Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

39th SESSION
1 – 3 November 2022

Wednesday, 2 November 2022

Agenda item 3. Good practices in and approaches to the practical implementation of sustainability reporting requirements

Presented by

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Greening Colombia's Financial System

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Session: Good practices in and approaches to the practical implementation of sustainability reporting requirements

In 2019, the SFC developed a road map to transform the Financial System to achieve the Paris Agreement.

We wanted to ensure that financial risks and opportunities from climate and environmental factors are integrated into mainstream financial decision-making...

Promote a more resilient and transparent financial system that incorporates in its DNA climate change and nature-related risks and opportunities

Facilitate capital mobilization towards green growth objectives and and facilitate a country's transition to a low-carbon, climate-resilient economy.

Enhance financial systems ability to identify and manage climate-related and environmental risks.

Taxonomy

Thematic (green) bonds regulation

ESG disclosure

ESG integration

Vulnerability and Scenario Analysis





The increase in sustainability reports in recent years has brought important challenges for issuers and users of information.

In Colombia ESG disclosure reports lacked reliability, standardization and relevance to investors



STADARIZNATION AND COMPARABILITY



QUALITY AND CREDIBILITY

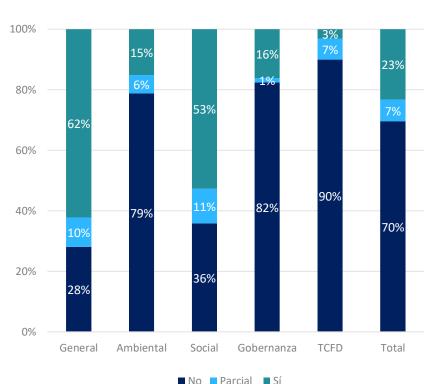


RELEVANCE FOR INVESTORS



REPORTING FATIGUE



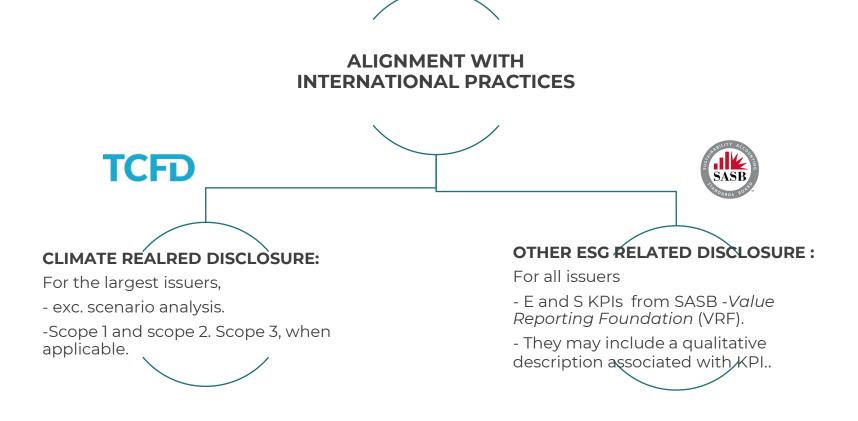






The SFC conducted both, desk research and a participatory consultation with users and preparers, to develop the the disclosure regulation.

As a result, Circular 31 of 2021 was issued, based on the principle of proportionality and gradualness, recognizing the needs of the different issuers but aligning the market with international discussion





Colombian Green Taxonomy focus on product disclousure

The **Colombian Green Taxonomy** is classification of environmentally sustainable economic activities and assets that will serve as guideline for green financing and will help align the private sector with the national objectives and international environmental commitments.

7 ENVIRONMENTAL OBJECTIVES

Climate Change Mitigation

Uso/Gestión del suelo

Climate Change Adaptation

Pollution prevention and control

Transition to a circular economy

Protection of ecosystems and biodiversity

Sustainable Use and protection of water and marine resources

ELIGIBLE ACTIVITIES

FILTERS

Economic activities and assets that substantially contribute to one or more environmental objectives

TECHNICAL SCREENING CRIETRIA

- Eligibility criteria and thresholds
- Standards
- Good Practices

TREATMENT OF RISK

Comply with DNSH for the other environmental objectives, social/labor issues and relevant regulation



Sectoral scope: 10 sectors and 50 activities are included in the Colombian Green Taxonomy.

1. Energy

Generation transmission storage of solar, wind, geothermal, hydro, biofuels and hydrogen (18)

6. ICT

Processing of data, hosting and related activities and solutions for GHG reduction base data (2)

2. Construction

Construction, renovation and acquisition of buildings and building products and materials

(3)

7. Manufacturing

Manufacture of low carbon technologies and component for cement, steel, chlorine and other products

(7)

3. Waste management and carbon capture

Treatment,
collection, transport
of wastewater,
compost, capture of
landfill gas and GHG
(8)

8. Cattle ranching

Basic, intermediate and advance practices + eligible inputs

4. Water

Water efficiency, treatment & recycling, resource recovery (4)

9. Agriculture

Basic, intermediate and advance practices + eligible inputs

5. Transportation

Public transportation, freight, private vehicles, micromobility (5)

10. Forestry

Basic, intermediate and advance practices + eligible inputs

Activities that substantially contribute to mitigation



Activities that substantially contribute to more than one environmental objective





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