Accelerating green financing through the strengthening of Mexico's National Banking and Securities Commission
ACCELERATING GREEN FINANCING THROUGH THE STRENGTHENING OF MEXICO’S NATIONAL BANKING AND SECURITIES COMMISSION

Accelerating green financing through the strengthening of Mexico’s National Banking and Securities Commission

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<td>Mexican Public Pension Funds Managers</td>
</tr>
<tr>
<td>AMIB</td>
<td>Mexican Association of Stock Market Intermediaries</td>
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<td>AP</td>
<td>Pacific Alliance</td>
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<td>BANXICO</td>
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<td>Greenhouse Gases</td>
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<td>Global Reporting Initiative</td>
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<td>Climate Financing Working Group of the Inter-ministries Commission on Climate Change</td>
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<td>Working Group on Disclosure and Integration of ESG Standards of Mexico’s Committee on Sustainable Finance</td>
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<td>IGFWG</td>
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<td>INEGI</td>
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<td>IOSCO</td>
<td>International Organization of Securities Commissions</td>
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<td>IPAB</td>
<td>Institute for the Protection of Bank Savings</td>
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<td>ISSB</td>
<td>International Sustainability Standards Board</td>
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<td>ITAM</td>
<td>Autonomous Technological Institute of Mexico</td>
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<td>KPIs</td>
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<td>NGFS</td>
<td>Network of Central Banks and Supervisors to Green the Financial System</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>PRI</td>
<td>Principles for Responsible Investment</td>
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<td>SASB</td>
<td>Sustainability Accounting Standards Board</td>
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<td>SBM</td>
<td>Science-based metrics</td>
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<td>SDG</td>
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<td>SFC</td>
<td>Colombia’s Financial Regulators</td>
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<td>SHCP</td>
<td>Mexico’s Ministry of Finance and Public Credit</td>
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<td>UK PACT</td>
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<td>VRF</td>
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Chapter I.
Introduction
Chapter I. Introduction

The impact of climate change brings risks and opportunities for economies, financial institutions, securities issuers, and companies. They all must be prepared to understand, identify, disclose, mitigate, and manage climate-related risks. Reducing vulnerability, damages and losses caused by the adverse effects of climate change are some of the current aspects driving the commitments that guide climate policy and sustainable development. Governments, especially signatories to the Paris Agreement, should seek to mobilize capital from the private sector onto activities and industries that promote the transition to a low-carbon economy.

These aspects reinforce the importance and the need for commitments to intensify actions in the fight against climate change. The Paris Agreement, for example, establishes that each country must inform its mitigation and adaptation commitments in its Nationally Determined Contribution (NDC). In compliance with the Paris Agreement, Mexico delivered the update of its NDC on December 30, 2020. The commitments defined by Mexico to transit towards a low-carbon economy include the unconditional reduction of 22% of the emissions of greenhouse gases (GHG) by 2030. Similarly, Mexico updated the information and goals of the adaptation component in its NDC by defining five axes and twenty-seven action lines that will focus on reducing the negative impacts of climate change on people and ecosystems.

The transition to a low-carbon economy entails opportunities and risks for Mexican financial institutions and securities issuers. This is why as part of Mexico’s commitment to achieve a sustainable, equitable and inclusive economy, financial supervisors and regulators implement various initiatives to promote financing and increase the supply of projects that may contribute to meeting the goals established in the Sustainable Development Goals (SDG).

Mexico’s National Banking and Securities Commission (CNBV or the Commission) supports various international efforts such as the Network of Central Banks and Supervisors to Green the Financial System (NGFS). The network allows financial organizations to exchange experiences, share best practices, contribute to the identification of risks related to climate and environment in the financial sector, and mobilize financing to support the transition to a sustainable economy.

The Commission’s commitment within NGFS is i) to raise awareness and socialize the work done by NGFS within its jurisdiction as well as in the conferences and organizations where it participates regionally and internationally; and ii) contribute to the work of NGFS and participate in at least one of its working groups. Particularly, CNBV participates actively in the Macrofinancial working group, where it collaborates in filling out questionnaires, in discussions around the standardization of risk scenarios and climate and environmental disclosures, as well as in the implementation of related policies.

Additionally, the Commission works to comply with the ten principles of the United Nations Global Compact, which address the thematic axes of environment, anti-corruption, human rights, and labor standards. As part of its endeavors, the Commission is currently working to implement the principles of social responsibility, based on the Global Compact initiative, and to communicate the implementation progress through a biennial progress report or sustainability report. ¹

¹ Following the CNBV’s endorsement of the United Nations Global Compact principles, the CNBV is working on reporting its achievements on environmental, anti-corruption, human rights, and labor matters, and working on the fulfillment of the ten principles underlying the UN Global Compact. Such actions also contribute to the fulfillment of other international commitments, including the 2030 Agenda, the Sustainable Development Goals (SDGs) number 8 (work and economic growth), 13, 14 and 15 (climate change and diversity), 16 (peace, justice and solid institutions), and 17 (partnerships to achieve goals), as provided by the CNBV (2021), retrieved in February 2022 from https://www.gob.mx/cnbv/prensa/comunicado-no-132-cnbv-enalianza-con-biofin-pnud-fortalece-suenfoque-en-finanzas-sostenibles?idiom=es
Similarly, CNBV participates with the International Organization of Securities Commissions (IOSCO) in activities that address disclosures related to issuer sustainability, sustainability-related disclosures for asset managers, greenwashing and investor protection, and ratings related to environmental, social and governance (ESG) issues. Thus, the activities where the Commission has collaborated encompass the application and completion of an assetmanager questionnaire on regulatory approaches, practices, and disclosures, and the bases to produce questionnaires and inquiries about ESG-rating products, providers of information and ESG ratings, as well as the use and supervision activities of such products.

The Commission is also a member, and it participates actively in the Inclusive Green Finance Working Group (IGFWG). The IGFWG framework incorporated the activities of a working subgroup that addresses green credit risk guarantees. The subgroup is developing a document to support the general understanding of such guarantees. Thus, the Commission has cooperated in the preliminary considerations to prepare the terms of reference of a Knowledge Product on the topic. Similarly, the Commission contributes to the sub-working groups on capital markets and climate finance of the Pacific Alliance (AP).

Similarly, CNBV supports the Task Force on Climate-related Financial Disclosure (TFCD). CNBV expressed its support to TCFD’s recommendations and efforts by gathering more than 1,500 organizations around the world that demonstrate their commitment to building a more climate-risk aware and resilient financial system. This type of support means organizations such as CNBV believe in the importance of transparency related to financial risks and opportunities within the markets.  

In 2020, Mexico’s Financial System Stability Council established the Sustainable Finance Committee (CSF) formed by Mexico’s Ministry of Finance and Public Credit (SHCP), the Central Bank, CNBV, the National Insurance and Bails Commission (CNSF), the National Commission for the Retirement Savings System (CONSAR), the Institute for the Protection of Bank Savings (IPAB), Mexico’s Presidential Office as a permanent guest, and six observers. CSF’s operation created four task forces i) Development of a Sustainable Taxonomy; ii) Measurement of climatic risks; iii). Disclosure and integration of Environmental, Social and Governance (ESG) Standards; and iv) Mobilization of resources. CNBV has led CSF’s Task Force on Disclosure and integration of ESG Standards (GTDIASG) since 2021.

Considering the interest and commitments undertaken by CNBV to advance in the integration of ESG standards in the Mexican financial sector, during the period between March, 2021 and February, 2022, CNBV received technical assistance from the Global Green Growth Institute (GGGI), funded with resources from the UK Government’s Pact for Accelerated Climate Transitions (UK PACT).

UK PACT is a program of the government of the United Kingdom that supports partner countries in their efforts to move towards clean growth. The country programs seek to have high emission reduction potential and to accelerate climate change mitigation efforts. The program supports countries that qualify for UK’s Official Development Assistance (ODA) by assisting them to implement and increase their ambition to reduce carbon emissions, in line with the countries’ NDCs. UK PACT responds directly to the demands identified by partner governments by providing grants to implementing partners such as GGGI. The potential to provide capacity development support and address the needs identified by governments

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in a wide range of areas is one of the criteria to select grantees. The project “Accelerating green financing flows by strengthening CNBV,” financed by the UK PACT of the UK Government, encompassed a series of activities with CNBV. The activities include the integration and disclosure of ESG information and climate risks intended to a) strengthen institutional capacities, b) increase knowledge, c) provide a tool for regulated financial entities to self-assess such matters, and d) plan outreach activities to disseminate and promote the institutional work in such areas. The objective of the project is to contribute to current institutional efforts to advance with the fulfillment of the 2030 Agenda and the Paris Agreement. The project encompasses seven workstreams:

1. Support the Working Group on Disclosure and Integration of ESG Standards (GTDIASG) of Mexico’s Committee on Sustainable Finance.

2. Develop and socialize the findings of the Report on best practices in the integration and disclosure of ESG standards and climate risks.

3. Develop and socialize the findings of the Report on the relationship between climate change and financial inclusion.

4. Strengthen capacities and skills in ESG matters and climate-related risks and have a virtual tool to train and host materials on sustainable development, green and climate finance, climate-related risks and the ESG ecosystem.

5. Develop a self-assessment tool on ESG matters for the entities supervised by CNBV.

6. Create and disseminate outreach materials within CNBV to strengthen knowledge on sustainable finance.

7. Hold events for the exchange of knowledge and best practices in the integration and dissemination of ESG standards and climate risks at the national and international levels.
Chapter II.
Workstreams
developed
Chapter II. Workstreams developed

The following section describes the activities implemented as part of each work line that comprised the project “Accelerating green financing flows by strengthening CNBV,” implemented from March, 2021 to February, 2022.

II.1. Working Group on Disclosure and Adoption of ESG Standards

The objective of the ESG Standards Adoption and Disclosure Working Group (GTDIASC) of the Sustainable Finance Committee is to analyze the status of disclosure frameworks related to ESG indicators and understand the similarities and differences. Additionally, it intends to understand the relevant legislation in other parts of the world and identify best practices for disclosure of information and corporate governance in ESG concerns, which the Mexican context may adopt. The activities aim at the promotion of transparency of the rating methodologies of ESG data and ESG service providers. This objective focuses on securities issuers and financial entities.

GGGI plays the role of observer in the Working Group and supports CNBV in the development of the work agenda of the Working Group. Thus, GGGI prepared a 2021 Report on best practices for the integration and disclosure of ESG standards and climate-related risks, conducted knowledge sharing events with regulators from other countries to learn about ESG disclosure experiences, developed an ESG selfassessment tool for financial entities, and coordinated the development of capacity building sessions for the members of the Working Group. The following sections of this report will present details of the points above.

Work lines of the GTDIASC

1. Analyze and evaluate the various ESG information disclosure initiatives internationally and in Mexico.
2. Develop content and agendas regarding ESG disclosure frameworks.
3. Issue recommendations for the adoption of ESG disclosure frameworks in Mexico.
4. Analyze and prepare proposals on ESG issues for disclosure and corporate governance of companies.

Members of the GTDIASC

1. Presidency, in charge of the Vice Presidency of Regulatory Policy of CNBV
2. Coordinator, in charge of the Coordination of Accounting Prospective of CNBV
3. Secretariat of the Working Group, CNBV
4. Support from the Secretariat of the Sustainable Finance Committee through Mexico’s Central Bank.

Slide deck for a GTDIASC’s session.
II.2. Report on best practices in the integration and disclosure of ESG standards and climate risks

GGGI and the Green Finance Advisory Council (CCFV) supported the Commission to develop a report on international best practices and emerging legislation on the integration and disclosure of ESG factors and climate-related risks by financial institutions and securities issuers. Additionally, the report incorporated research and analysis on international best practices as well as strategies on how to raise awareness, communicate, regulate ESG standards and integrate climate-related risks among financial intermediaries. It is worth mentioning that the Report covers prudential regulation, governance supervision and capital requirements, as well as regulation of securities markets. The research findings of the document also included recommendations for Mexican regulators with emphasis on potential regulation on sustainable finance.

The report presents relevant opportunities to advance in the integration and disclosure of ESG standards and climate-related risks in the Mexican financial sector. The report includes four chapters.

1. **Environmental, Social and Governance Standards and Metrics.** This section presents an introduction to the origin of the ESG ecosystem in the world. It intends to highlight the importance of integration and disclosure of ESG-related information. Furthermore, the chapter lists the main actors that form the ESG ecosystem, plus it describes and compares the three most widely used reporting frameworks and standards around the world (TCFD Recommendations, SASB Standards and the Global GRI Reporting Initiative).

2. **Diagnosis of integration and disclosure of ESG information in Mexico.** This chapter presents the current state of disclosure of information on ESG standards within the players of the Mexican Financial System: Insurance Companies, Pension Funds (AFORES), Commercial Banks, Credit Rating Agencies, Securities Issuers and Asset Managers.

3. **Integration and disclosure of ESG standards from a comparative international perspective.** This chapter looks at the actions that governments and regulators from the financial system of the United Kingdom, the European Union, New Zealand, China, and Chile have implemented to promote the disclosure of ESG information. The chapter has five sections dedicated to each one of the jurisdictions selected as case studies, a section that describes other actions deployed by other jurisdictions (France, Australia, Canada, Japan, Brazil, Hong Kong, and the United States) and a section on international practices replicable in other jurisdictions.
4. Conclusions and recommendations. This chapter frames the relevant findings of the previous chapters, and it also presents a series of recommendations for the integration and disclosure of ESG factors and climate-related risks by regulated entities. It depicts a comparison between the reporting standards and frameworks most used by large companies and issuers. It further shows an analysis of the preferences of companies that report information, as well as the trend towards the consolidation of GRI and SASB standards together with the TCFD recommendations. Moreover, the chapter provides the advances in ESG regulation in Mexico and some other Latin American countries, and the materiality thresholds used within most standards. The concluding section describes the characteristics of the financial information to be considered by the ESG standards for decision-making.

It should be noted that this report received comments and support from the Central Bank of Mexico (BANXICO), the Green Finance Advisory Council (CCFV), the Association of Banks of Mexico (ABM), the Mexican Council for Financial Information Standards (CINIF), the Institute for the Protection of Bank Savings (IPAB), the Mexican Association of Stock Market Intermediaries (AMIB), the National Commission of the Retirement Savings System (CONSAR) and the Autonomous Technological Institute of Mexico (ITAM).

The report was submitted as a Report to the Working Group and the Sustainable Finance Committee. Similarly, CNBV presented its findings before the Working Group and, subsequently, before CNBV officials.
II.3. Report on the relationship between climate change and financial inclusion

This component aims to provide an analysis, through a report and two policy briefs, on green financial inclusion. The foregoing is relevant since (i) that the mandate of CNBV includes promoting access to financial services for the population, for which CNBV conducts annual statistical studies on the panorama and level of financial inclusion in Mexico; and (ii) the climatic vulnerability of some of the sectors of the economy and the social context of Mexico.

The title of the document is “Report on financing for climate resilience in the Mexican agricultural sector: Analysis of access to financial services by agricultural producers with high climate vulnerability.” This report and the first public policy briefs analyze how increasing climate resilience and reducing vulnerability to extreme climate events and climate disasters enhance the role of financial inclusion as a facilitator to reduce poverty. The document details the actions to reduce poverty and climate vulnerability while ways to increase climate preparedness and resilience are complementary. The report further identifies access to credit and insurance among the main strategies to increase resilience and climate preparedness.

Similarly, there are sectors within the economy that are particularly sensitive, exposed, and vulnerable to the effects of climate change. Changing temperature patterns, longer dry seasons, floods, amongst others, usually affect the agricultural sector and reduce crops and livestock, which affects the most vulnerable. The report answers the research question of how the climatic vulnerability of agricultural producers affects contracting insurance or credit by providing a theoretical explanation as to how the population living in poverty suffers the most negative impacts derived from extreme climate events and climate disasters. It further presents an empirical analysis on the relationship between financial inclusion and climate vulnerability and resilience in the Mexican agricultural sector. The completed research is the first quantitative empirical study, of which GGGI is aware, that analyzes the relationship between climate vulnerability and resilience and the levels of financial inclusion in the Mexican agricultural sector. The empirical study conducted a descriptive, relational and causality analysis using the 2019 National Agricultural Survey database collected by the National Institute of Statistics and Geography.

The study focused on the research question of how the climate vulnerability of agricultural producers impacts their access to and use of insurance or credit. The aim is to understand more precisely to what extent the current availability and access to such financial services facilitates the resilience and recovery of agricultural producers who may have suffered the consequences of extreme climate events or climate disasters. In average and providing other factors remain constant, the results of a nonlinear probabilistic probit model suggest that (i) agricultural producers who suffered crop or livestock losses due to drought during the 2018-2019 reference period had 10% lower probability of requesting and receiving credit and 10% less probability of requesting and accessing insurance, in comparison to agricultural producers who did not suffer losses due to droughts; and (ii) agricultural producers who suffered crop or livestock losses due to flooding were 2% less likely to apply for and obtain insurance. Both percentages are statistically significant using a 99% threshold.

<table>
<thead>
<tr>
<th>Research design</th>
<th>Association analysis and probabilistic analysis through a lineal model and a non-lineal probit model</th>
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</table>
| Dependent variables | Whether the farmer applied for and obtained a credit  
Whether the farmer applied for and obtained an insurance policy |
| Independent Variables | Whether the farmer reported losses derived from floods  
Whether the farmer reported losses derived from droughts |
| Control Variables | Size of the farm, the level of use of cell phones by each farmer, whether the farmer received support from the government to obtain a credit, whether the farmer received financial support for production |
The results seek to inform public policy decisions and the actions of regulators to take financial inclusion measures in sectors of the economy that may be particularly vulnerable or sensitive to climate change. These findings would suggest that the level of financial inclusion of agricultural producers can improve to facilitate and promote the resilience and recovery of agricultural producers who face extreme climate events or climate disasters. Additionally, there is a second summary of public policies called “Summary of public policies on the financial inclusion of women in the agricultural sector,” which provides the findings and applicable lessons of the Report with a gender perspective. Finally, this component included an online seminar to disseminate the findings and recommendations of the report and the established policy summaries.
II.4. Online seminars to create capacities and skills in ESG matters and climate-related risks; and virtual tool to train and host materials on sustainable development, green and climate finance, climate-related risk and the ESG ecosystem

This component aimed at developing the capacities of the stakeholders of the Mexican financial sector, including the members of the Working Group on the Disclosure and Adoption of ESG Standards of the Sustainable Finance Committee and CNBV’s staff in the disclosure of ESG factors and climate risks. The training sought to strengthen knowledge on issues related to green finance to create a common base of information and understanding.

There were four training seminars throughout April and May, 2021 for the ESG Adoption and Disclosure Working Group on i) ESG methodologies and frameworks; ii) Introduction to the recommendations issued by TCFD; iii) Introduction to SASB Standards issued by the Value Reporting Foundation (VRF); and iv) Introduction to GRI standards. On the other hand, the Commission staff attended an online seminar in July on the Introduction to Climate Change and Sustainable Finance.
Moreover, this component of the project included an online education portal hosted on the Moodle educational platform where civil servants at CNBV may access. The Course on Sustainable Finance is available to CNBV as of January, 2022. As suggested by the Commission, our platform includes some materials that the German Agency for International Cooperation (GIZ, for its acronym in German) had developed. The course is expected to last 30 hours, including reading documents, videos, infographics, exercises to reinforce knowledge and exams. It covers the basic concepts of sustainable finance while exploring the relationship between climate, environment, social and governance. Thus, the main objective of the educational sessions is to identify the need to transform the financial system into a more sustainable one that considers climate and ESG risks.

It is worth mentioning that the course included a repository of the online seminars that the members of the Working Group on the Adoption and Disclosure of ESG Information had attended in 2021. Similarly, it has the infographics developed as part of the internal dissemination campaign on sustainable finance implemented throughout 2021 with the purpose of raising awareness about the importance of sustainability in the Mexican financial sector. Furthermore, it has two informative capsules prepared with the support of the National Institute of Ecology and Climate Change, which highlights the relevance of considering climate change in human activity, as well as the links between climate change and poverty.

### Modules within the Online Sustainable Finance Course

1. Introduction to climate change:
   Why is it important to act?

2. Introduction to sustainable and climate finance: Why do we need to transform our financial systems?

3. Managing and reporting climate, environmental, social and governance risks.

4. Where are we headed? The role of financial sector actors in the transition to low-carbon, inclusive and climate-resilient development.

5. Financial inclusion and financial technology (Fintech) as part of the response to climate change.
Acelerando los flujos de financiamiento verde a través del fortalecimiento de la Comisión Nacional Bancaria y de Valores
II.5. ESG self-assessment tool for entities regulated by CNBV

This component seeks to develop a self-assessment tool of ESG factors for the financial entities and issuers of securities listed in Mexico. The tool allows regulated entities to assess their position regarding the integration of ESG factors and climate risks in their operations and decision-making processes. In addition, the tool provides recommendations to move towards sustainability, and with that in the transition towards a low-carbon and climate-resilient financial system, through specific actions that they can undertake to increase their ESG capacities and integrate climate-related risks in its operations and analysis.

The tool seeks to raise awareness and guide users to identify gaps in ESG matters and climate-related risks to green and make their institutions and portfolios more sustainable. It also intends to mobilize resources that contribute to the fulfillment of national and international commitments within the framework of the Paris Agreement. The tool, which has nearly 140 questions for issuers of securities and financial entities, relies on the standards of the Principles for Responsible Investment (PRI), the corporate governance guidelines of the Organization for Economic Co-operation and Development (OECD) and the TCFD recommendations.
II.6. Communication material within CNBV to strengthen knowledge on sustainable finance

This component involved the development of a campaign to disseminate educational visual material (infographics and video) to raise awareness and reinforce knowledge about climate change, ESG and green and sustainable finance within CNBV. One of the products is a wallpaper for the computer equipment within the Commission, eight infographics and a video clip, which the institution members received through email.

As mentioned above, the materials developed under this component were also part of the modular online training course for CNBV staff, described in Component 4 (see II.4).
Chapter II. Workstreams developed

Infographic 2 on sustainable finance.

Infographic on climate risks.

Infographic on financial inclusion and climate change.
II.7. Sessions to exchange knowledge and best practices in the integration and dissemination of ESG standards and climate risks at national and international levels

This component intends to disseminate the work of the Commission for the transformation of the Mexican financial system into a more sustainable and climate-resilient system. It made it possible to establish and facilitate virtual spaces to share practices, experiences, and knowledge on ESG standards and climate-related risks openly with different national and international stakeholders. The activity contributed to the institutional positioning in the national and international sphere in terms of sustainable finance.

Sessions to exchange knowledge and best practices

1. One bilateral session between CNBV and Colombia’s Financial Regulators (SFC), held on September 9, 2021.

2. One online seminar “What is sustainable finance?” within the framework of the National Financial Education Week on October 4, 2021.

3. One online seminar on “Green Finance in Latin America and the Caribbean” within the framework of the Global Green Growth Week on October 27, 2021.

4. One bilateral session with the European Banking Authority (EBA), held on November 30, 2021.

5. The role of CNBV in the Climate Financing Working Group of the Interministries Commission on Climate Change (GT-FIN), held on December 10, 2021.
Chapter III. Activities to develop capacities and skills related to the identification, management, and disclosure of ESG information and climate-related risks
Chapter III. Activities to develop capacities and skills related to the identification, management, and disclosure of ESG information and climate-related risks

Eight training sessions took place from March, 2021 to February 2022, addressed to CNBV officials and members of the Working Group on Adoption and Disclosure of ESG Information of the Sustainable Finance Committee. The sessions focused on ESG ecosystem issues, introduction to the standards and frameworks from TCFD, SASB and GRI, and financial inclusion. A description of the training online seminars follows below.

### Training sessions

1. Online seminar on ESG Methodologies and Frameworks. Advantages and limitations. April 14, 2021

2. Online seminar on the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), April 21, 2021

3. Sustainability Accounting Standards Board (SASB) Standards Online seminar, May 12, 2021

4. Online seminar on the standards issued by the Global Reporting Initiative (GRI), May 19, 2021

5. Online seminar on climate change and its relation to the financial system, July, 2021

6. Online seminar on What is Sustainable Finance? during the National forum on Financial Literacy, October 4, 2021

7. Online seminar on ESG Reporting Practices and Climate-Related Risks, November 30, 2021

8. Online seminar on Financing for climate resilience in the Mexican agricultural sector: Analysis of access to financial services for agricultural producers with high climate vulnerability, January 27, 2022
III.1. Online Seminar on ESG Standards and Reference Frameworks: Advantages and limitations

Date: April 14, 2021
Time: 8:00-9:30 a.m.
Platform: Zoom
Number of participants: 65, distributed in 28 women, 26 men and 11 participants who did not disclose their gender
Speaker: Soffia Alarcón, Director of Sustainable Finance in Latin America at IHS Markit
Link to the Online seminar session: https://youtu.be/Lq7pk9v66U

The online seminar aimed at developing the knowledge and capacities on ESG standards and frameworks of reference of the Working Group for the Disclosure and Adoption of ESG Standards. The presentation focused on explaining the basic concepts of climate change, analyzing the role of regulators in the ESG ecosystem, defining the main ESG categories and analyzing the areas of ESG finance regulation. Subsequently, the online seminar looked at the progress made on ESG disclosures and reports in the world, in the region and in Mexico, while analyzing the most used standards and reference frameworks and their materiality; and analyzing critically the advantages and disadvantages of each standard and reference framework.

Key takeaways

1. There is a proliferation of standards and reference frameworks on ESG matters, especially in recent years, after the Paris Agreement.
2. ESG information and disclosures are inconsistent and fragmented across time and across disclosing entities, so they are not always dependable or comparable.
3. There is a growing global trend to use GRI, SASB and TCFD as standards and reporting frameworks, although each one poses different challenges. There are not perfect standards or reference frameworks and each one provides a different view of ESG matters and materiality.
4. To date, most companies prefer to issue their sustainability reports without following specific ESG standards or reference frameworks.
5. Identifying and managing ESG and climate risks is still a work in progress.
6. Regulators are beginning to create their own ESG reporting standards and frameworks and establish guidelines on how to use them to facilitate disclosure to market participants.
Force on Climate-Related Financial Disclosure (TCFD)

Date: April 21, 2021  
Time: 8:00-9:00 a.m.  
Platform: zoom  
Number of participants: 54, distribute in 32 women, 21 men, and one person who did not disclose their gender  
Speaker: Soffia Alarcón, Director of Sustainable Finance in Latin America at IHS Markit  
TCFD session: https://youtu.be/dm1X3n2Bqhi

The objective of the online seminar was to provide members of the Working Group on ESG Standards Adoption and Disclosure with an introduction to the Recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD). The presenter explained the context to establish TCFD, define what climate risk entails and how it splits into physical risk and transition risk. Additionally, the session contents clarified that climate risk refers to the investment risks derived from absolute, catastrophic climate change. Moreover, the session explained it is a systemic risk since it exists in all asset classes. One of the most relevant points was the explanation on how climate risk operates, since it is not isolated but it interacts with other risks as well as with other non-linear social, environmental, and geopolitical dynamics, and it is unpredictable.

The seminar defined physical climatic risks as the result of the direct and indirect impacts of climate change, and meteorological and climatological changes. Additionally, transition risks were defined as the result of political, regulatory, and technological adjustments made to implement the transition to a low-carbon economy, especially when such changes are not properly anticipated and are abrupt.

Finally, the session focused on explaining the TCFD reporting framework, which developed four pillars for climate-related financial disclosures. They are Governance, Strategy, Risk Management, and Metrics and Targets.
Key takeaways

1. TCFD is relatively easy to adopt when information from other reporting frameworks is recycled and if only descriptive information is reported, but such information may be limited. TCFD should be accompanied by the establishment of science-based metrics (SBTs) and climate scenarios for analysis.

2. When a company wants to report using ESG standards or frameworks, data collection could take between eight and sixteen months. If the Board of Directors adopts the recommendations, the time could be longer.

3. Reporting companies have a wide range of metrics and targets such as GHG accounting and water management. They can use the information to disclose their climate and environmental impact under TCFD.

4. Although the first step is the identification of climate risks, companies must begin to manage such risks as adequately. Otherwise, the information disclosed under TCFD would only be descriptive and qualitative, which prevents the company from aligning with climate goals.

5. Regulators can promote the publication of quantitative information on climate risks and opportunities, as well as the disclosure and management of emissions throughout the value chain.

6. The role of national regulators is to implement policies for climate risk analysis and disclosure, while applying TCFD recommendations as a component of such regulation but not as the goal.

7. Public and private stakeholders should work to develop models and science that allow assessing and questioning uncertainties and the suitability of scenarios.

8. Public and private stakeholders must commit to developing decarbonization scenarios that reflect the more ambitious goals set out in the Paris Agreement.

III.3. Sustainability Accounting Standards Board (SASB) Standards Online Seminar

Date: May 12, 2021
Time: 8:00-9:00 a.m.
Platform: zoom
Number of participants: 44, distributed in 24 women, 19 men, and 1 person who did not disclose their gender
Speaker: Arturo Rodríguez Trejo, Liaison Leader for Ibero-America, SASB
Link to recorded session: Online seminar 3: SASB Sustainability Accounting Standards Board Methodology

This online seminar was the first of three sessions focused on the Standards of the Sustainability Accounting Standards Board (SASB), which recently merged with the Value Reporting Foundation (VRF). GGGI supported the first online seminar for the members of the Working Group on Disclosure and Adoption of ESG Standards, and CNBV coordinated the following two online seminars. The speaker of the first online seminar focused on explaining the existing interest of the capital market in ESG information, how the markets have received the SASB standards and its implementation tools. Subsequently, he explained that SASB standards seek to create business value through industry standards, and it seeks to move towards a modular ESG disclosure system.
Key takeaways

1. The disclosure format based on the SASB standards of VRF seeks to facilitate the location and consumption of ESG information by investors and other stakeholders interested in such data.

2. The first steps for a company to start reporting according to the SASB standards of VRF include choosing the appropriate tools to develop reports tailored to the needs of each audience, determining the best communication channel to disclose ESG information, understanding the structure of SASB standards and its different elements, assessing the availability of current and future ESG information, and conducting a gap analysis, developing the report with ESG information in line with SASB standards, and maintaining the disclosure process to enable continuous improvements in ESG information disclosure.

3. There are natural differences among the various SASB standards, but they can still interoperate among one another. VRF is currently working with other organizations within the ESG ecosystem to increase the interoperability of the reported information.

CNBV also coordinated a series of two training sessions organized by the German Agency for International Cooperation (GIZ). One of them was SASB 201 Online seminar called Creating a common language between companies and investors around the financial impacts of sustainability. The other one was SASB 301 Online seminar - Deep dive into the SASB standards of the financial sector. Both sessions aimed at explaining the tools used in the implementation of the standards of the Sustainability Accounting Standards Board (SASB), and explaining how financial entities, including commercial banks and asset managers, incorporate ESG factors, risks, and opportunities.

Additionally, the presenter explained the points to be disclosed related to credit origination practices, business ethics, systemic risk management and privacy and data protection. Finally, the seminar detailed how investment management companies may integrate SASB standards in their investment decision processes and how such entities play a critical role in the demand for ESG information by companies that issue securities in the capital markets.
III.4. Online Seminar on the Global Reporting Initiative (GRI) Standards

Date: May 19, 2021
Time: 8:00-9:00 am
Platform: zoom
Number of participants: 48, distributed in 22 women, 25 men, and 1 person who did not disclose their gender
Speakers: Andrea Pradilla, Director of GRI Latin America, and Estefanía Rubio, GRI Consultant.
Link to the recorded session: Online seminar 4: GRI Global Reporting Initiative Methodology

Objective

The online seminar targeted the members of the Working Group on Disclosure and Adoption of ESG Standards, and it was an introduction to the Standards of the Global Reporting Initiative (GRI). The Online seminar looked at the definition of a sustainability report, the context where these reports began to be produced and the content trends. Afterwards, the session focused on the applicable GRI standards for the preparation of sustainability reports and explained how the harmonization of the foresaid standards with other existing standards has been a quest. The session concluded by analyzing the challenges and opportunities of sustainability disclosure.

Key takeaways

1. GRI standards adopt a dual materiality concept. They help companies identify material ESG topics based on the impacts the company creates on the economy, society, and the environment, and the impacts society and the environment create on the company.
2. GRI has modular standards. A set of universal standards (GRI 101, GRI 102 and GRI 103), which serve as a general reference framework to prepare the report; and three sets of thematic standards divided into series: economic (GRI 200), environmental (GRI 300) and social (GRI 400) standards. All the sets of standards detail the ESG factors to report and the indicators to follow.
3. GRI developed reporting standards that include specific metrics for the disclosure of the ESG impacts generated by companies. These standards are publicly accessible through the GRI website, which also provides a detailed guide to apply its standards with their corresponding indicators.
4. Many of the companies around the world use these standards extensively to prepare their corporate sustainability reports.
5. Sustainability risks also translate into financial risks. Hence, sustainability information generates value for companies.
6. GRI standards may be used complementarily together with the SASB standards of VRF.
III.5. Introductory Online seminar on climate change and its relation to the financial system

Date: July 28, 2021
Time: 8-9:30 am
Platform: https://gggi.goweb.tv/
Number of participants: 28 participants, 16 women and 12 men. Speaker: Marianna Lara, GGGI

This online seminar aimed at strengthening the knowledge CNBV staff hold regarding how climate change impacts the financial system. The speaker introduced the concepts related to climate change and the Paris Agreement, explained the relation between climate change and the financial sector, and defined sustainable, green and climate finance. The online seminar also looked at the ecosystem of environmental, social and governance (ESG) factors and the definition of climate risks.

Key takeaways

1. Government actors, including national regulators of the financial sector, are taking increasingly ambitious actions to channel financial resources towards climate change mitigation and adaptation. They also strive to recognize, report, and manage the risks and opportunities associated with climate change.

2. Sustainable finance encompasses green and climate finance. The latter focuses on exclusive resources for projects and programs with high climate impact on mitigation and/or adaptation. Green financing includes other environmental aspects in addition to climate, while sustainable finance relates to all the activities established in the SDGs.

3. The mobilization of public and private financing is essential to move towards a low-carbon economy and achieve the goals of climate change and sustainable development. Transparency of the origin and destination of resources is key. Hence, the relevance of integrating and disclosing ESG factors and climate-related risk information.

4. Proactive and transparent ESG reporting and data may help companies raise capital and investors weigh climate risk in their investment decisions.

5. Adhering to an ESG framework means being prepared for the future. The stakeholders who prioritized it in the years leading up to 2020 have had the most tools to deal with the various impacts of the pandemic.
Chapter III. Activities to develop capacities and skills related to the identification, management, and disclosure of ESG information and climate-related risks

III. 6. Webinario sobre ¿Qué son las finanzas sostenibles? en la Semana Nacional de Educación Financiera

Fecha: 4 de octubre de 2021
Horario: 16:00-17:00 horas.
Plataforma: Visa/Sitio web de la Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financiero
Número de participantes: 37
Ponentes:
Alba Rodríguez y Lizet Solís, Dirección de Política Regulatoria, CNBV
Carla Juárez, Embajada Británica
Liga a la sesión grabada: https://www.efinf.com/clipviewer/files/0169b20360fc8e2f1bf29c78cb84164.mp4

El objetivo del webinario fue explicar qué son las finanzas sostenibles ante el público asistente de la Semana Nacional de Educación Financiera, sobre el papel que juega el inversionista minorista en las finanzas sostenibles y ante los riesgos y oportunidades climáticas, así como el papel de los individuos como ahorradores en las finanzas sostenibles y ante los riesgos climáticos. Finalmente, se informó sobre las herramientas sobre el cómo la regulación para finanzas sostenibles y ASG puede empoderar al ahorrador e inversionista minorista.

Lecciones aprendidas

1. Una regulación financiera adecuada permite a los ahorradores e inversionistas conocer los riesgos y oportunidades ASG, incluyendo riesgos climáticos que enfrentan y en los que invierten empresas, AFOREs, aseguradoras, proyectos y activos en particular.
2. La información ASG y de riesgos climáticos facilita la canalización de recursos a bancos, fondos de inversión, AFOREs, aseguradoras, activos y proyectos específicos que fomenten la transición a una economía baja en carbono y resiliente a los efectos adversos del cambio climático o con exposición a industrias altas en carbono.
3. La información ASG y de riesgos climáticos también facilita la desinversión de recursos en bancos, fondos de inversión, AFOREs, aseguradoras, empresas, activos y proyectos específicos con alto perfil de riesgo climático, por ser particularmente sensibles a los efectos adversos del cambio climático o con exposición a industrias altas en carbono.
4. De manera particular, lo que concierne a cada individuo es fomentar la transición del sistema financiero a uno más sostenible, incluyendo el conocer y monitorear los riesgos ASG, como son riesgos climáticos, de las inversiones y productos financieros que adquieren.
5. Otra recomendación es acercarse a las entidades financieras, conocerlas, analizarlas y elegirlas, y seleccionar con conciencia aquellos productos y servicios financieros ofrecidos que consideran factores ASG en su toma de decisiones de inversión.
III. 7. Online seminar on ESG reporting practices and climate-related risks

Date: November 30, 2021  
Time: 10:30 to 11:30 am  
Platform: Teams  
Number of participants: 97, 49 women and 48 men  
Speaker: Humberto Ahuactzin Ortega, Deputy General Director of Accounting Prospective, CNBV  
Link to the recorded session: https://drive.google.com/file/d/1iWDS5eAWNSXloK3LqTl62ta1XooxFW/view

This online seminar strengthened the knowledge of CNBV staff on the specifics of ESG disclosure and climate-related risks, as well as potential financial regulation in Mexico. The session provided a context of ESG standards, frameworks, and metrics, as well as a diagnosis of integration and disclosure of ESG information in Mexico. Afterwards, the seminar looked into ESG integration and disclosure from a comparative international perspective to explore regulatory trends in other jurisdictions, which could apply to Mexico. The session also detailed some specific recommendations of what ESG financial regulation could and should include in Mexico.

Key takeaways

1. The ESG reporting ecosystem splits into five major groups of actors as follows: Framework and Standards Issuers, ESG Disclosure Consultants, ESG Data Providers and Aggregators, Financial Regulators, and Notable Investor Coalitions.
2. Former SASB (now VRF), and the GRI Initiative are among the most used standards, which provide standards with different but compatible approaches to prepare a sustainability report.
3. The implementation of the TCFD recommendations begins to permeate different industries and types of players. In fact, nearly 60% of the world’s one hundred largest public companies support or report online using TCFD.
4. IFRS Foundation recently announced the creation of the International Sustainability Standards Board (ISSB) to develop a comprehensive global baseline of high-quality sustainability disclosure standards to meet the information needs of stakeholders and investors. This will allow the consolidation of ISSB with CDBS and VRF before 2022.
5. There is a gap between the demand for ESG information and climate-related risks and the urgency to deploy actions to achieve the national and international commitments established in the Paris Agreement, as well as the SDGs.
6. The fact that the United States, the United Kingdom, and the European Union are considering the mandatory disclosure of ESG information in the short term creates a precedent for Mexico’s regulatory actions on ESG disclosure and climate-related risks to move in the same direction.
7. The principle of verifiability of the most relevant data and indicators must be adopted to guarantee the transparency and reasonableness of the ESG reports. This practice is compatible with the audits conducted in financial matters and it gives users certainty on the validity of the information.
III. 8. Online seminar on Financing for climate resilience in the Mexican agricultural sector: Analysis of access to financial services for agricultural producers with high climate vulnerability

Date: January 27, 2022
Time: 11:00 to 12:00
Platform: Teams
Number of participants: 57
Speaker: Mtro. Marco del Río Chivardi, General Director of Access to Financial Services, CNBV

The objective of this online seminar was to present the findings of the report on “Financing for Climate Resilience in the Mexican Agricultural Sector: Analysis of Access to Financial Services for Agricultural Producers with High Climate Vulnerability.” In order to achieve its goal, the session explained the relationship between financial inclusion and climate change at a theoretical level. It detailed what inclusive green finance entails and the public policy framework for such inclusive green finance. The seminar then detailed the findings of the report and case studies on financial inclusion and climate change in the agricultural sector.

Key takeaways

1. Climate change causes an important impact on the role of financial inclusion as a facilitator of poverty reduction. Efforts to reduce poverty and to reduce climate vulnerability are complementary.
2. Sectors of the economy that are particularly sensitive or vulnerable to climate change, such as the agricultural sector, associate exposure to climate change with the need for credit, given the fact that financial inclusion may improve climate resilience.
3. The availability and penetration of credit and insurance may facilitate and enhance preparation and resilience to the adverse effects of climate change and natural disasters.
4. The empirical research study conducted by CNBV and GGGI concluded that Mexican agricultural producers with high climate vulnerability seem to use fewer financial services.
5. An increased level of financial inclusion of agricultural producers may facilitate and promote the resilience and recovery of producers who face extreme climate events or climate disasters.
Accelerating green financing through the strengthening of Mexico’s National Banking and Securities Commission

Presentación del reporte

Financiamiento para la resiliencia climática del sector agropecuario mexicano: Análisis del acceso a servicios financieros de productores agropecuarios con alta vulnerabilidad climática

Invitación a la webinar.

Inclusión financiera y cambio climático

Webinar para la Comisión Nacional Bancaria y de Valores

Invite to the webinar.

Slide deck for the webinar.

Políticas de Prevención

Puntos clave:
- Mejora de la resiliencia del sector agropecuario
- Acceso a servicios financieros
- Políticas de prevención

Delivery of the webinar.

Delivery of the webinar.
Chapter IV.
Dialogues to exchange knowledge and best practices in the integration and dissemination of ESG standards and climate risks
Chapter IV. Dialogues to exchange knowledge and best practices in the integration and dissemination of ESG standards and climate risks

The following sessions took place as part of the project, and they aimed at sharing knowledge, experiences, and best practices from different jurisdictions in the area of ESG integration and disclosure:

Dialogues to exchange knowledge and best practices


2. Greening financial systems in Latin America from the banking sector and the capital markets, October 27, 2021.


IV.1. Dialogue with the Financial Superintendence of Colombia (SFC): Developments and opportunities in sustainable finance

Date: September 9, 2021
Time: 9:30 to 11 am.
Platform: Teams
Number of participants: 12; 7 women and 5 men

The objective of this dialogue between SFC and CNBV was to inquire about what the Colombian regulator is doing to develop ESG finance regulation. Thus, the Colombian institution shared its work plan that seeks to reduce the barriers or obstacles for the mobilization of resources towards projects that contribute to sustainable development, mitigation, and adaptation to climate change.

Key takeaways

1. SFC’s Sustainable Finance Working Group was created in May, 2020. It is in charge of implementing the Strategy to green the financial system. The deployment strategy features four lines of work: ESG integration (development of guidelines for the integration of ESG standards), taxonomy (regulations and guidelines for green bonds and development of green taxonomy), ESG disclosure (guidelines to improve disclosure and reporting, and Climate risks).

2. The World Bank and Chronos Sustainability supported SFC to produce a diagnosis to determine the information and reporting status of the issuers listed on the Stock Exchange. The diagnosis used thirty-two key performance indicators (KPIs), and it was published in February, 2021. The results show that the social aspect has been mostly highlighted in the annual sustainability reports.

3. The availability of information stands out as one of the main barriers to reporting ESG information, since companies do not produce the data, another barrier is the compatibility and standardization of the information disclosed.

4. SFC set up working tables with issuers and investors to discuss the results of the diagnosis and the issues covered by the regulations.

5. The expected date of issue of the regulation is December, 2021, and it might enter into force in 2023.

Bilateral session with Colombia’s SFC.
IV.2. Greening the financial systems in Latin America from the banking sector and the capital markets, GGGI Week.

Date: October 27, 2021  
Time: 9:00 to 11 am  
Platform: Teams  
Number of participants: 62; 40 women and 22 men  
Panelists: Soffía Alarcón, Director for LATAM, IHS Markit  
José Antonio Quesada, Vice President of Regulatory Policy, CNBV  
Guadalupe Pizarro, Director of Financial Investment Management and Capital Markets, General Directorate of the Public Treasury of Peru  
Jenny McInnes, Deputy Director of International Climate Finance  
Sandra Guzmán, Latin American and Caribbean Financing Group, GFLAC

The forum aimed at sharing the actions implemented in Latin America to green the financial system. Hence, it provided a regional vision in terms of ESG disclosure and climate finance, examined the cases of Mexico and Peru, and then it shared how international development cooperation supports the transformation of financial systems in the region.

**Key takeaways**

1. Latin American countries are moving to green their financial systems. ESG regulation is on the rise in the region, and thematic bond issuances are becoming the new normal in capital markets.
2. Although climate finance is on the rise in the region, the available resources are not enough to comply with the national commitments established under the Paris Agreement and the 2030 Agenda.
3. LATAM countries face the challenge of closing the gap between their current policies and their national and international commitments within the framework of the Paris Agreement. Greater national, regional, and international action is required to transform the financial system into a greener, climate-resilient and low-carbon one.
4. Financial regulators are taking steps to transform their financial systems into systems that are more sustainable and resilient to climate change. Financial regulators are fostering ESG and climate-related risk regulation at the national level, but there are global initiatives with the same goal and with a view to standardizing ways of reporting information.
IV.3. Dialogue with the European Banking Authority (EBA)

Date: November 30, 2021
Time: 9:00 to 10:30 am
Platform: Teams
Number of participants: 16; 12 women and 4 men

The objective of this dialogue between EBA and CNBV was to learn about the regulation process of the European Banking Authority regarding financial regulation to support the implementation of the European Green Deal. Therefore, the EBA shared the process and the roadmap to develop a binding regulation for the disclosure of ESG and climate-related risk.

Lecciones aprendidas

1. The organizations shared prudential regulation on ESG aimed at banking and financial institutions in mid-2021. On these grounds, EBA will request banks and investment entities (asset managers and owners) to disclose information on the following elements: mitigation and adaptation actions, disclosure of physical climate risks, ratio of green assets and qualitative disclosure on ESG risks.

2. The application of the regulation will begin considering an annual period as of June 2022. After the first year, it will be submitted every six months (two periods: January 1 to June 30 and July 1 to December 31).

3. EBA first published the non-financial regulation (Pillar II. ESG non-financial regulation to encourage the disclosure of non-financial information and its relation to environmental, social and governance (ESG) standards) for more than five hundred companies. Afterwards, EBA produced the prudential regulation (Pillar III). It developed voluntary TCFD-based guidelines to encourage the disclosure of non-financial information related to ESG, but without requesting indicators. However, the regulation has not yield the expected results since companies continue to not include information related to ESG in their reports or, where appropriate, the information provided is of a qualitative nature and, therefore, not comparable. EBA is currently reviewing this regulation.

4. The publication of templates and the report on prudential regulation (Pillar III.- Prudential ESG regulation to regulate the disclosure of information related to ESG and climate risks by banks and investment entities) provided feedback to EBA from financial institutions.
IV.1. Dialogue with the Financial Superintendence of Colombia (SFC): Developments and opportunities in sustainable finance

Date: September 9, 2021
Time: 9:30 to 11 am.
Platform: Teams
Number of participants: 12; 7 women and 5 men

The Working Group on Climate Financing (GT-FIN) is a group under Mexico’s Interministries Commission on Climate Change (CICC). It is chaired by SHCP and aims at favoring the identification and mobilization of financial resources addressed at the execution of mitigation and adaptation actions to climate change.

During the Second Ordinary Session of GT-FIN of 2022, CNBV was invited to discuss the actions undertaken under its mandate to promote sustainable investments. CNBV presented the actions it is implementing, as well as the actions undertaken by the four working groups of the Sustainable Finance Committee in terms of ESG disclosure, integration of climate-related risks and development of a sustainable taxonomy.

Key takeaways

1. One of the most important financial risks is the credit risk, which poses a scenario where banks would not recover their loans, amongst other things, and this would therefore create serious effects for the national and international economy.
2. Several components within credit risk are currently under analysis, but one of the variables to incorporate is the risks associated with climate change, including: (1) changes in laws or regulations aimed at complying with international agreements; (2) changes in consumption habits; (3) technological changes; and (4) greater frequency of extreme natural phenomena. These risks have the same effect and would imply the loss of investment for some companies, which in turn would affect their ability to pay back their credit, thus affecting the financial system.
3. Climate change also represents an opportunity for the financial sector, in the sense that it is strategic to divert capital towards sustainable investment. Therefore, the Financial System Stability Council formed the Sustainable Finance Committee.
Chapter V.
Final considerations
Chapter V. Final considerations

The project “Accelerating green financing by strengthening CNBV” financed by UK PACT of the British Government implemented a series of activities in CNBV on climate risk and the integration and disclosure of ESG. The activities sought the following results: i) build capabilities, ii) increase knowledge, iii) provide a tool for regulated entities to carry out a self-assessment on the aforementioned ESG matters and iv) disseminate and promote the institutional efforts.

The work CNBV has done together with GGGI responds to the need to transform the Mexican financial system into a more sustainable type. Therefore, both institutions created synergies throughout 2021, particularly around the greater integration, management, and disclosure of ESG information and climate-related risks in various Mexican economic sectors.

Considering GGGI’s commitment to a financial sector that actively contributes to the sustainable development of Mexico, coupled with the need to issue regulations on ESG factors and climate-related risks, CNBV received supported to create mechanisms and tools within the institution to accelerate such changes in its regulated entities.

Hence, some activities of the CNBV for 2022 include i) quality analysis of the current ESG and climate risk reports from financial entities and securities issuers in Mexico, ii) round tables with regulated entities regarding potential ESG financial regulation and climate-related risks, iii) the launching of the self-diagnosis tool for financial entities and securities issuers and analysis of the aggregated and anonymized results of said self-diagnosis, iv) continue the dialogue with regulators from other countries to exchange best practices and experiences aimed at disclosing ESG information and climate-related risks; and v) conduct outreach activities, among others.