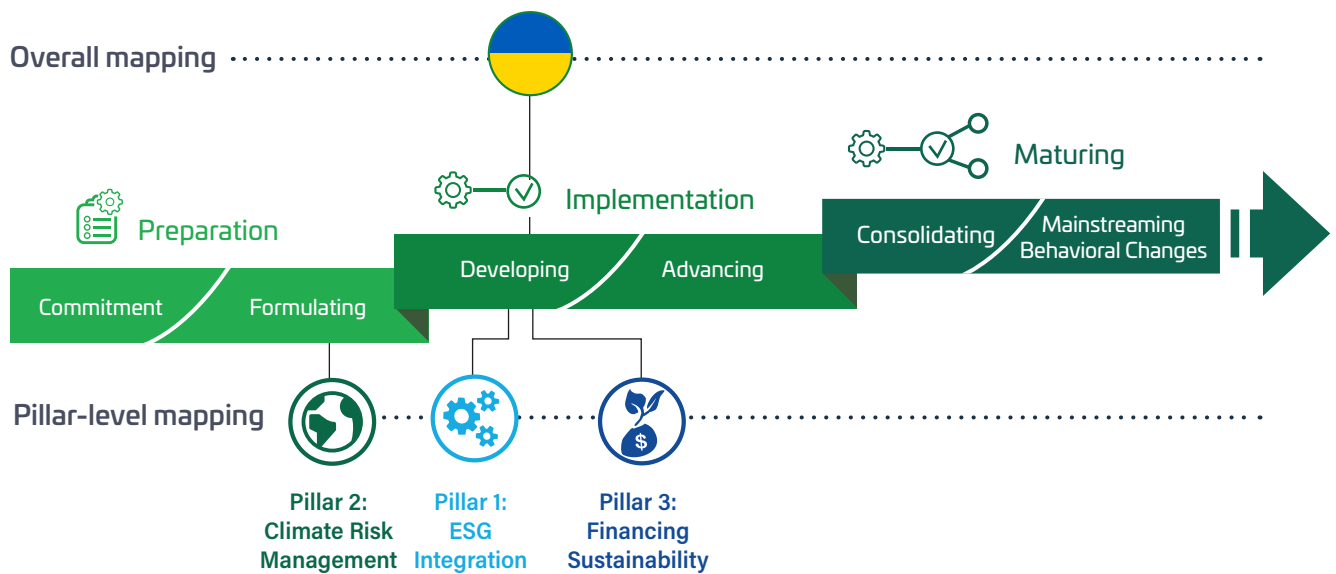


National Bank  
of Ukraine

<sup>1</sup> This is a state-owned bank, but it is not a regulator. NBU acts as regulator for FIs.

## 2. Progress by three pillars

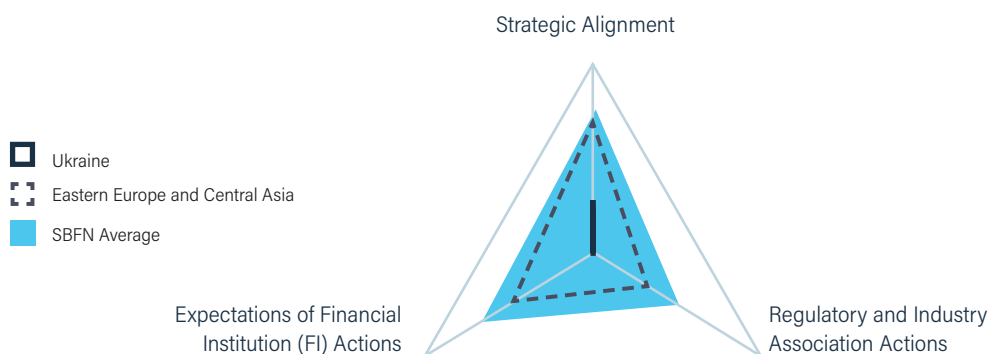
Figure 3: Mapping of overall country progress and individual pillar progress



### Pillar 1: ESG Integration

#### Pillar Progress: Developing

Ukraine is in the **"Developing" sub-stage of the "Implementation" stage** for the ESG Integration Pillar. A formal initiative is in progress to develop a national roadmap, policy, or voluntary industry principles to promote financial flows to green, climate, social, or sustainability-linked projects and sectors. The NBU is an active driver in developing a roadmap for sustainable financing in Ukraine.



#### Sub-pillar 1: Strategic Alignment

- NSSMC adopted the Corporate Governance Code in 2020 and the ESG Supplement to the CG Code in 2021. **NBU also approved an amendment to reflect the ESG and sustainable finance aspects in its Corporate Governance Regulation for Banks. Both updates aim to**

support companies in implementing the sustainability provisions of the Corporate Governance Code and provides practical guidelines on developing and implementing ESG aspects in operations of supervisory boards, the control environment, information disclosure, and stakeholder engagement.\*

\* The documents were issued in late 2021, after the data collection and analysis of this report.

- In 2021, Ukraine's Green Bond Regulation began requiring green bond issuers to establish internal environmental, social, and corporate governance policies that are aligned with international good practices.
- There are also activities for awareness raising and/or multi-stakeholder engagement related to ESG integration.
- SBFN has facilitated peer-to-peer knowledge exchanges between Ukraine and other SBFN member countries, including multiple SBFN peer learning sessions with other SBFN countries' central banks and financial market and capital markets regulators.

#### **Sub-pillar 2: Regulatory and Industry Association Actions**

- Ukraine did not report additional specific actions related to Regulatory and Banking Association Actions for ESG integration in this cycle.

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

- Ukraine did not report additional specific actions related to expectations for financial institution (FI) actions for ESG integration in this cycle.

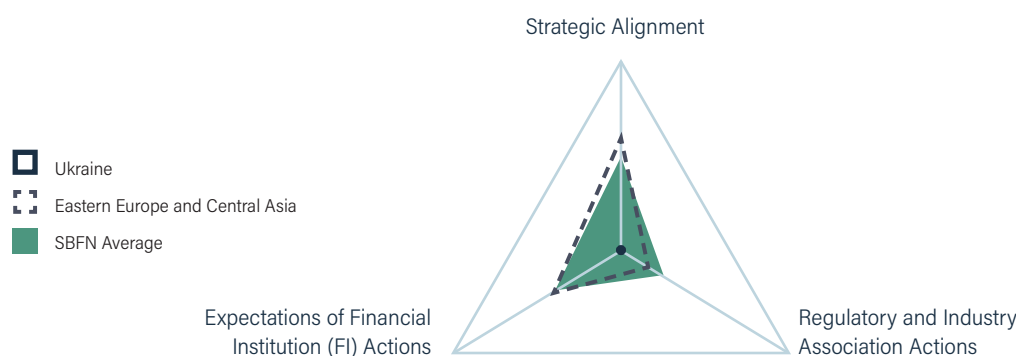




## Pillar 2: Climate Risk Management

### Pillar Progress: Formulating

Ukraine is in the **"Formulating" sub-stage of the "Preparation" stage** of the Climate Risk Management Pillar. Ukraine has indicated an intention to consider integrating climate risk management into future regulatory development related to ESG integration in 2021-2023. NSSMC has issued corporate governance and green finance issuance regulations with ESG components, and the NBU is developing an environmental and social (E&S) risk management approach for banks. There are ongoing activities with international organizations to raise awareness, build capacity, and inform FIs about new expectations for ESG and climate risk management.



#### Sub-pillar 1: Strategic Alignment

- Addressing climate change risks is a national priority, as indicated in Ukraine's Nationally Determined Contribution (NDC) to the Paris Agreement and national climate policies, including the State Policy Concept by 2030. In the financial sector, the NSSMC has issued corporate governance and green bond regulations with ESG components, and the NBU is developing an E&S risk management approach for banks.

management regulation for banks.

- As part of future progress by Ukraine, recommended areas of focus for regulatory and industry association actions include research, capacity building, technical guidance (for example climate scenarios and risk assessment methodologies), and further development of regulatory and supervisory expectations for FIs for managing climate-related physical and transition risks and financial impacts.
- The NBU is a member of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

#### Sub-pillar 2: Regulatory and Industry Association Actions

- Ukraine's sustainable finance approach does not currently include ESG or climate risk management for FIs. However, Ukraine has indicated an intention to consider integrating climate risk management into future regulatory development related to ESG integration in 2021-2023.
- Section 7 of the NSSMC's Green Bond Regulation covers E&S risk management for green bond issuers exclusively. NSSMC and NBU, both with IFC support, included ESG and sustainable finance elements to support banks and companies in implementing the sustainability provisions of the corporate governance code and regulations.\*
- NSSMC, also with the support of the IFC, has started the development of an ESG Scorecard and ESG Disclosure Guidelines, and is planning to develop an ESG risk

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

- As part of future progress, Ukraine's emerging ESG approach serves as a foundation for the future incorporation of climate risk elements for banks and capital markets. Once established, the ESG-based framework can be further elaborated with the appropriate guidance and tools to help implement the expected actions of FIs in the development of their strategy, governance, risk management, metrics/targets, and disclosure approaches for climate-related physical and transition risks and financial impacts.

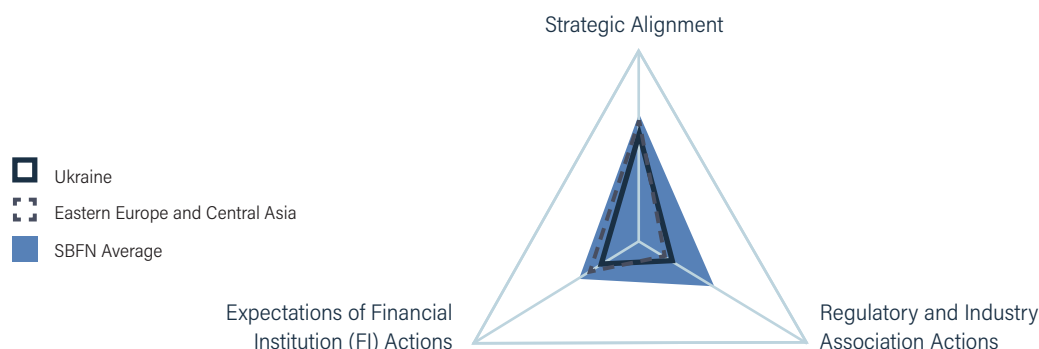
\* The documents were issued in 2021, after the data collection and analysis of this report.



## Pillar 3: Financing Sustainability

### Pillar Progress: Developing

Ukraine is mapped under 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

- Ukraine's national framework for financing sustainability, led by the NSSMC, and its 2021 Recommendations on the Implementation or Financing of Environmental Projects Green Bonds cover the capital markets, focusing on green bonds.
- The Ukrainian financial sector's approach to promoting green bond issuance is in alignment with international good practices and standards, such as the European Union Standard on Green Bonds and the International Capital Markets Association's Green Bond Principles.
- The Ukrainian financial sector's approach to financing sustainability is also aligned with its national goals and strategies and identifies key stakeholders and engagement.

#### Sub-pillar 2: Regulatory and Industry Association Actions

- Ukraine's green bond framework provides definitions, examples, and/or a taxonomy (catalogue and guidelines) of sustainable finance assets. It explicitly encourages issuers to consider following the IFC's Green Bond Process, International Capital Market Associations Green Bond Principles, and the EU Taxonomy.
- The green bonds issued in Ukraine need to comply with

the EU green bond standard, which requires that the issuer has its own policy on green bonds, targeted use of proceeds from the placement of green bonds, the issuer's reporting on the impact, and the involvement of the issuer by an external independent verifier.

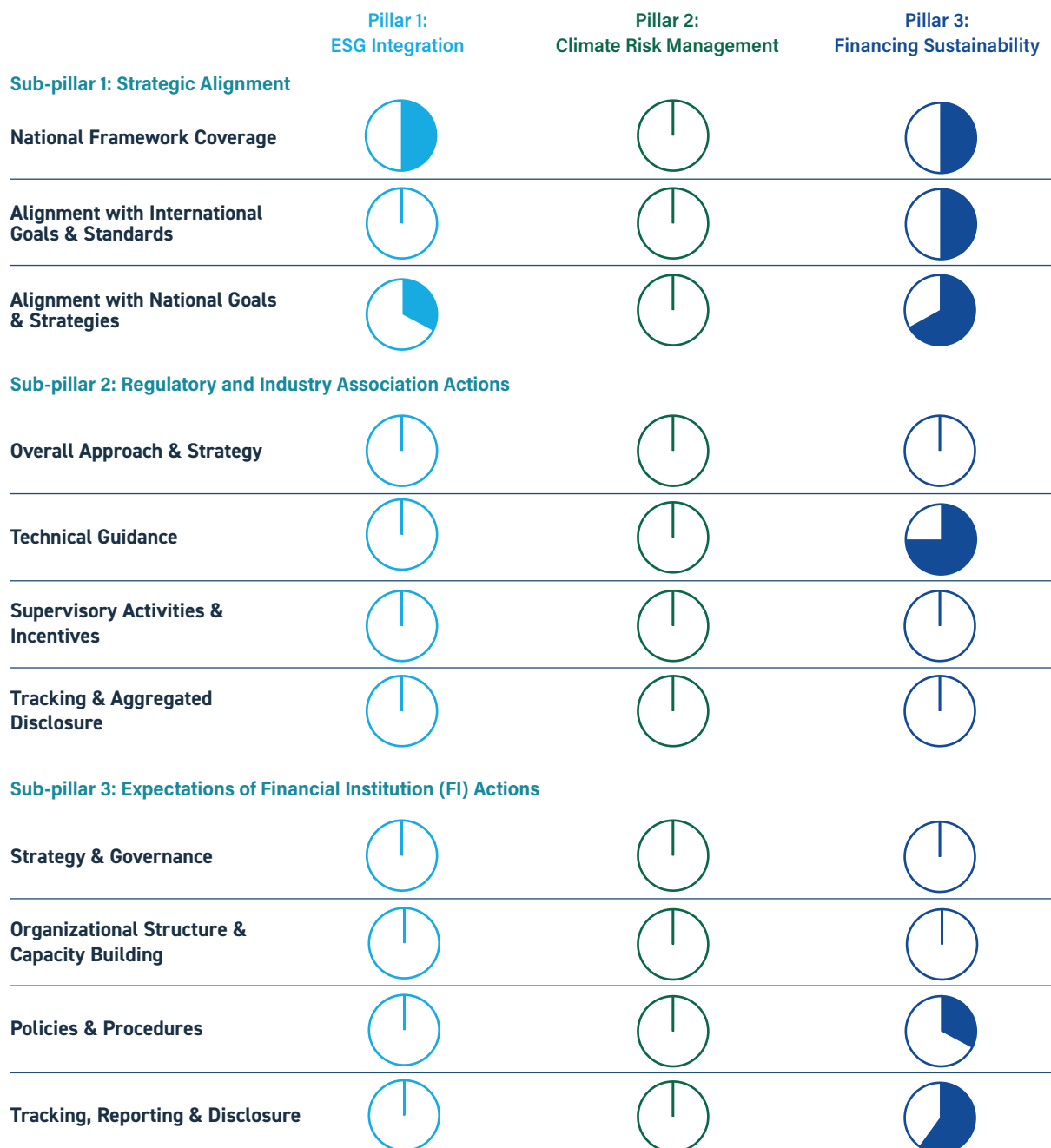
#### Sub-pillar 3: Expectations for FI Actions

- Green bond issuers are required to establish their own internal policy on green bonds approved by their governing body at the board level as a prerequisite for the issuance of green bonds.
- The issuer must form a system of environmental and social risks management and ensure its proper implementation. It is also recommended to follow the IFC Performance Standard 1 or other international standards, such as ISO 14001, ISO 45001, or Occupational Health and Safety Assessment Series 18001.
- In addition to reporting on the distribution of funds raised from the placement of green bonds, the issuer of green bonds must publish environmental impact reports for projects that are fully or partially financed and/or refinanced for account of these funds (impact reporting)<sup>2</sup>.

2 "IFC Supports Ukraine's Ukgasbank to Boost Financing for Green Energy", IFC pressroom, January 2021

### 3. Progress by three sub-pillars and 11 indicators

Figure 4: Overview of Ukraine's sustainable finance coverage in three framework areas



## 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



Download framework documents and check for updates at [www.sbfnetwork.org/library](http://www.sbfnetwork.org/library)

# 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.



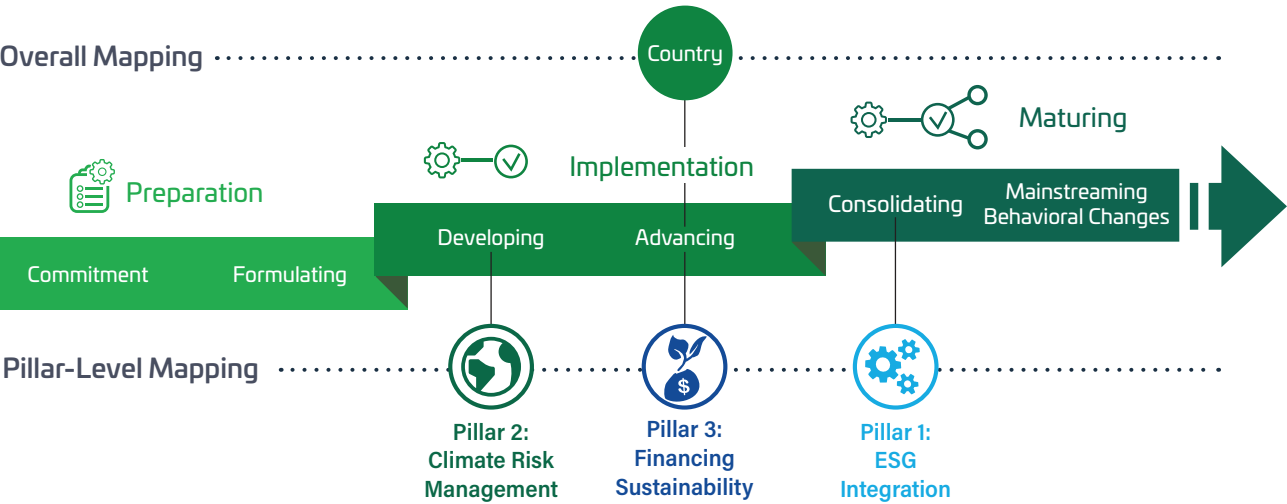
**Financing Sustainability** refers to initiatives by regulators and financial institutions to unlock capital flows for activities that support climate, green economy, and social goals. This includes new products like green bonds and sustainability-linked loans. Initiatives include definitions, guidance, 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.



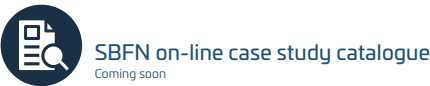
2. Pillar benchmarking

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.

	Pillar 1: ESG Integration	Pillar 2: Climate Risk Management	Pillar 3: Financing Sustainability
			
Sub-pillar 1: Strategic Alignment	<ul style="list-style-type: none"><li>National framework</li><li>Alignment with international goals and standards</li><li>Alignment with national goals and strategies</li></ul>		
Sub-pillar 2: Regulatory and Industry Association Actions	<ul style="list-style-type: none"><li>Overall approach and strategy</li><li>Technical guidance</li><li>Supervisory activities and incentives</li><li>Tracking and aggregated disclosure</li></ul>		
Sub-pillar 3: Expectations of Financial Institution (FI) Actions	<ul style="list-style-type: none"><li>Strategy and governance</li><li>Organizational structure and capacity</li><li>Policies and procedures</li><li>Tracking, reporting, and disclosure</li></ul>		

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.



# SBFN Measurement Framework pillars, sub-pillars, indicators, and underlying datapoints

Pillar 1: ESG Integration			
Sub-pillar	Indicator	No.	Underlying datapoint
Strategic Alignment	National framework <sup>1</sup> (e.g. policies, roadmaps, guidance, regulations, voluntary principles, templates, or tools)	1	Has the regulator or industry association published a national framework ("Framework") for the banking sector that sets out expectations for integrating the consideration of environmental, social, and governance (ESG) risks and performance?
		2	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?
	Alignment with international goals and standards	3	Does the Framework make reference to international sustainable development frameworks or goals?
		4	Does the Framework make reference to established international ESG risk management standards and principles for FIs?
	Alignment with national goals and strategies	5	Does the Framework make reference to specific national development objectives, plans, policies, goals, or targets?
		6	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?
		7	Does any inter-agency data sharing currently exist related to ESG integration by FIs?
Regulatory and Industry Association Actions	Overall approach and strategy	8	Does the Framework provide guidance on the role of the regulator or industry association with regard to assessing and managing ESG risk and performance in the financial sector?
		9	Has the regulator or industry association undertaken market assessment to identify systemic ESG risks through analysis of the portfolios of supervised entities/members and published the results?
	Technical guidance	10	Does the Framework provide technical guidance or tools to support implementation of ESG risk and performance management by the financial sector?
	Supervision activities and incentives	11	Is the implementation of the Framework regularly monitored and/or information regularly collected from FIs by the regulator and/or industry association?
		12	Does the regulator or industry association provide any financial or non-financial incentives for FIs to manage ESG performance as part of the Framework?
		13	Does the regulator or industry association apply any disincentives/penalties for non-compliance by FIs in terms of expectations from the regulator and/or industry association related to ESG risk management as part of the Framework?
	Tracking and aggregated disclosure	14	Has the regulator or industry association established a data collection approach and database to track or regularly publish data related to ESG integration by FIs as part of the Framework?
Expectations of FI Actions	Strategy and governance	15	Does the Framework require/ask the FI's board of directors (or highest governing body) to approve an ESRM and/or ESG integration strategy, and to supervise its implementation?
	Organizational structure and capacity	16	Does the Framework require/ask FIs to allocate resources/budget commensurate with portfolio ESG risks and define roles and responsibilities for ESG integration within the organization?
		17	Does the Framework require/ask FIs to develop and maintain the ESG expertise and capacity of staff commensurate with portfolio ESG risks through regular training and learning?
		18	Does the Framework require/ask FIs to create incentives for managers to reduce the ESG risk-level of the portfolio over a specified timeframe?
	Policies and procedures	19	Does the Framework require/ask FIs to develop policies and procedures to identify, classify, measure, monitor, and manage ESG risks and performance throughout the financing cycle at the client level and/or the transaction/project level?
		20	Does the Framework require/ask FIs to undertake a regular review and monitoring of ESG risk exposure at aggregate portfolio level?
		21	Does the Framework require/ask FIs to establish and maintain an external inquiry/complaints/grievance mechanism for interested and affected stakeholders in relation to ESG practices?
	Tracking, reporting, and disclosure	22	Does the Framework require/ask FIs to report ESG risks and performance to the regulator or industry association?
		23	Does the Framework require/ask FIs to report on ESG integration publicly?
		24	Does the Framework require/ask FIs to track credit risk (e.g. loan defaults) and/or financial returns in relation to ESG risk level?
Pillar 2: Climate Risk Management			
Strategic Alignment	National framework	25	Has the regulator or industry association published a national framework ("Framework") for the banking sector that sets out expectations for integrating the consideration and management of climate risks and their impact in the national economy?
		26	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?
	Alignment with international goals and standards	27	Does the Framework make reference to international agreements or frameworks to address climate?
		28	Does the Framework recognize or align with established regional or international good practice for climate risk management and disclosure by FIs?
	Alignment with national goals and strategies	29	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?
		30	Does any cooperation exist between agencies, or between government and industry association, with respect to policy design or implementation related to climate risk management?
		31	Does any inter-agency data sharing currently exist related to climate risk management by FIs?

<sup>1</sup> **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.



Regulatory and Industry Association Actions	Overall approach and strategy	32	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?	
		33	Does the Framework identify key sources of GHG emissions – such as in particular sectors – as priorities in the proactive management of climate risks by the financial sector?	
		34	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)?	
		35	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?	
		36	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?	
Regulatory and Industry Association Actions	Technical guidance	37	Has the regulator or industry association developed risk assessment approaches, methodologies, or tools to understand and assess the financial sector's exposure to climate risk as part of the Framework?	
	Supervisory activities and incentives	38	As part of the Framework, has the regulator clarified supervisory expectations with regard to climate risk management by FIs, including consideration of international good practices?	
		39	Has the regulator started to explicitly embed climate-related risk in supervisory activities and review processes as part of the Framework?	
		40	Is the implementation of the Framework regularly monitored and/or information regularly collected from FIs by the regulator and/or industry association?	
	41	Are there any financial or non-financial incentives to encourage FIs to establish climate risk management systems?		
Tracking and aggregated disclosure	42	Does the regulator or industry association regularly collect and/or report market-level and/or FI-level data on climate-related financial sector risks as part of the Framework?		
	Expectations of FI Actions	Strategy and governance	43	Does the Framework require/ask FIs to establish a strategy for climate risk management with responsibility at the board of director level (or highest governing body)?
		Organizational structure and capacity	44	Does the Framework require/ask FIs to define the roles and responsibilities and related capacities of the FI's senior management and operational staff in identifying, assessing, and managing climate-related financial risks and opportunities?
		Policies and procedures	45	Does the Framework require/ask FIs to expand existing risk management processes to identify, measure, monitor, and manage/mitigate financial risks from climate change?
		Tracking, reporting, and disclosure	46	Does the Framework require/ask FIs to report on their overall approaches to climate risk management in line with international good practices (e.g. TCFD), or establish a timeline by which FIs should begin to align their reporting with such practices?
47	Does the Framework require/ask FIs to identify, measure, and report on exposure to sectors which are vulnerable to transition risk and physical risk?			
48	Does the Framework require/ask FIs to adopt and report on performance targets to reduce portfolio greenhouse gas (GHG) emissions on a regular basis?			
49	Does the Framework 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?			
Pillar 3: Financing Sustainability				
Strategic Alignment	National framework	50	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?	
		51	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?	
	Alignment with international goals and standards	52	Has the regulator or industry association developed a strategy, regulations, or set of frameworks for stimulating the allocation of capital to sustainable assets, projects, and related sectors in line with global goals, such as the Sustainable Development Goals (SDGs)?	
		53	Does the Framework recognize and/or align with existing standards, voluntary principles, or market good practices related to sustainable finance instruments?	
	Alignment with national goals and strategies	54	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?	
		55	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?	
		56	Does any inter-agency data sharing currently exist related to stimulating and monitoring sustainable finance flows?	
Regulatory and Industry Association Actions	Overall approach and strategy	57	Does the Framework require/ask the regulator or industry association to establish mechanisms to identify and encourage the allocation of capital to sustainable sectors, assets, and projects?	
	Technical guidance	58	Does the Framework provide definitions, examples, and/or a taxonomy (catalogue and guidelines) of sustainable finance assets?	
		59	Does the Framework provide guidelines for extending green, social, or sustainability-focused loans (excluding bonds)?	
		60	Does the Framework provide guidelines for issuance of green, social, or sustainability bonds?	
		61	Does the Framework require/ask for external party verification to ensure the credibility of sustainability instruments?	
	Supervisory activities and incentives	62	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?	
		63	Are there any financial or non-financial incentives for FIs to develop and grow green, social, or sustainability finance instruments?	
	Tracking and aggregated disclosure	64	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?	



Expectations of FI Actions	Strategy and governance	65	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?
	Organizational structure and capacity building	66	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?
		67	Does the Framework require/ask FIs to develop and maintain internal staff capacity on green, social, or sustainability products through regular training and learning?
	Policies and procedures	68	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?
		69	Does the Framework require/ask FIs to appoint an independent external reviewer to confirm that the FI's internal framework meets the requirements of the recognized national framework and regulations, or aligns to international standards?
		70	Does the Framework require/ask that FIs create incentives for managers to increase sustainable loans or investments in the portfolio?
	Tracking, reporting, and disclosure	71	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?
		72	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?
		73	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?
		74	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?
		75	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)?

Figure 5: Overall Progression Matrix Milestones

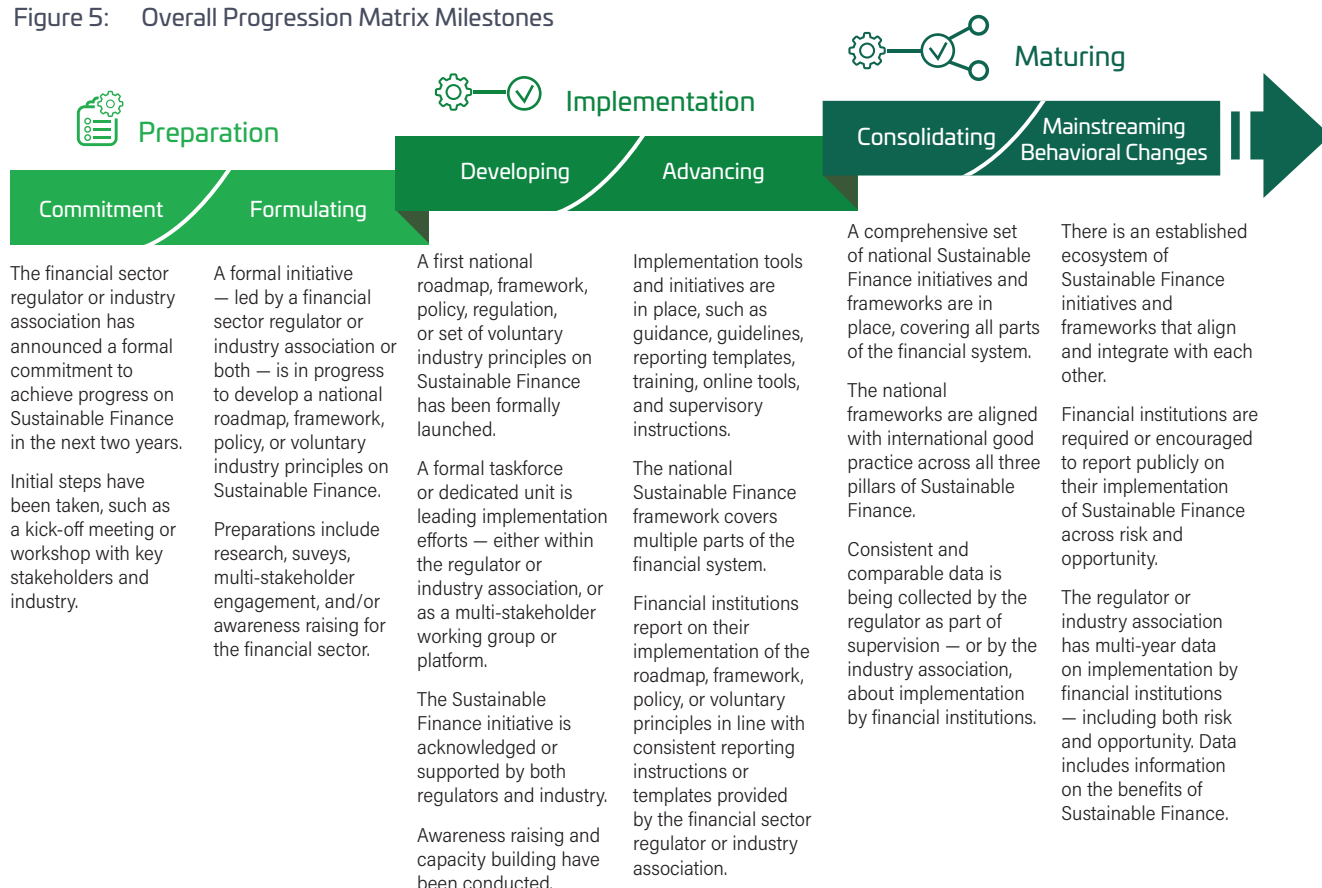


Figure 6: Progression Matrix Milestones – Pillar 1: ESG Integration

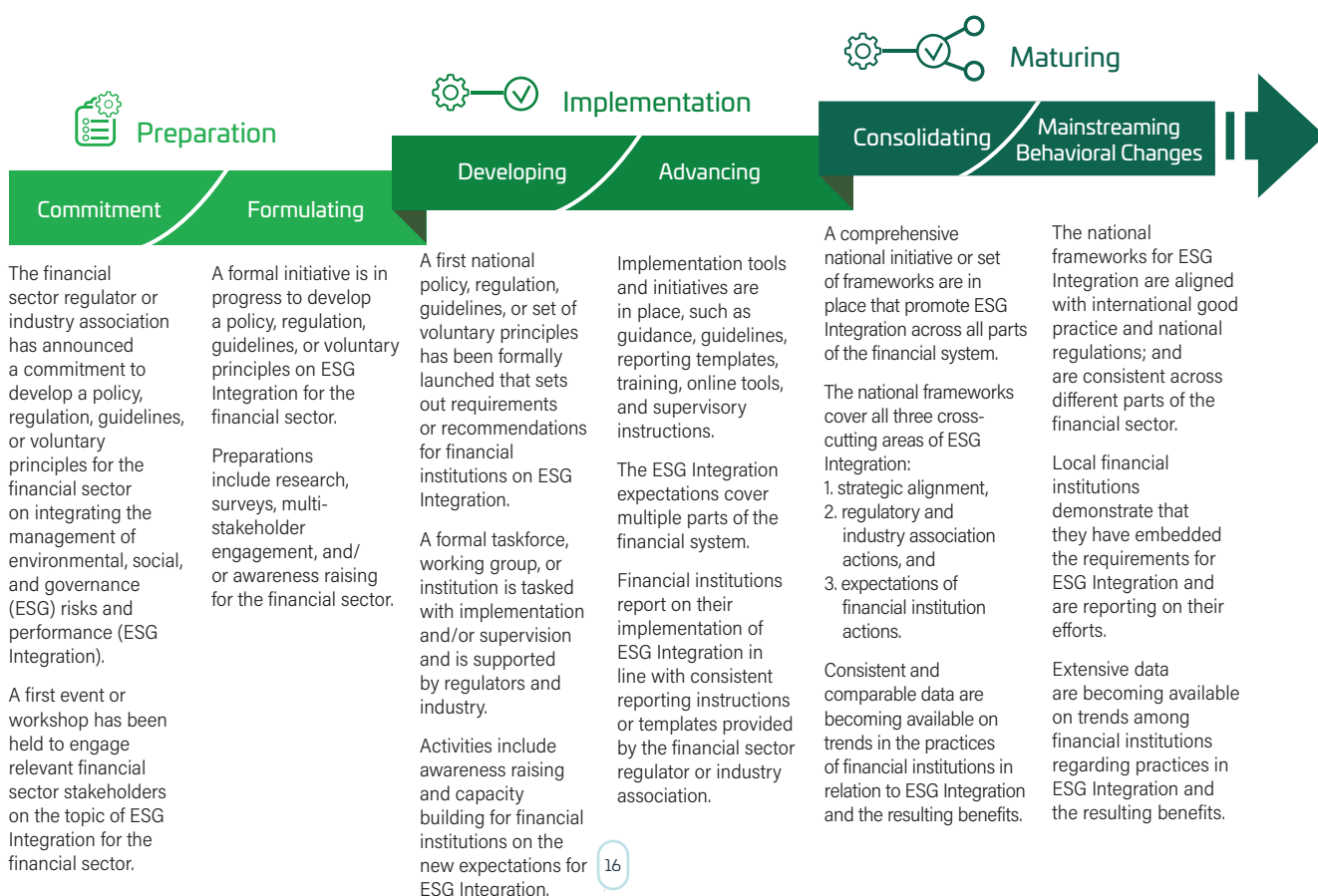


Figure 7: Progression Matrix Milestones – Pillar 2: Climate Risk Management

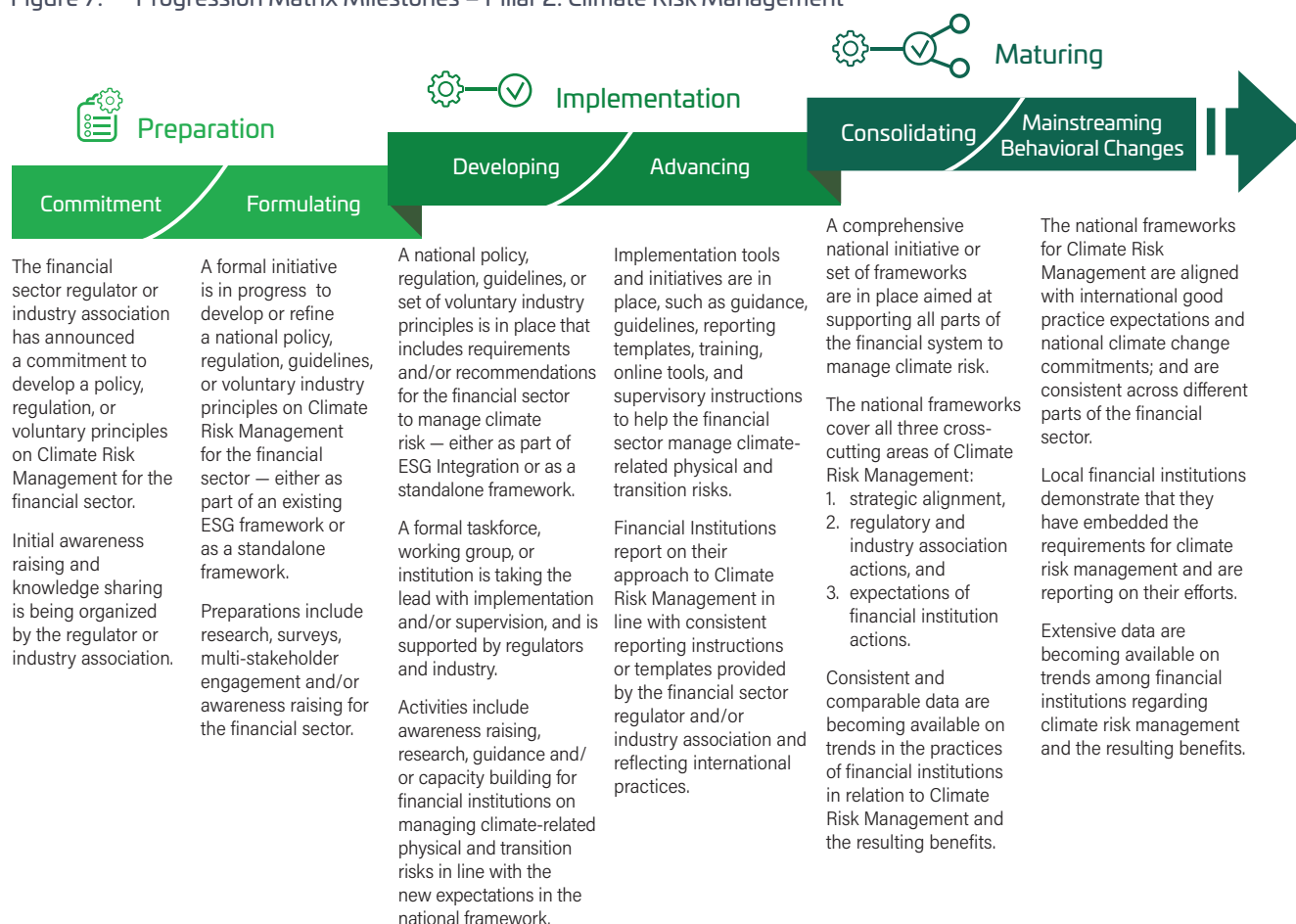
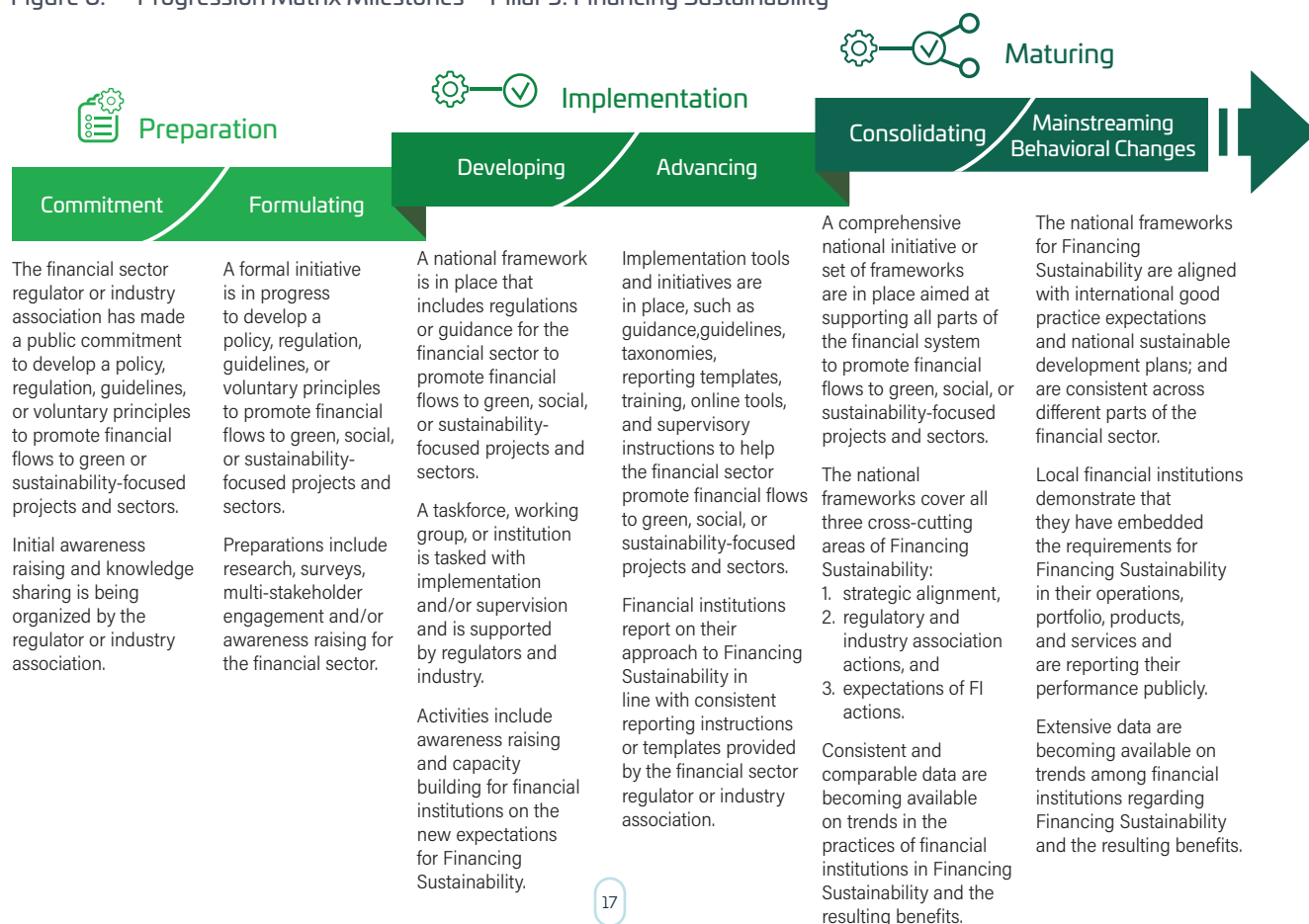


Figure 8: Progression Matrix Milestones – Pillar 3: Financing Sustainability



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