

APPENDIX 1: COLLECTIVE COMMITMENTS TO ACTION

As a coalition of African Capital Markets Authorities and Exchanges we have defined (3) three priority areas of collaboration under the present partnership, that we have, subsequently, translated in a set of Collective Commitments to Action.

PRIORITY (1):

TO ENABLE THE DEVELOPMENT OF AN EFFECTIVE ECOSYSTEM TO SUPPORT THE ESTABLISHMENT OF GREEN CAPITAL MARKETS IN AFRICA;

As a coalition of African Capital Markets Authorities and Exchanges, we believe firmly that fostering Green Capital Markets in Africa calls for a system-wide approach to be led by Market Regulators and Exchanges.

To that end, we will engage individually and collectively to undertake necessary measures and initiatives to support an effective transformation of our respective markets into Green Financial Marketplaces and position Africa as a prominent attractive regional marketplace for green finance and climate-resilient investments.

Accordingly, we shall:

- **Engage actively in necessary capital market reforms of legal and regulatory frameworks by issuing the adequate rules and regulations and adapting existing ones, and assist public policy and decision makers into issuing and amending the necessary primary laws and bylaws as well as providing a conducive fiscal environment;**

Beyond issuing new sets of rules and regulations that support climate finance practices and green instruments, it is essential to adapt all existing ones so that they integrate adequate requirements. Key areas of focus of such reforms should include:

- Primary markets by enabling the issue of green securities including specific listing and issuing requirements, specific information disclosure requirements, dedicated listing boards in Exchanges and information dissemination mechanisms, etc.;
- Secondary markets by promoting green and climate-resilient investment funds, with a particular focus on collective investment schemes and the set-up of Specific Market Indices, in order to deepen liquidity of securities;
- Advisory services and asset management industry by extending existing regulations on regulated activities to the adequate compliance rules with advising climate finance, risk assessment and reporting requirements.

→ **Work together to move towards a common regional set of principles or criteria with regard to labeling green securities' issues and qualifying climate-resilient projects/investments;**

In order to expand climate finance and drive investments towards green economy, it is essential to ensure coherence, transparency and investments comparability with green projects labeling and qualification.

As a coalition of African Capital Markets Authorities and Exchanges, we will work together alongside other relevant market key players to:

- Develop and agree on a common regional set of principles and/or criteria for green securities' labeling and investments/project qualification in line with international standards and practices and specifically adapted to Africa's context;
- Pave the way for the potential emergence of pan-African specialized labeling organizations;
- Contribute to the global markets development in terms of green labeling, harmonization and project qualification.

→ **Act individually and collectively to play a key role in the development of a comprehensive business support ecosystem and climate friendly financial investment environment within our respective markets;**

As a coalition of African Capital Markets Authorities and Exchanges, we will work together to assist policy and state decision makers globally, and to advocate at the continent level as well as within their respective jurisdictions to:

- Adopt a system-wide policy transformation of financial systems and business climate, within respective jurisdictions and at the continental level, in favor of an effective transition towards green and climate-resilient economic growth model;
- Address markets failures with regards to mismatching between the supply and the demand of green equity by implementing adequate economic public policies based on fiscal and non-fiscal incentives and stimulating measures;
- Define and implement the right policies and fiscal incentives to promote climate financing structure and foster green financial investments in capital markets;

→ **Promote a capital markets' cultural transformation and investing practices through comprehensive education programs on climate finance and capacity building initiatives across local markets and continent-wide;**

- Increase awareness and public knowledge of climate finance and green investments through financial education and thorough communication on new green market developments;

- Reinforce market professionals' capabilities through climate finance oriented professional training and encouraging market financial institutions to implement adequate qualification and/or certification;
- Promote technical research, publications and market innovation in the fields of climate finance;

PRIORITY (2):

TO SUPPORT THE DEVELOPMENT OF GREEN FINANCIAL INSTRUMENTS AND CLIMATE-RESILIENT INVESTMENT VEHICLES IN AFRICA;

The development of green products over the past years has been particularly remarkable in the international financial market place, led essentially by institutional investors and global financial institutions and supported more and more by capital market regulators, exchanges and operators.

As a coalition of African Capital Markets Authorities and Exchanges, we believe that collective action across African capital markets should help accelerate the enabling of further the development of such investments products, and issues within the continent and help attract more international private green investments to Africa.

And so we will work together alongside all the key players of the markets (issuers, corporate & investment banks, institutional investors, asset managers and advisory services, etc.) to:

- **Stimulate the development of primary and secondary markets for green securities and climate-resilient investments vehicles such as:**
 - *Listed and non-listed Green Bonds* issued by both public and private institutions and/or corporations ;
 - *Green Investment Funds*, with a particular focus on collective investments schemes;
 - *Listed Green Equities* based on a comprehensive and transparent set of qualification criteria;
 - *Green ETFs*;
 - *Green REITs*;
 - and other relevant green financial instruments, green-assets backed securities and climate-resilient investments, alongside associated risk-hedging instruments.

- **Promote wide regional information dissemination on green investments and encourage green cross-listing across African capital markets;**

- **Create Green and climate-resilient markets' Indices including:**
 - *Local market Indices* based on existing local regulations and practices with regard to ESG and/or other relevant set of criteria with regard to social and environmental corporate responsibility;
 - *Regional Market and sub-market Indices* based on the common set of qualifying and labeling principles and/or criteria to be developed;
 - *ESG Regional Market and sub-markets' Indices* based on ESG principals in line with international accepted standards and practices;

PRIORITY (3):

TO PROMOTE TRANSPARENCY AND ACCESSIBLE INFORMATION ON GREEN FINANCE AND CLIMATE RESILIENT INVESTMENTS IN AFRICA;

We recognize that a key component to the development of green capital markets is providing investors with all relevant information necessary to make sound investment decisions. Hence, we believe it is essential for regulators and exchanges to establish specific means to disclosure requirements for green-labeled financial instruments, in particular:

- Mandatory disclosure requirements on green securities' issuers to report regularly and thoroughly all relevant information on their activities, so that investors can conduct necessary due-diligence and investment qualification.
- Voluntary disclosure requirements on listed companies and securities issuers to disclose information on their activities' environmental impact as part of their standard financial and business reporting.

Subsequently, we will work individually and collectively, as a coalition of African Capital Markets Authorities and Exchanges, on defining and implementing the adequate rules, regulations and guiding principles on green investments qualification, on use of proceeds, and on the progress and third parties verification requirements and controls.

In doing so, we will consider in particular the work and recommendation of the Task Force on Climate-related Financial Disclosures (TCFD) in relation to voluntary climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.