

ISDA on Voluntary Carbon Markets & Broader ESG Initiatives

June 2022



ISDA's Three Areas of Focus, Establishment of:

- Strong Legal Foundation
- Regulatory Clarity
- Good Governance

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June 2022

Voluntary Carbon Markets: Analysis of Regulatory Oversight in the US

ISDA Safe, Efficient Markets

IMPLICATIONS OF THE FRTB FOR CARBON CERTIFICATES

ISDA Safe, Efficient Markets

Sustainability-linked Derivatives: KPI Guidelines

September 2021

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December 2021

Legal Implications of Voluntary Carbon Credits

MAY 2022

ISDA FUTURE LEADERS IN DERIVATIVES

Sustainability-linked Derivatives: Where to Begin?

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IMPLICATIONS OF THE FRTB FOR CARBON CERTIFICATES: A GLOBAL PERSPECTIVE

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December 2021

Regulatory Considerations for Sustainability-linked Derivatives

Overview of ESG-related Derivatives Products and Transactions

Transition to a sustainable economy will take a massive amount of long-term funding. The financial services sector will be an essential driver in providing this funding and managing the risks associated with sustainable investments, including project risk and interest rate and currency risks.

Derivatives markets can play an essential role in this process. Derivatives enable more capital to be channeled towards sustainable investments; help market participants hedge risk related to environmental, social and governance (ESG) factors; facilitate transparency, price discovery and market efficiency; and contribute to long-termism.

This paper is intended to help market participants further understand the potential role of derivatives in sustainable finance. The paper outlines the range of product structures and transaction types that comprise the universe of ESG-related derivatives, including sustainability-linked derivatives; ESG-related credit default swap (CDS) indices; exchange-traded derivatives on listed ESG-related utility indices; emissions trading derivatives; renewable energy and newswires derivatives; and catastrophe and weather derivatives.