



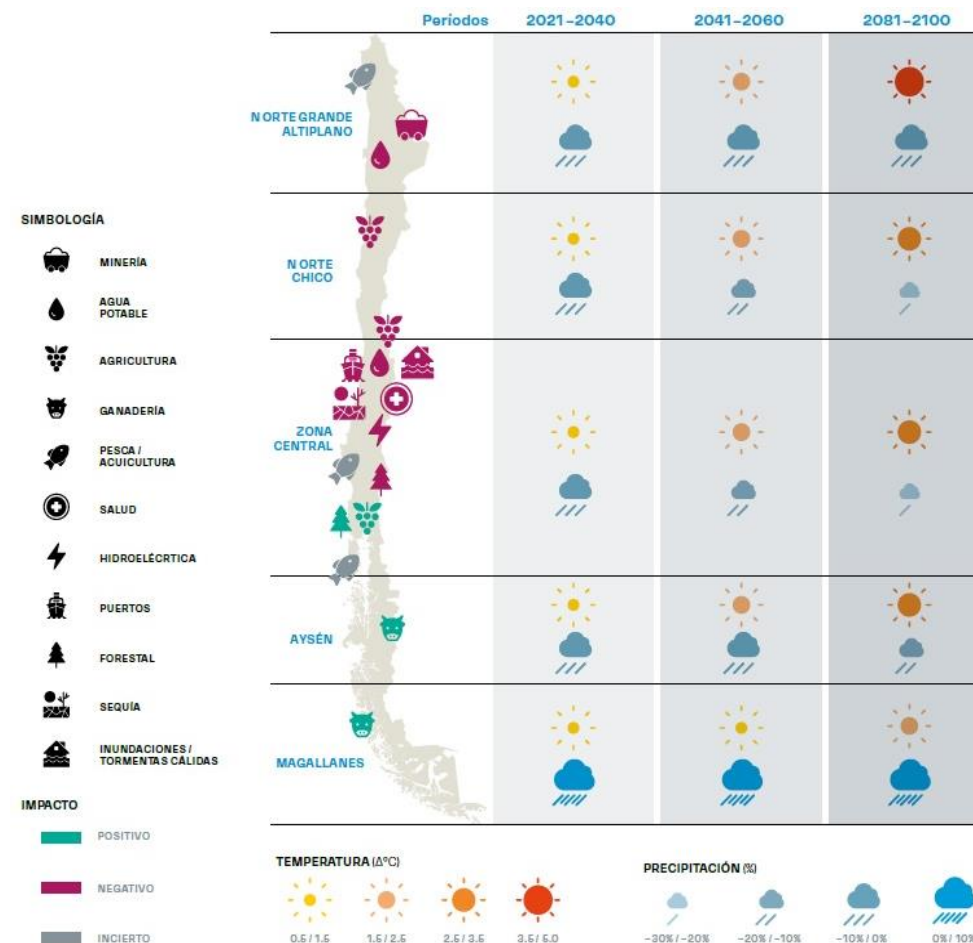
The Financial Market Commission of Chile's agenda in Sustainable Finance

Chile Day, London 2022

Kevin Cowan, CMF Commissioner

The Chilean economy is exposed to Climate-related Risks

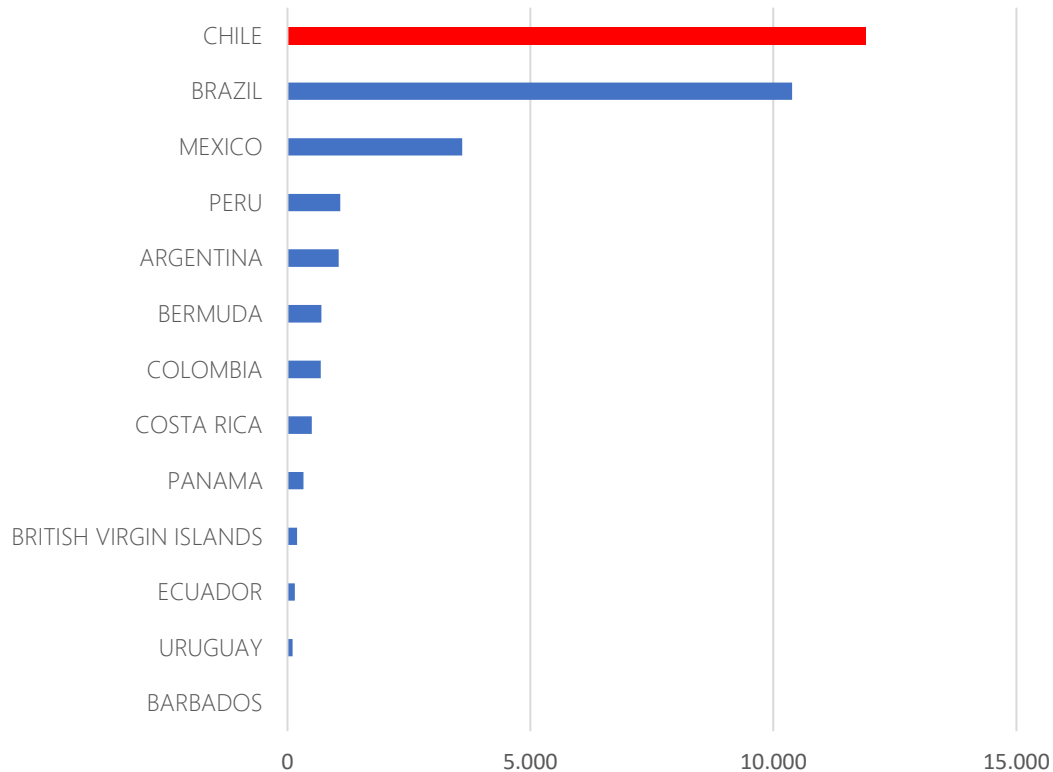
- Chile is sensitive to climate-related and environmental risks and its economy is widely exposed to them
- Climate models show that severe decreases in rainfall; draughts; wildfires and extreme temperatures are all highly likely phenomena
- Chile has just enacted a Climate Change Framework Law that establishes a carbon neutrality goal for 2050
- The transition to a low carbon society will affect energy, transportation and manufacturing sectors
- While these changes entail risks, they also bring opportunities








The Chilean economy has substantial sustainability-related opportunities

Issuance of Green Bonds LATAM

USD MM



Most attractive country for investment in renewables energies

RANK	MARKET	REGION	SCORE	BAR CHART
01	India	Asia-Pacific	2.55 / 5	
02	Chile	Americas	2.50 / 5	
03	Mainland China	Asia-Pacific	2.50 / 5	
04	Croatia	Europe	2.43 / 5	
05	Vietnam	Asia-Pacific	2.41 / 5	

Source: Climate Bond Initiative and Bloomberg.

The Commission's Strategy to face Climate Change

- In September 2020, the Commission issued its Strategy to Face Climate Change
- The Strategy states that climate change
 - is a source of financial risk;
 - it poses a threat to financial stability, the efficiency and integrity of markets; and
 - It can impede its proper development.



The Strategy has three axes:

- 1 To promote the disclosure of climate-related risks**
- 2 To promote the integration of climate-related risks into the risk management of the financial system
- 3 To promote the development of a green financial market

The Commission has determined that climate change is a strategic priority and formed a Climate Change Working Group, which implements the Commission's Strategy

Mandatory sustainability-related disclosures

- The Commission published General Rule N° 461 (GR 461) in November 2021, which established mandatory sustainability-related disclosures for issuers to be done in their annual filings
- GR 461 requires companies to disclose issues like the board's oversight of sustainability-related risks, the company's governance and risk management frameworks
- The Rule also requires companies to disclose the metrics of the SASB (Sustainability Accounting Standard Board) standards, which were recently integrated into the IFRS ISSB (International Sustainability Standard Board) recommendation, which are expected to be endorsed by IOSCO.
- Chile was the first jurisdiction to adopt mandatory disclosures of the SASB standards globally.
- CMF is currently revising regulatory requirements for collective investment vehicles

Final Remarks














- The CMF contributes to **transparency, market development, investor protection and market reputation.**
 - Improving the information available to the shareholder and investor following international trends.
 - Promoting the adoption of high standards of good corporate governance.
 - Therefore, it improves the resilience of companies.
- **Companies** are the first call to strengthen their corporate governance.
 - Companies have a privileged position to generate and implement changes in their activities, making them more sustainable and generating value in the medium and long term.
 - Incorporate ESG issues into their strategic definitions, policies, and controls.
- It is necessary to advance in the generation and adoption of global standards and adequate regulation and supervision.
 - This must be accompanied by the responsibility of the **boards** and control mechanisms, which includes the role of **external assurance and risk rating agencies.**



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Structure of GR 461

#	GR 461	International Framework / Standard
1	Content index	
2	Profile of the Company	
3	Corporate Governance <ol style="list-style-type: none"> 1) Governance framework 2) Board of Directors 3) Board Committees 4) Main Executives 5) Adherence to international frameworks or standards 6) Risk management 7) Relations with stakeholders and the general public 	  
4	Strategy	  
5	People	 
6	Business Model	 
7	Vendor Management	 
8	Indicators <ul style="list-style-type: none"> • Legal and regulatory compliance (clients, workers, environmental, free competition, others) • Sustainability indicators by type of industry (SASB Standards) 	
9	Relevant or essential facts	
10	Shareholder and directors committee comments	
11	Financial reports	