ICSA
INTERNATIONAL COUNCIL of SECURITIES ASSOCIATIONS

EMERGING MARKETS COMMITTEE

2022 Research Report

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Sustainable Capital Markets

TCMA

Chair

AMIB ANBIMA ASCO BROKERS FORUM Korea Financial Investment Association SA

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ABOUT ICSA

Founded in 1988, ICSA is the global organization of securities industry associations representing firms across the world including East and West Asia, Latin America, North America, and Europe.

ICSA is the only true representative of the global securities industry.

ICSA provides members with market intelligence, a stronger voice, and increased impact by

- serving as a forum to understand developments, exchange views and practices, and collaborate to work for better global capital markets

- advocating appropriate regulatory policies, regulations, and initiatives across jurisdictions to promote efficient and well-functioning securities markets and the flow of cross-border capital

- assisting regulators and government authorities in understanding the global, consolidated, and non-biased position of the industry as it relates to proposed policy and regulatory reform

As IOSCO brings together the world's securities regulators and develops and implements internationally recognized standards for securities regulation, ICSA is ideally suited to work closely with them to provide market perspectives and positions. ICSA has built relationships with the Financial Stability Board, the Basel Committee on Banking Supervision, and the OECD.

Consultation responses and research published by ICSA can be found on dedicated sections of its website www.icsa.global .

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Sustainable Capital Markets in Emerging Markets

One of the most important priorities of the current era is making the world in which we live a more sustainable one. This issue has gained enormous importance recently, as the urgency is growing in view of the extreme climate events observed in every part of the world.

It is obvious that sustainability is not only desired but also vital. A recent study published in *Nature* states that the demand for natural resources has exceeded the Earth's biological rate of regeneration. It also points out that human beings use 73% more natural resources than the Earth can produce in a year. According to the World Bank, air pollution cost the globe an estimated 6.1% of global GDP in 2019, and this is only air pollution. The same goes for water scarcity: According to the United Nations (UN), half of the world's population could be living in areas facing water scarcity as early as 2025 and around 700 million people might be displaced because of it by 2030. Last but not least, global extreme poverty stands as one of the biggest challenges to sustainability. According to the UN, although total number of people living below the extreme poverty line continuously decreased between 2015-2019, it started to rise again in 2020 during the pandemic to reach 751 million people.

Achieving sustainability globally has its roots back to 1990's. Adopted goals and policies have been revised and widened and United Nations' member countries agreed in 2015 to seventeen different Sustainable Development Goals (SDGs) to be achieved within the next 15 years. It had been estimated that the world needs to spend between 3-5 trillion US dollars annually to achieve the seventeen SDGs by 2030, but the pandemic has now added another 2 trillion US dollars annually to this figure.

Most recently, between 31 October - 13 November 2021, the 26th annual United Nations Climate Change Conference (COP 26) took place in Glasgow. The main agenda consisted of a review the implementation of the United Nations Framework Convention on Climate Change, the Kyoto Protocol, and the Paris Agreement, with a view towards acting to further develop and implement these instruments.

In that context, from supra-national organizations to SMEs, all types of organizations have included sustainability in their agendas and started to set up goals and solutions.

As the ICSA Emerging Markets Committee, we have conducted a project among our seven members which consisted of filling out a detailed questionnaire touching on different areas of sustainability in each country.

This project had two main goals: First, we wanted to identify the current situation regarding policies adopted in the financial industry in terms of sustainable development goals. We aimed to point out current actions based on the ESG criteria in the financial and capital markets of emerging countries.

Second, we wanted to help members identify areas for possible improvement and set up a strategy for compatibility with the SDGs through peer comparisons. As stated by the UN Global Compact, adoption of ESG considerations provides new opportunities for the financial sector to grow sustainably and create long-term value for business and society. In that sense, finding out the similarities and differences of ESG actions among member emerging countries is particularly important to achieving a sustainable economy.

We believe by heart that this project has successfully achieved its purpose, thanks to the great contributions and the information flow by our members.

Kind regards,

Ekin Fıkırkoca
Chairperson, ICSA EMC Committee
Director of Research & Statistics, Turkish Capital Markets Association

I. Policy Initiatives to Support Sustainable Development Goals in the Capital Markets

In most members' countries jurisdictions, regulators have adopted comprehensive policy initiatives to support environmental, social, and governance criteria (ESG) and sustainable development goals in the capital markets. Moreover, there are concrete plans to further develop ESG practices. Below are listed key practices in each jurisdiction:

- In **Brazil**, both the Brazilian Central Bank (BCB) and the securities Regulator (CVM) have on their agenda the development of sustainability and SDG related practices. Important BCB regulation came into force regarding social, environmental and climate-related risk management by banks and intermediaries and TCFD-aligned information disclosure rules for both financial institutions and companies were released.
- In **India**, Companies Act requires every company (above a certain threshold) to spend at least 2% of their net profits in any financial year towards the Corporate Social Responsibility (CSR) which in turn covers the sustainable development goals. All listed company Boards of Directors must be one-third comprised of women. In addition, Business Responsibility and Sustainability Reporting was made mandatory for top 1000 listed entities (by market capitalization) starting from April 2022. Moreover, there is a proposal for 1) setting up of Social Stock Exchanges that will serve as a platform for fundraising and 2) incorporate a set of procedures by which social impact of non-profit organizations (NPOs) and for-profit enterprises (FPEs) will be measured and reported.
- In **Korea**, the government established the Korean Green Taxonomy (K-Taxonomy) tailored to the domestic economic and industrial environment. Moreover, in order to enhance ESG capabilities of small and medium size companies, a self-monitoring tool has been created. In addition, a guideline that offers measurements for environmental impacts (including indicators and calculation formulas) has been released as a tool for companies and financial institutions to evaluate environmental and social values.
- While **Mexico** is lacking a comprehensive sustainable capital market strategy, a new regulation coming into force in 2022 makes mandatory the inclusion of ESG factors in the assessment of investments in the retirement savings system.
- In **Taiwan**, the regulator recently announced several roadmaps to promote ESG factors in capital markets in cooperation with peripheral agencies, non-profit organizations, and the financial industry.
- In **Thailand**'s capital markets, the regulator has put in place mechanisms to push ESG factors to be an integral part of business operations and business processes by issuing guidelines and organising training programs. Moreover, it promotes carbon

neutrality and human rights due diligence in capital markets.

- In **Turkey**, the Capital Markets Board's Sustainability Principles Compliance Framework (part of the Corporate Governance Communiqué) addresses ESG issues on a comply or explain basis.
- The Financial Stability Board (FSB) created the **Task Force on Climate-related Financial Disclosures (TCFD)** to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks related to climate change. Mandatory TCFD-aligned disclosure requirements are in place in Brazil (gradual implementation in 2022 and 2023), in India (for top 1000 companies) and Taiwan (gradual implementation for insurance companies in 2022 and 2023). In Mexico, a TCFD-Mexico Consortium was established to broadly promote climate-related financial disclosure recommendations. This Consortium will be led by the Green Finance Advisory Council (CCFV).

II. Policy Initiatives to Support Sustainable Capital Market Products

All capital market regulators in members' countries are undertaking recent initiatives to develop sustainable capital market products. Below are listed key initiatives in each jurisdiction:

- In **Brazil**, the approval of the Renovabio Law allowed for the creation of Decarbonization Credit Certificates (CBIOS) issued and recorded at the B3 Exchange. Another important measure adopted in 2020 was the inclusion of debentures financing projects that promote environmental or social benefits among those considered "infrastructure debentures" and therefore entitled to specific tax incentives.

- In **Korea**, a social bond guideline was issued in line with ICMA standards. Efforts such as reducing the cost of issuance by subsidizing the external review for socially responsible investment (SRI) bonds are being made to facilitate the development of an ecosystem. Moreover, strategies to limit the investment in the coal industry have been introduced in order to promote ESG investing of the national pension fund. The National Pension Service (NPS) announced measures to strengthen responsible investing, such as the development of benchmark indexes, and aims to increase its investment in ESG companies to 50% of its portfolio by 2022. Moreover, the KRX jointly announced with the Financial Services Commission and the Financial Supervisory Service a plan to comprehensively revise the corporate disclosure rules. The public financing institutions in Korea have incorporated ESG evaluation and provide customized products for companies with high ESG ratings. Also under consideration is the introduction of sustainability linked loans (SLL) which link interest rates to companies' ESG performance.

- In **India**, while disclosure requirements are in place for Green Debt Securities, the Securities and Exchange Board of India (SEBI) has recently proposed to revise the investment norms for mutual fund schemes as per the ESG philosophy. According to this proposal, from 1st October 2022, asset management companies should only invest in securities with Business Responsibility and Sustainability Report disclosures.

- In **Mexico** (2018) and **Turkey** (2022) principles for green bonds were developed in line with the ICMA principles.

- In **Taiwan**, FSC announced "Transition Strategies of Sustainable Development for Securities and Futures Sectors" which includes ten strategies, and twenty-seven concrete measures. The FSC aims to materialize the goals of the sustainability transition strategy in three years, in collaboration with industry associations and supervisory institutions including the Taiwan Stock Exchange, Taipei Exchange, Taiwan Futures Exchange, and Taiwan Depository & Cleaning Corporation.

- In **Thailand**, the SEC has established fundraising tools including rules on sustainability-linked bonds, a regulation to integrate ESG principles into asset management firms’ practices, and standards on sustainability information disclosures requiring listed companies to report. The SEC also supports the development of human capital to review and assure compliance with standards.

III. Industry Initiatives to Support Sustainable Capital Markets

In addition to government efforts, there are many initiatives undertaken by associations, exchanges, intermediaries, and asset managers as well as listed companies. Below are listed key initiatives in each jurisdiction:

Member associations are contributing to the development of sustainable capital markets through various initiatives such as:

- **Self-regulation**: **ANBIMA** sets self-regulation rules that identify investment funds as "sustainable." It also establishes the requirements for investment funds that want to describe in marketing materials the consideration of ESG elements in investment policies.
- **Assisting policy development**: **AMIB** through membership the Green Finance Advisory Council, **ANBIMA** and **TCMA** through working groups, **KOFIA** through consultation in specific policy development areas, and TCMA through membership in the Impact Investment Advisory Board.
- **Information sharing**: **KOFIA** built with other financial associations the ESG Finance Information Sharing Platform, where information that financial companies need for ESG finance is gathered.
- **Raising awareness through events and publications**: **ANBIMA** ESG guide and survey report, **BBF** Forum Views, **TCMA** quarterly review, annual summit and TV programs.
- **Training courses**: **ASCO** training courses for salespersons in securities industry and **TCMA** sustainability certificate program.

Exchanges as regulatory organisations are also contributing to sustainable capital markets. Moreover, all of the exchanges established in member associations' jurisdictions are members of the UN Sustainable Stock Exchanges Initiative, except for Taiwan.

- **Regulation**: In **Taiwan**, following the Corporate Social Responsibility Best Practice Principles for Listed Companies and the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by Listed Companies, the Taiwan Stock Exchange (TWSE) urged Taiwan's listed companies to adopt ethical management practices and strengthen their sustainable development. In 2019, the TWSE added the stipulation that companies had to disclose in their CSR report the average and median salary data of non-managerial full-time employees.
- **Index Calculation**: Exchanges calculate a wide range of ESG related indices not limited to corporate governance or broad ESG indices such as Taiwan's Taiwan **Employment Creation** 99 Index and **High Compensation** 100 Index. Taiwan also calculates a Small/Mid-Cap Index to encourage small/mid-cap focus on corporate

social responsibility. The B3 Corporate Sustainability Index (ISE B3) has just been revised to streamline its methodology and make it more transparent for investors. The Thai Bond Market Association (ThaiBMA) calculates an **ESG bond index**.

- **Guidelines**: In **Brazil**, the stock exchange B3 issues various publications and guides. **Taiwan** Stock Exchange established corporate governance guidelines and the Corporate Governance Center. More recently, in line with the regulator's roadmaps, TWSE supports companies in strengthening their mid- to long-term sustainable development.

- **Registry system**: In **Brazil**, the stock exchange's registry system allows for the identification of debentures and Agribusiness Certificates (CRA) which are marked as green. In Korea, the **Korea** Exchange is running the ESG Portal to publish ESG-related information.

- **Venue**: Brazil's B3 provides the registration environment for Decarbonization Credit (CBIOS) issuance, trading, and retirement request.

Intermediaries and asset managers:

- In all member countries excluding Taiwan, there are market participants which are signatories to the **Principles for Responsible Investment (PRI), the United Nations Global Compact,** and **the Carbon Disclosure Project (CDP)**. Moreover, recently in Brazil local market participants are mentioning the engagement in net-zero initiatives.

- **Stewardship code**: In 2016, the **Brazilian** Association of Capital Market Investors (AMEC) launched the Brazilian Stewardship Code and Principles. A new edition was released recently. The Corporate Governance Center of the TWSE in coordination with the **Taiwan** Depository & Clearing Corporation, the Securities Investment Trust & Consulting Association and Taiwan Financial Services Roundtable, launched the Stewardship Principles for Institutional Investors. In **Thailand**, the SEC, and Association of Investment Management Companies (AIMC) adopted the Investment Governance Code (I-Code) which contains investment governance principles and guidance reflecting international standards and best practices for responsible and effective stewardship over institutional investors. Moreover, the I-Code promotes and contributes to a good corporate governance ecosystem and stimulates responsible and sustainable practices by listed companies.

- **Organisation**: In **Korea**, asset management companies have set up their own special departments and evaluation systems for ESG, through which they conduct ESG evaluation of ESG fund development and asset portfolios.

- **Public declaration**: In **Mexico,** a declaration was signed in 2022 in favor of the development of climate, green and sustainable finance in Mexican banking. "Request to Issuers Regarding the Disclosure of Environmental, Social and Corporate Governance Information" was relaunched by the Green Finance Consultative Council

CCFV in 2021 and signed by more than eighty financial institutions, of which forty-one are institutional investors with operations in the country. These investors jointly manage assets totalling MXN 6.7 trillion (equivalent to 27.6% of GDP).

- **Public-private dialogue initiatives**: In **Brazil**, the LAB is a joint initiative of public and private entities sponsored by the Brazilian Association of Economic Development (ABDE), Interamerican Development Bank (BID), the Brazilian Securities Commission (CVM) and GIZ (Germany). The LAB is responsible for working groups, studies, research and proposals regarding green finance and sustainability in local Brazilian markets. In **Turkey,** the Impact Investing Advisory Board aims to create an enabling environment to facilitate the growth of impact investing and to establish a well-functioning ecosystem in Turkey.

Listed companies:
In all of member countries several listed companies disclose non-financial sustainability related information, although this is not mandatory for all listed companies.

- In **Brazil**, listed companies' disclosure of ESG information is expected to grow with the new CVM regulation.
- In **India**, the Business responsibility report (BRR) circular requires annual report of companies to contain a description of ESG initiatives. This has been further transformed in the Business Responsibility and Sustainability Reporting (BRSR) and made mandatory for top 1000 listed entities (by market capitalization) from April 2022.
- In **Korea**, 765 KOSPI-listed companies disclose ESG-related information (92.8% of the entire KOSPI-listed companies).
- In **Mexico** approximately 60% of listed companies disclose non-financial information in sustainability reports or integrated reports, on a voluntary basis. AMIB hopes that in the future it will become a global obligation.
- In **Thailand**, listed companies are required by regulation to disclose ESG information.
- In **Taiwan**, listed companies are required to publish Corporate Social Responsibility Reports, including the average and median salary data of non-managerial full-time employees.
- In **Turkey**, several listed companies are participating in the UN Global Compact and Carbon Disclosure Project and publish related sustainability indicators. Some companies are publishing an integrated annual report. Since 2021, comply or explain is mandatory for sustainability principles.

IV. Capital Market Priorities in ESG Categories

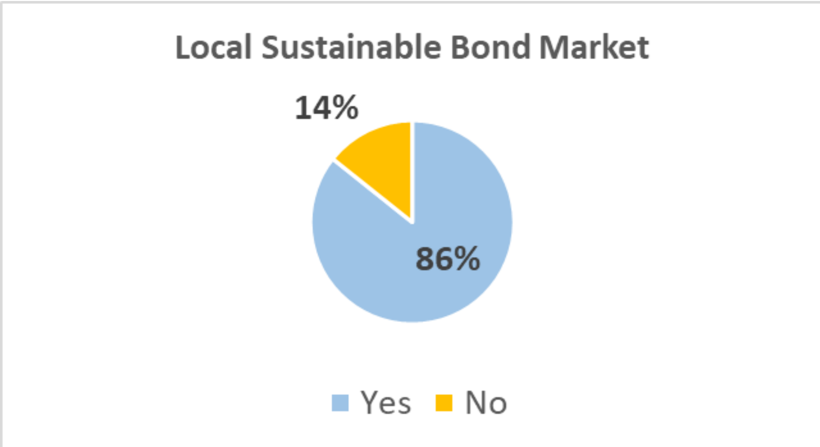
The focus of each market is different. Moreover, in some countries like Turkey the small size of the sustainable market limits the scope of the responses.

	Brazil	India	Mexico	Korea	Taiwan	Thailand	Turkey
1. ENVIRONMENTAL							
i. Climate change and emissions	5	7	10	10	5	9	10
ii. Biodiversity	7	6	8	6	4	5	4
iii. Water resources	8	10	10	8	8	8	8
iv. Deforestation	7	8	10	7	6	7	2
v. Waste management	7	9	8	8	7	8	8
2. SOCIAL							
i. Employment conditions	5	7	10	8	8	7	6
ii. Health, safety	5	10	10	7	9	8	6
iii. Diversity	5	6	10	5	6	7	4
iv. Customers	10	8	10	9	7	8	4
v. Communities	7	9	10	8	5	8	1
i. Controls and compliance	10	10	10	8	8	8	4
ii. Executive management responsibilities	8	9	10	8	7	10	4
iii. Renumeration	5	7	9	6	5	8	1
iv. Shareholder rights	8	8	9	7	6	10	1

V. Sustainable Capital Market Products

There are no designated markets for local sustainable equities in any of the jurisdictions. ESG related indexes are calculated in each country but most also partner with international index providers. Some of countries revised their index methodologies to be more transparent for investors in recent years. In Thailand, the ESG related index has been officially named as domestic investment benchmark for the Labor Pension Fund by the Ministry of Labor.

Taiwan and Korea exchanges established dedicated sustainability bond platforms in recent years. Other countries have sustainability related bonds issuance without specifically designated markets for those instruments.



Sustainability-themed funds and ETFs have recently attracted investor attention in each country, but in most there no defined metrics to qualify.

- In **Brazil**, B3 publishes equity indices related to sustainability with the exchange revising the ISE B3 Index methodology in 2021. There are ETFs based on ESG indices listed on the exchange. In 2021, sustainable/green bond issues increased to US $ 15.8 billion. Equity funds identified as sustainable/governance according to one of ANBIMA's subtypes represented less than 0.5% of the industry as the end of 2021.
- In **India**, there are several ESG equity indices. The first ESG-related index in the Bombay Stock Exchange (calculated in partnership with S&P) was launched in 2013. The companies in this index represents 15% of the total Mcap. Sustainable bond issuance accounted for 10% of total issuance in 2021. Ten ESG funds out of the 1,461 funds have a share of 0.4% in total AUM.
- There are 10 ESG indices for equities in **Korea**. The exchange launched a platform dedicated to Socially Responsible Investment (SRI) Bonds in 2020. 173 bonds with US$ 15.5 billion outstanding value were listed in this market as of 2021. The AUM of ESG funds reached USD 1.9 billion out of US$ 273 billion.

- In **Mexico**, S&P/BMV ESG, FTSE4Good BIVA and Gender Equality are ESG related equity indices calculated in agreement with the exchange. Sustainable bond issuance reached US$ 9 billion in 2021. Sustainable themed funds are limited as there are no metrics to identify or qualify them.
- The **Taiwan Stock Exchange** has calculated an ESG related index in partnership with FTSE since 2017. The index is officially named a domestic investment benchmark in the discretionary investment plan for the Labor Pension Fund. A sum of US$1.5 billion will be released under the plan to invest in the index. TSE established a sustainability bond market in 2020. ESG-themed funds and ETFs have jumped in past two years. By March 2022, active ESG strategy mutual funds accumulated US$2.52bn in assets, and ESG ETFs reached US$1.97bn.
- In **Thailand,** sustainable equities have been selected by the exchange since 2015. These listed companies form two thirds of total Mcap as of 2021. The SETTHSI Index that selects those firms from the list was first formed in 2018. Sustainable bonds and funds are still in development. ESG bond and funds represented 2 percent of total corporate bond outstanding and AUM as of 2021.
- In **Turkey**, the exchange first formed an ESG related index in 2014. Fifty-nine out of 469 companies are in this index as the end of 2021. The methodology was revised in 2021 to incorporate Refinitiv's metrics. Companies in this index represent 61% of total Mcap. Sustainability Participation Index compliant with Islamic rules has also been calculated since 2021. The local sustainable market is small, with the first sustainable bond (sukuk) issued in 2020. Asset management companies only started to issue sustainability themed funds in 2021, and are currently few in number.

VI. Investors Active in the Space of Sustainable Investment

In most countries, sustainability investment is a quite new theme for investors. The landscape has been driven by international **institutional investors**, and more recently also by **domestic pension funds**. Below are listed key developments in each jurisdiction:

- In **India**, sustainable investments are still at nascent stage and the sustainable investment space is mostly covered by institutional investors. Retail participation is gradually rising through various thematic schemes by mutual fund houses. Foreign investors do play an active role with major investments in renewal/green energy projects. Moreover, sustainable businesses do have access to VC/PE firms.
- In **Mexico**, sustainable investments are a relatively new concept, with the first sustainable ETF iShares ESG MSCI Mexico launched in 2020. The ETF raised around 450 million dollars in its first two months, making it one of the fastest growing ETFs of the year. This type of fund, by including ESG, opened the field for international clients with an appetite to invest in Mexico.
- In **Korea**, in a bid to boost the pension funds' ESG investing, ESG-related items in the evaluation of fund and pension fund investment pool management have been enhanced or newly inserted. Moreover, the National Pension Service (NPS) announced measures to strengthen responsible investing.
- In **Taiwan**, asset managers are heavily marketing funds managed with ESG or sustainability strategies. ESG ETFs are becoming an important investment tool for institutional investors, especially life insurers that traditionally have a high exposure to ETF vehicles.
- In **Thailand**, sustainability investment is quite new for retail investors. Institutional investors and foreign investors are major players.
- In **Turkey**, until recently, green bonds by local firms were issued abroad to foreign investors. However, domestic asset management companies started to launch sustainability themed funds in 2021. Moreover, several private venture capital firms are investing in sustainability related themes.

VII. Institutions Related to Sustainable Finance

Although in most countries sustainability investment is a quite new theme, there are local service providers in this area. Moreover, international ESG raters also present in those markets.

- In **Brazil**, two local service providers dedicated to sustainable finance are very active, besides international service providers.
- In **India**, many local rating agencies are active in the sustainable finance area.
- In **Korea**, accounting firms and law firms are enhancing ESG-related services consulting by creating internal ESG departments provide.
- In **Turkey**, there is one external reviewer aligned with ICMA Guidelines for External Reviewers. Moreover, some of the consultancy companies offer assurance services on ESG issues.
- In **Thailand**, there are local rating agencies and CBI certified verifiers. The Stock Exchange of Thailand (SET) itself has been offering an annual corporate sustainability assessment for all issuers to enhance their sustainability practices and attract investor attention. The companies that could pass the assessment criteria are included in the "Thailand Sustainability Investment (THSI)" list and selected as constituents in the SETTHSI index.

Sustainalytics and S&P Global are the most used **international ESG raters**. However, in two jurisdictions (Korea, Taiwan) none of these international raters were mentioned as present. In Thailand Refinitiv, Arabesque S-Ray, ISS (Stock Rating), Morningstar (fund rating) are also used.

	Brazil	**India**	**Korea**	**Mexico**	**Taiwan**	**Thailand**	**Turkey**
i. Sustainalytics ESG Risk Ratings	✓	✓				✓	✓
ii. MSCI ESG Ratings	✓	✓				✓	
iii. Bloomberg ESG Disclosures Scores						✓	
iv. FTSE Russell's ESG Ratings						✓	
v. Institutional Shareholder Services Ratings and Rankings	✓					✓	
vi. S&P Global ESG Scores	✓	✓		✓		✓	
vii. CDP Climate, Water and Forest Scores						✓	
viii. Moody's ESG Solutions Group						✓	✓
ix. Other	✓					✓	

VIII. Use of International Best Practices and Frameworks

The most widely used international practice/framework in member countries is the United Nations Principles for Responsible Investment. ICMA Green Bond Principles comes in second place. Moreover, in countries like India, Korea, Mexico and Turkey, those principles were used to design local regulations.

STANDARDS	**Brazil**	**India**	**Korea**	**Mexico**	**Taiwan**	**Thailand**	**Turkey**
1. ICMA Green Bond Principles	✓					✓	✓
2. Principles for Responsible Investment	✓		✓	✓		✓	
3. WFE Sustainability Principles						✓	
4. Equator Principles			✓			✓	
5. Others	✓	✓				✓	✓

- In **India**, listed entities which prepare and disclose sustainability reports based on internationally accepted reporting frameworks such as GRI, SASB, TCFD, and Integrated Reporting can cross-reference these disclosures to the disclosures sought under the Business Responsibility and Sustainability Reporting (BRSR).
- In **Thailand**, GRI Standards, SASB, TCFD, IIRC, ASEAN Green Bond Standards, Science Based Targets are also used.
- In **Turkey**, LMA green loan principles are also used.

IX. Incentives for Sustainable Investment Products

In some countries those products are subject to discounted fees. Moreover in Brazil there are tax incentives on capital gains on sustainable products.

- In **Brazil**, the tax incentive of the "infrastructure debentures" are extended to those debentures financing projects that promote environmental or social benefits (which require a specific process of approval).
- In **Korea**, the cost of issuance by subsidizing the external review for socially responsible investment (SRI) bonds is reduced.
- There are number of incentive programs available in the **Thai** capital market:
    i. The SEC provides incentives for ESG bond issuers by waiving approval and filing fees for issuance of Green Bond, Social Bond, SLB and Sustainability Bond.
    ii. Thai Bond Market Association (ThaiBMA) grants a waive on the application fee for green, social, and sustainability bonds issued and reduces the annual fee by THB10,000 per year.
    iii. The Stock Exchange of Thailand (SET) offers awards and recognition for issuers with exemplary ESG practices. In November 2022, SET will also commend asset management companies with outstanding ESG practices.
- In **Turkey**, a 50% discount is offered on the CMB fee for the issuance of capital market instruments within the framework of the Green Bond Guideline. Additionally, Borsa Istanbul agreed on a 50% reduction in listing fees for green and sustainable debt instruments to further incentivize their listing.

X. Measures to Address Greenwashing

In most countries, specific measures to address greenwashing directly are not in place due to lack of regulation regarding "green" investments.

- In **Brazil**, mitigating greenwashing risks is one of the objectives of ANBIMA's initiatives regarding Sustainable Investment Funds. Content on sustainability is included in the certification of professionals. Other initiatives from local entities on financial education and transparency aim at mitigating such risks.
- In **Korea**, a new provision that prohibits unfair labeling and advertisement was inserted in the Environmental Technology and Industry Support Act, which is expected to indirectly prevent greenwashing.
- In **Taiwan**, the FSC enhanced disclosure requirements for environmental, social and governance (ESG)-themed funds to prevent "greenwashing" in the asset management sector. The commission has requested that asset management firms set at least one sustainability goal for each of their ESG-themed funds and explain how their investment would help achieve that goal. Once the firms set their goals, they need to ensure that 60 percent of the money under management is allocated for investment in companies whose operations are in line with their goals, adding that 70 percent would be a better ratio.
- In **Turkey**, only issues in line with the green bond principles issued by the Capital Markets Board can been labelled as "green."

Although there are no current measures in place, in some jurisdictions there are concrete plans to address greenwashing:

- **India**'s capital market regulator, the Securities and Exchange Board of India (SEBI), has proposed tighter environmental, social and governance rules as it seeks to minimize the risk of greenwashing and misuse of ratings by companies. It has come out with consultation paper on a proposed regulatory framework to regulate ESG rating providers.
- In **Thailand**, capital market stakeholders are collaborating to promote the availability of quality ESG data. In that context, the SEC plans to mandate that all ESG/SRI funds provide investors with transparent information on how ESG is integrated into fund policy, investment strategy, portfolio construction and management to avoid greenwashing. Moreover, the SET is developing the ESG Data Platform to facilitate the use of ESG data publicly disclosed by listed firms by investors and others. The SET, together with the Association of Investment Management Association (AIMC) and other capital market stakeholders, are working on establishing a common set of ESG metrics and Thailand's ESG Investment Framework for asset managers and institutional investors.

Contributors

Brazil

ANBIMA

ANBIMA, the Brazilian Association of Financial and Capital Markets Entities, is a non-profit organization whose 300+ members represent the plurality of Brazilian markets. ANBIMA brings together banks, managers, brokers, distributors, and administrators of all sizes. ANBIMA operates from the financial capital of São Paulo and is headquartered in Rio de Janeiro.

ANBIMA was formed in 2009 through the merger of the National Association of Investment Banks (ANBID) and the National Association of Financial Market Institutions (ANBIMA), institutions that had represented the market for more than four decades.

ANBIMA has four missions:

1) Representation: Advocacy is carried out through active participation in public hearings and debates and discussions with regulators, government agencies, and associations.
2) Self-Regulation: ANBIMA is a voluntary self-regulator for capital markets in Brazil and performs SRO functions in relation to Asset Management activities according to a formal agreement with the CVM.
3) Information: ANBIMA is the main provider of Brazilian capital and financial markets data, releasing fast-paced, reliable, and timely statistics and analysis and reports.
4) Education: ANBIMA certifies professionals through qualifying examinations, offers training, and disseminates education content and research http://www.anbima.com.br

India

BBF

The Bombay Stock Exchange Brokers' Forum (BBF) is a not-for-profit, association of intermediaries of Indian Capital Market. With more than 700 members pan India, BBF is recognized by the Government/ Regulator/ Market Infrastructure Institutions as an apex body of the Indian Securities firms.

BBF advocates stable, competitive, and efficient Indian capital markets that are necessary to support the region’s economic growth.

Initiatives include consultations with regulators and exchanges, advocacy for enhanced markets through policy papers, seminars/ webinars/ workshops for members, international investment conference summits, sessions on Investor Education and Awareness and a monthly Capital Market & Life Lifestyle Magazine. https://brokersforumofindia.com/

Korea

KOFIA

KOFIA is the sole self-regulatory organization (SRO) of the Korean financial investment industry, overseeing a wide spectrum of industry areas. KOFIA believes that self-regulation should be responsive, flexible, and market friendly. To effectively carry out its roles and functions as an SRO, KOFIA maintains the Self-Regulation Committee (SRC). The SRC is responsible for KOFIA' s self-regulatory activities, such as making decisions on regulatory enactments and revisions, and imposing sanctions on member companies, corporate executives and employees who fail to comply with regulations. The committee is headed by a non-standing chairman. Currently, all local and foreign securities companies operating in Korea are members of KOFIA. http://eng.kofia.or.kr/index.do

KOFIA's main areas of self-regulation are:

1) Enacting regulations and codes of best practices for fair business activities
2) Reviewing standard agreements and advertisements
3) Conducting inspections of members
4) Registering and administering qualification exams for financial professionals
5) Mediating disputes between member companies and their customer

Mexico

AMIB

Founded in 1980, the mission of the Asociación Mexicana de Intermediarios Bursátiles A.C. (AMIB) is to encourage the growth, development, and consolidation of the Mexican financial industry and derivatives market in an appropriate environment for investment both at the national and international level.

Since 2002, AMIB was recognized as a self-regulatory organization and authorized by the National Banking and Securities Commission to be body of certification of brokers and representatives of brokerage firms, Mutual Fund Companies or any other financial dealer that operates in the Mexican financial industry.

AMIB promotes and spreads a sound financial culture in Mexico. AMIB also represents and defends the general interests of the Associates and Affiliates in any common issue before the public administration and private organizations.
https://www.amib.com.mx/

Taiwan

TSA

Founded in 1956, the main tasks of the TSA are to promote relationships and integrate opinions among securities firms, support growth, and develop securities markets. The TSA serves as a bridge between the competent authority and the securities firms, assisting the firms in complying with the regulations and improving their competitiveness. The TSA publishes periodicals and publications about both Taiwan and international market with information and analysis, participates in international organizations and activities, mediates disputes and conflicts among member companies, promotes the education of the public, and works to enhance market discipline.

http://www.csa.org.tw/ENG/Welcome.htm

Thailand

ASCO

ASCO “Association of Thai Securities Companies” was first established in 1973 to develop and promote the country’s capital and securities market, protect and safeguard member companies, improve the standard of business operations, and cooperate with regulatory agencies in drafting rules and regulations to develop the infrastructure of the Thai capital market. in 2012, an SRO (Self-Regulatory Organization) function was added which issues guidelines for member companies to follow.

ASCO participated in establishing several organizations to support the operations of securities business of member companies, including the ASCO Training Institute, the Bond Dealers Club, the Bangkok Stock Dealing Center, TSFC Securities the Federation of Thai Capital Market Organizations (FeTCO), the Investment Banking Club, the Compliance Club, the Information Technology, the Back Office Operation Club, and the Futures Industry Club.

http://www.asco.or.th/about.php

Turkey 

TCMA

The Association of Capital Market Intermediary Institutions of Turkey was established in March 2001 as a self-regulatory organization in the Turkish capital markets. Banks, brokerage firms, asset management companies, and listed investment trusts that are authorized for capital market operations constitute the members of the Association.

Aims:

- Contribute to the development of the capital markets,
- Facilitate solidarity among its members,
- Safeguard prudent and disciplined conduct of business by its members,
- Prevent unfair competition,
- Enhance professional knowhow.

Activities of the Association:

- Establish professional rules and regulations,
- Propose changes in capital market rules and regulations,
- Set safety measures to prevent unfair competition,
- Conduct investigations,
- Impose disciplinary action,
- Conduct research and offer educational programs,
- Assist in the resolution of disputes arising from off exchange transactions among its members or between its members and investors,
- Cooperate with related foreign institutions.

https://www.tspb.org.tr/en/