

ASEAN Taxonomy for Sustainable Finance

**The Berlin Seminar on Energy, Climate Policy and
Sustainable Finance**

Online Seminar: Advancing Net-Zero?

The Role of Sustainable Finance Taxonomies Worldwide



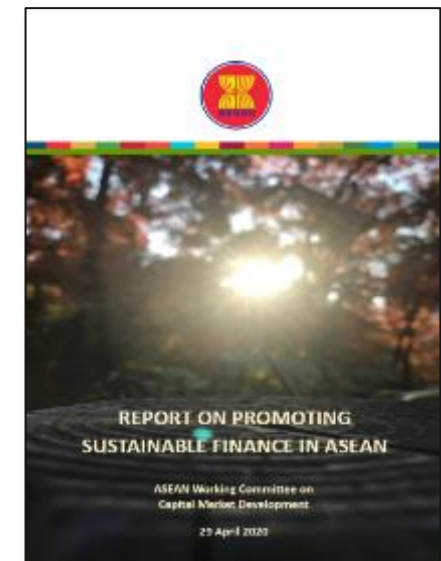
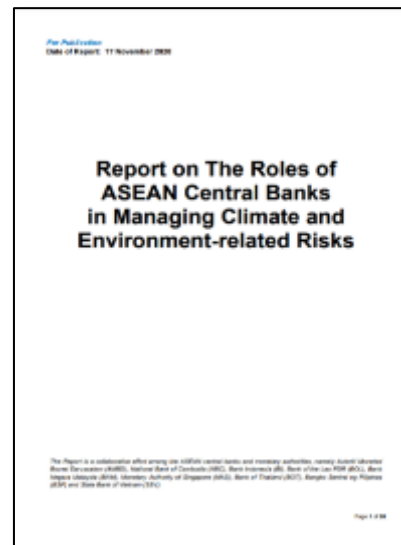
Sustainable Finance
Institute Asia

18 July 2024

Background of the ASEAN Taxonomy

Supporting ASEAN's Sustainability Agenda

- The ASEAN Taxonomy is an initiative under the auspices of the **ASEAN Finance Ministers and Central Bank Governors' Meeting to promote sustainable activities and investments**, to drive the region's sustainability agenda.
- The need for a **common taxonomy for ASEAN** was identified in:
 - The ASEAN Capital Markets Forum (ACMF)'s Roadmap for ASEAN Sustainable Capital Markets.
 - The ASEAN Senior Level Committee on Financial Integration (SLC)'s Report on The Roles of ASEAN Central Banks in Managing Climate and Environment-related Risks.
 - The ASEAN Working Committee on Capital Market Development (WC-CMD)'s Report on Promoting Sustainable Finance in ASEAN.



A **regional taxonomy** is needed as a **common language** to drive sustainable finance whereas national taxonomies consider **national priorities and ambitions**.

Therefore, the ASEAN Taxonomy **facilitates equivalence** between national taxonomies as it is intended to be the **overarching guide** for ASEAN Member States.

Why is the ASEAN Taxonomy important?

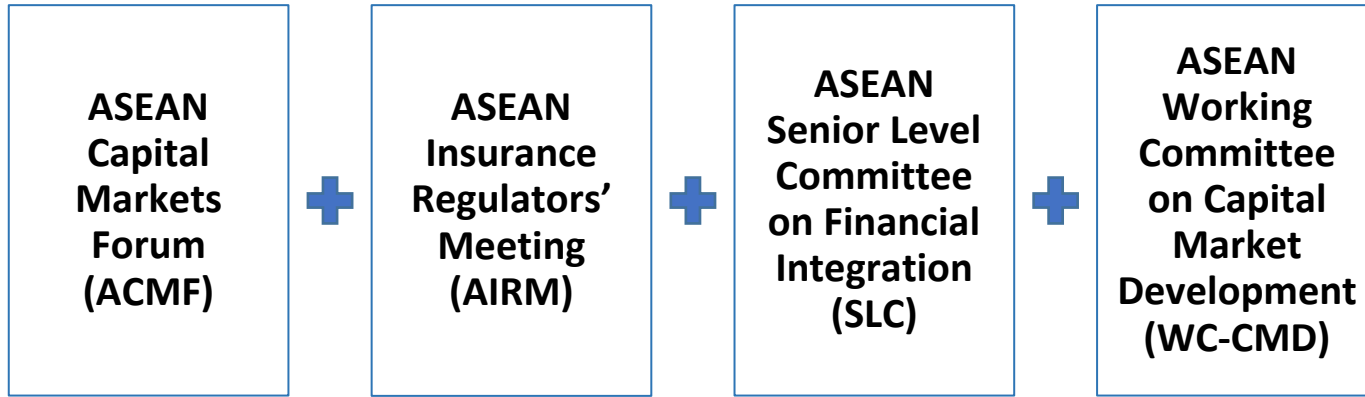
- To **minimise fragmentation**.
- **Consolidates** sustainable finance **efforts**.
- Provides **consistency, clarity, credibility** and **secures global acceptance** for businesses and investors.
- Facilitates **better allocation of capital** and **transition**.
- To **develop** a **sustainable ASEAN asset class**.

Governance - ASEAN Taxonomy Board

Endorsement of the ATB by the AFMGM

- The establishment of the ASEAN Taxonomy Board (ATB) was endorsed at the 7th AFMGM held on 30 March 2021. Paragraphs 18 and 19 of the Joint Statement of the 7th AFMGM are as follows:
 - *We welcomed the initiative that has been jointly launched by the ASEAN Capital Markets Forum (ACMF), the ASEAN Insurance Regulators Meeting (AIRM), the ASEAN Senior Level Committee on Financial Integration (SLC), and the ASEAN Working Committee on Capital Market Development (WC-CMD) to develop an ASEAN Taxonomy for Sustainable Finance (ASEAN Taxonomy). The ASEAN Taxonomy will be the **overarching guide for all AMS, complementing their respective national sustainability initiatives and serving as ASEAN's common language for sustainable finance.***
 - *We endorsed the establishment of the ASEAN Taxonomy Board to develop, maintain and promote a **multi-tiered taxonomy** that will take into account ASEAN's needs, as well as international aspirations and goals. We believe that such a multi-tiered ASEAN Taxonomy is **inclusive** and **will be beneficial to all AMS**, and **facilitate an orderly and effective transition** towards a sustainable ASEAN. We look forward to the announcement on the progress of the development of the ASEAN Taxonomy by the end of 2021.*

Formation of the ASEAN Taxonomy Board (ATB)



ASEAN Taxonomy Board

Chair: Brunei Darussalam Central Bank

Members:

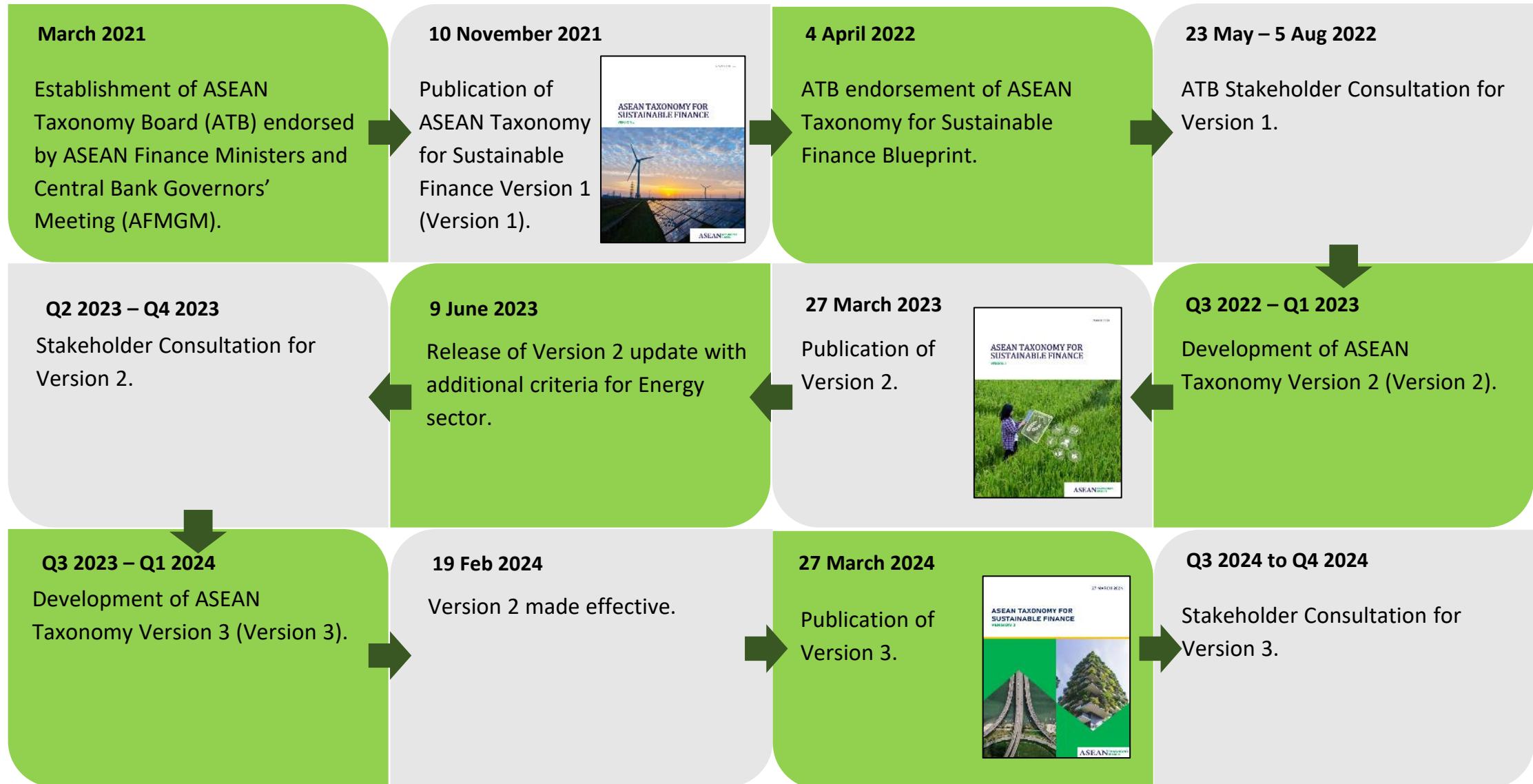
-  Brunei Darussalam Central Bank
-  Non-Bank Financial Services Authority, Cambodia
-  Otoritas Jasa Keuangan Indonesia
-  Bank of the Lao PDR
-  Bank Negara Malaysia
-  Securities Commission, Malaysia
-  Ministry of Planning and Finance, Myanmar
-  Securities and Exchange Commission, Philippines
-  Bangko Sentral ng Pilipinas
-  Monetary Authority of Singapore
- Bank of Thailand
- The Securities and Exchange Commission, Thailand
- State Securities Commission of Viet Nam
- Insurance Supervisory Authority of Ministry of Finance Viet Nam

Established by: 4 sectoral bodies under the ASEAN Finance Cooperation Process:

- represents the banking, capital market and insurance sectors.
- facilitates the development of the ASEAN Taxonomy.
- The ATB was established under the auspices of the ASEAN Finance Ministers and Central Bank Governors' Meeting (AFMGM).

Overview of ASEAN Taxonomy

ASEAN Taxonomy Key Milestones 2021- 2024



1

Principle 1

The ASEAN Taxonomy will be the overarching guide for all ASEAN Member States, providing a common language and complementing their respective sustainability initiatives.

2

Principle 2

The ASEAN Taxonomy will take into consideration widely used taxonomies and other relevant taxonomies, as appropriate, and shall be contextualised to facilitate an orderly transition towards a sustainable ASEAN.

3

Principle 3

The ASEAN Taxonomy shall be inclusive and beneficial to all ASEAN Member States.

4

Principle 4

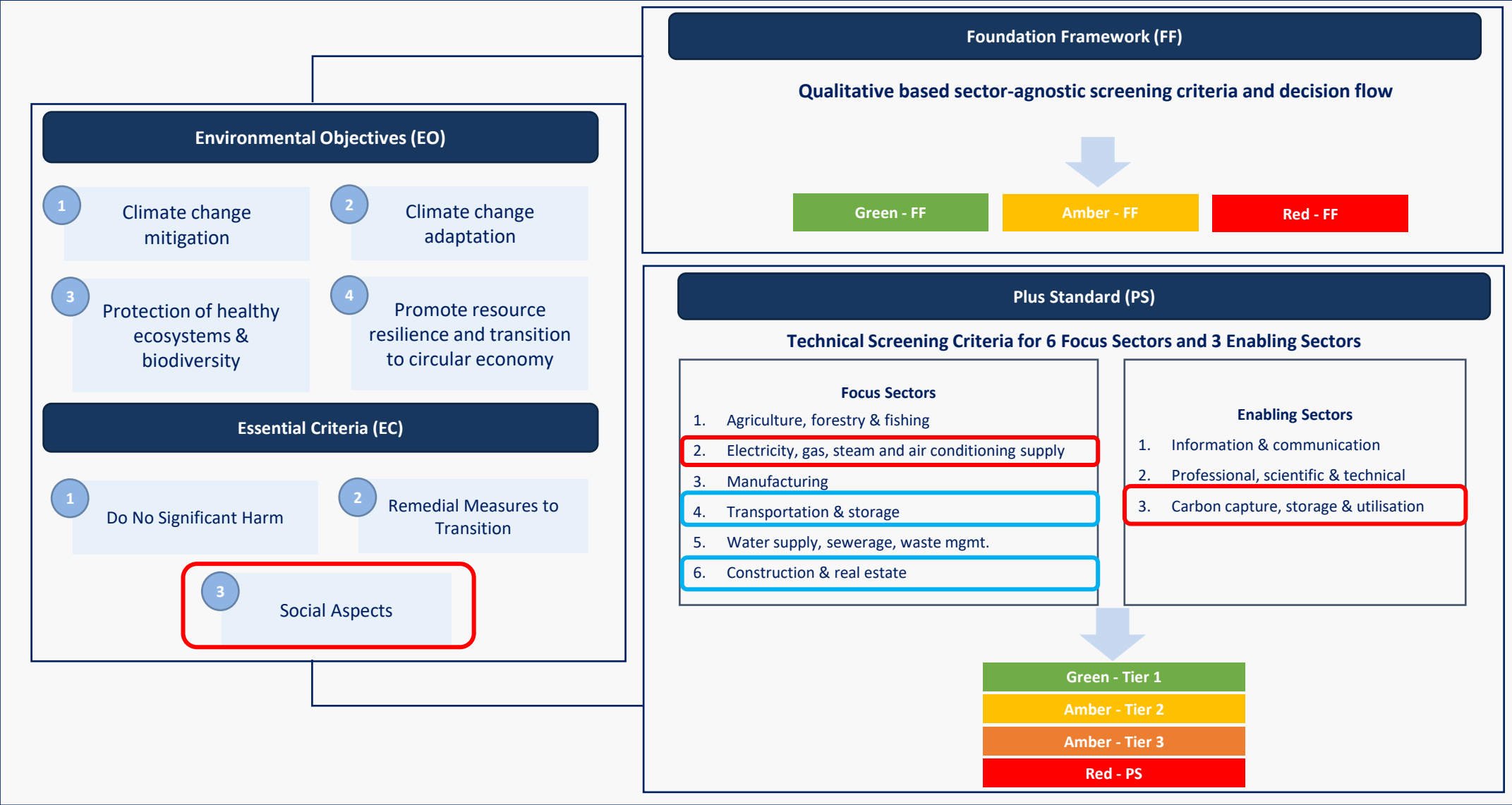
The ASEAN Taxonomy shall provide a credible framework, including definitions, and where appropriate, be science-based.

5

Principle 5

The ASEAN Taxonomy will be aligned with the sustainability initiatives taken by the capital market, banking and insurance sectors, or at least not be in conflict.

ASEAN Taxonomy - Overview



Technical Screening Criteria (TSC) were added in Version 3

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In Version 2, Social Aspects added as an EC and TSC for Energy and CCUS released

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Plus Standard: Industrial Classification & Sector Coverage

1

To identify focus sectors for climate change mitigation (EO1), must **first select an industry classification system**.

2

ISIC used due to **compatibility** with:

- AMS National Standard Industrial Classification (NSIC) codes; and
- Industrial classification codes in other major taxonomies.

3

Most material focus sectors identified based on **environmental & economic importance** to ASEAN:

- GHG emissions; and
- Gross value added (GVA).



Ranking	ISIC Sec.	Name
1	A	Agriculture, forestry, and fishing
2	C	Manufacturing
3	D	Electricity, gas, steam, and air conditioning supply
4	H	Transportation and storage
5	F, L	Construction & Real estate activities
6	E	Water supply; sewerage, waste management and remediation activities

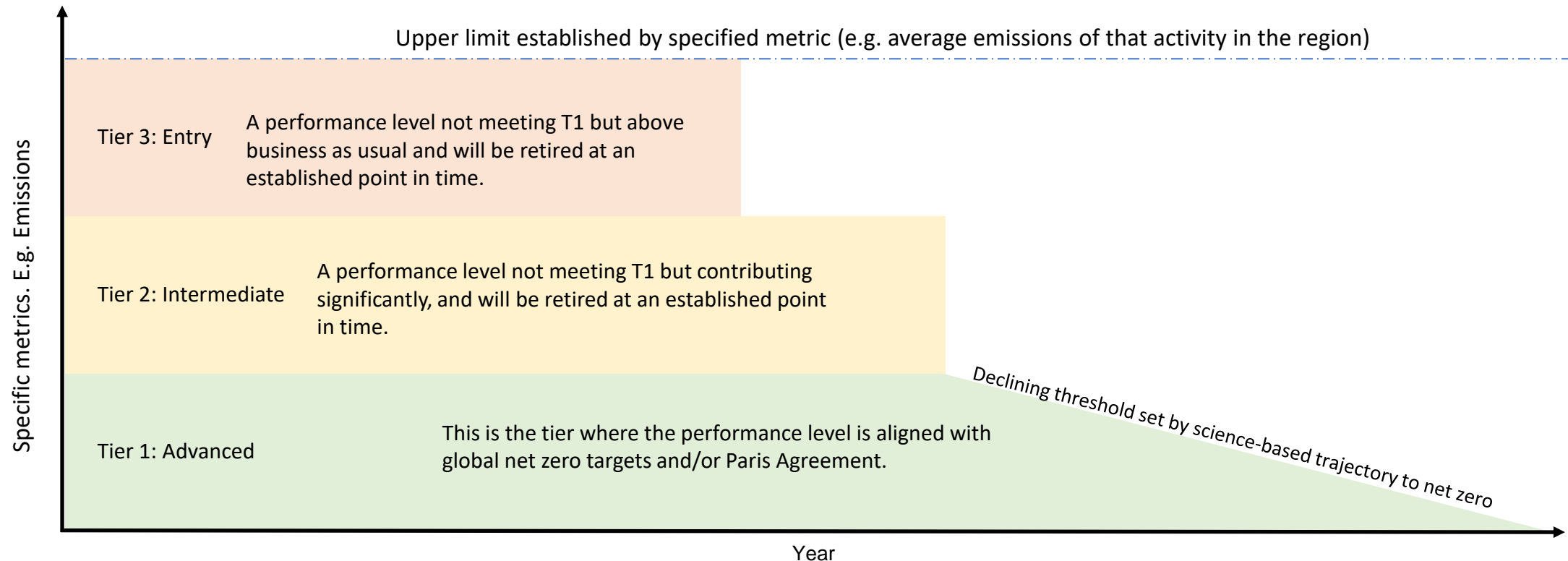
3 enabling sectors:

- Improves performance of other sectors and activities.
- Do not themselves risk harm to environmental objectives.
- Important for decarbonisation of economy.
- Might not otherwise be included if only emissions intensity and GVA are considered.

1	Information and Communication Technology (ICT)
2	Professional, scientific, and technical activities (ISIC Section M)
3	Carbon Capture, Utilisation and Storage

Plus Standard: Activity-Level Technical Screening Criteria

- “Stacked approach” in developing activity-level thresholds.
- There are multiple thresholds per activity at a single point in time, to cater for different starting points of entities across ASEAN undertaking a particular activity.
- Allows for higher emissions for a limited period, while incentivising progression to lower emissions by retiring the less ambitious tiers over time.
- Example of a 3 tier framework using a “stacked approach”:



ASEAN Taxonomy Key Features

Design Overview

- **Multi-tiered** approach.
- **Builds on common principles** as a foundation.
- **Underpinned** by EOs and EC.
- **Traffic-light** system of classification to identify the **degree to which an activity is sustainable** through its contribution to an EO.
- **Subsequent tiers** contain more layered definitions and criteria to cater to the **different state of readiness** within ASEAN.

Foundation Framework

- A **principles-based** assessment frame that is applicable to all AMS and provides users with guiding questions, decision trees and use cases.
- Qualitative based sector-agnostic screening criteria and decision flow.

Plus Standard

- **TSC-based frame** that includes metrics and thresholds for **six focus sectors** and **three enabling sectors**.
- Additional guidance and scope for AMS to classify eligible green and transition activities and investments, benchmarked against Paris Agreement aligned goals.

Definition of Activity Classification in the ASEAN Taxonomy

The ASEAN Taxonomy uses a Traffic Light System to identify the degree to which an activity is sustainable through its contribution to an EO. The classification levels are:

Green

- Activity is making a substantial contribution to the EO and cause no harm to the other EOs.

Amber

- In the FF, activity contributes to the EO but causes some harm to the other EOs which it plans to remediate.
- In the PS, an activity is a ‘transitional’ activity, if:
 1. While not meeting “Green” TSC, represents a progressive movement on the path to a more sustainable ASEAN with due consideration to the practicalities of implementing sustainable activities.
 2. Undergoing Remedial Measures to Transition (RMT).

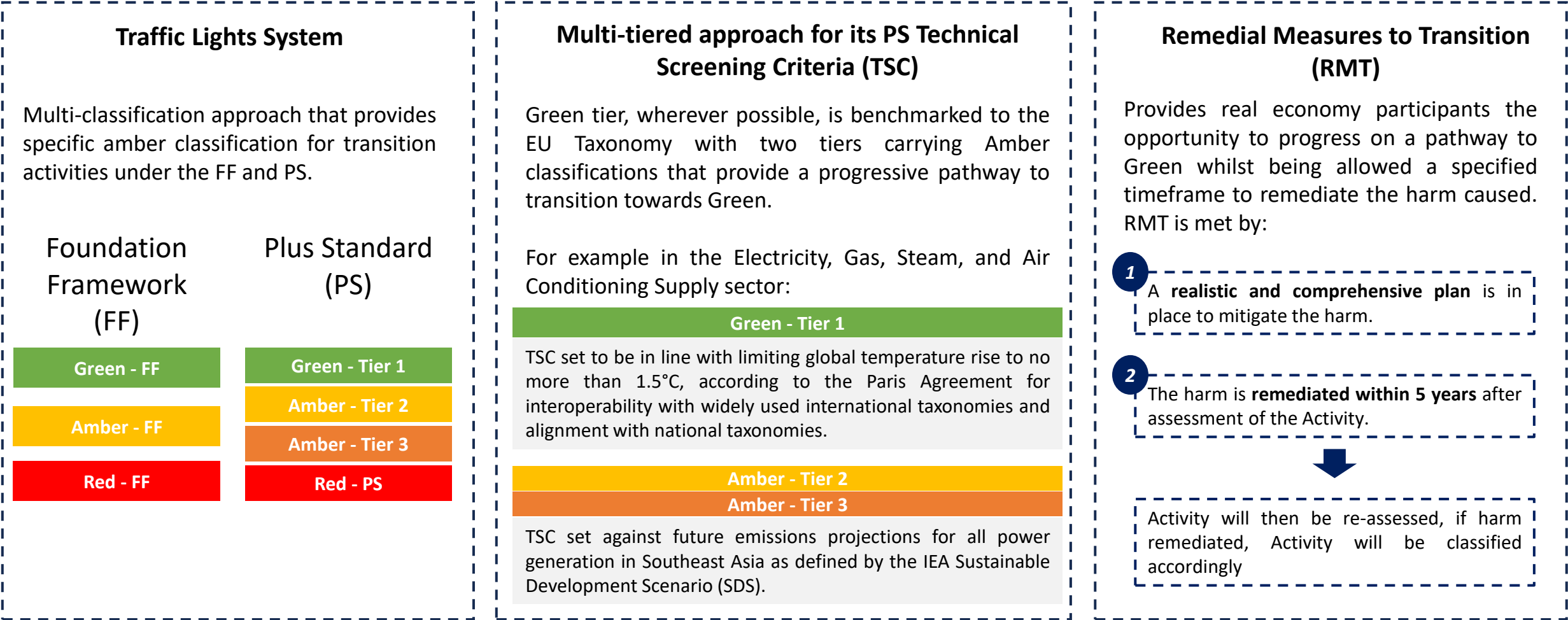
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- Activity is not aligned to any of the EOs or causing significant harm to any of the EOs.

Facilitating Transition

ASEAN Taxonomy Facilitates Transition

Transition accommodates diverse starting points towards a common goal. The ASEAN Taxonomy incorporates this by recognising transition with the following features:



- Developing transition standards for the region was highlighted under Priority Area 1: Strengthening Foundations of the the ACMF Roadmap for ASEAN Sustainable Capital Markets and Key Priority 1: Driving Higher Levels of Transparency and Disclosure to support the Strategic Objectives under ACMF Action Plan 2021-2025.
- Recommendation 12 of the WC-CMD Report on Promoting Sustainable Finance in ASEAN was to ‘Evaluate whether standards on Transition Bonds and Sustainability-Linked Bonds should be issued.’
- The ASEAN Transition Finance Guidance (ATFG) was developed to serve as a common set of guidance for what constitutes a just, affordable, credible and orderly transition.
- Version 1 of the ASEAN Transition Finance Guidance was launched at the ACMF International Conference on 17th October 2023.
- The ATFG references taxonomies, technology roadmaps and technology lists. To be considered for transition finance, companies will need to demonstrate how they intend to transition their operations and use of technologies through the tiers defined in the ASEAN Taxonomy at a speed that is consistent with a science-based pathway
- Stakeholder consultation on Version 1 has started with Version 2 targeted to be released in October 2024.

How the ASEAN Taxonomy and the ASEAN Transition Finance Guidance (ATFG) Work Together

The ATFG references taxonomies, technology pathways and technology lists. To be considered for transition finance, companies will need to demonstrate how they intend to transition their operations and use of technologies through the tiers defined in the ASEAN Taxonomy at a speed that is consistent with a science-based pathway

Point-in-time current state assessment:

Companies may use a taxonomy to evaluate if current or near-term planned activities are presently considered transition-aligned for any activity-specific use of proceeds financing

Target setting and action plan development:

Although the ASEAN Taxonomy is still in the process of publishing how its thresholds will evolve per time period, companies may consider how the tier sunset period will affect whether their existing assets will remain transition-aligned through time.

Risk assessment and mitigation:

With the understanding of how the Taxonomy will tighten its thresholds at fixed time intervals, companies may also assess the degree to which their current or planned assets and economic activities will represent emissions lock-in throughout their lifetime.

Approach to Development of TSC for the Plus Standard

Benchmarks / References in TSC Setting for Energy



Electricity, Gas, Steam, and Air Conditioning Supply

- The Green TSC were set to be in line with limiting global temperature rise to no more than 1.5°C, according to the Paris Agreement for interoperability with widely used international taxonomies and alignment with national taxonomies.
- TSC for the Amber Tiers were set against future emissions projections for all power generation in Southeast Asia as defined by the IEA Sustainable Development Scenario (SDS).
- TSC are based on the lowest carbon emitting technology currently, technically and economically feasible, for widespread use in ASEAN, both through review of publicly available technology comparisons and through consultation with regional stakeholders.

Tier	EO1: Climate Change Mitigation Threshold	
	ISIC 351: Electricity Generation, Transmission and Distribution, Storage	ISIC 352: Transmission, Distribution and Storage of Renewable and Low-Carbon Gases ISIC 353: Production of Heating/Cooling, Storage of Thermal Energy
Green Tier 1	Lifecycle GHG emissions: <100 gCO ₂ e/kWh	Lifecycle GHG intensity: <28 gCO ₂ e/MJ
Amber Tier 2	Lifecycle GHG emissions: ≥100 and <425 gCO ₂ e/kWh	Lifecycle GHG intensity: <65 gCO ₂ e/MJ
Amber Tier 3	Lifecycle GHG emissions: ≥425 and <510 gCO ₂ e/kWh	No TSC available

*Note: Further information on the TSC can be in Appendix A of Annex 1 of the ASEAN Taxonomy

TSC Coverage for Energy Activities

Electricity, gas, steam, and air conditioning supply

13 Activities, including:

- **Electricity generation** through various means (e.g. solar energy, renewable non-fossil gaseous and liquid fuels, bioenergy, hydropower).
- **Transmission and distribution (T&D) of electricity.**
- **Storage of electricity**, including pumped storage.
- **Coal Power Phase-Out.**

Transmission and distribution networks for renewable and low-carbon gases, including storage of renewable and low-carbon gases

2 Activities:

- **Transmission and distribution networks for renewable and low-carbon gases.**
- **Storage of renewable and low-carbon gases**

Production of heating/cooling through various means, including storage of thermal energy

8 Activities, including:

- **Production of heating/cooling** from various means (e.g. solar thermal energy, renewable non-fossil gaseous and liquid fuels, fossil gas).
- **Production of heating/cooling using** electric heat pump.
- **Production of heating/cooling using** waste heat
- **District heating/cooling distribution.**
- **Storage of thermal energy.**

The Coal Phase-Out (CPO) criteria is a Global First for a Regional Taxonomy

The TSC for CPO, is one of the unique features of the ASEAN Taxonomy, that demonstrates the facilitation of transition:

Green

- 1. Aligned with a 1.5 °C outcome and is consistent with the IEA Net Zero Emissions Pathway** for the power sector to achieve **net zero emissions by 2050**. Specific conditions under (1) include:
 - a. Coal phase out by **2040**; and
 - b. Coal plants achieving financial close (FC) after 31 December 2022 will not qualify; and
 - c. **Operation duration** of the coal plant from FC is **capped at 35 years**; and
 - d. It has been **independently verified or acknowledged** by **internationally recognised bodies or programmes** that qualifying coal plants show climate impact through the **demonstration of positive absolute emissions savings** over the expected lifetime of the coal plant compared with a case with no intervention to phasing it out. Coal plants under the **ADB ETM or JETP programs**, or which meet the definition set out in the joint paper by **CBI, CPI and RMI**, meet these criteria.

Amber Tier 2

- 1. Aligned with a 1.5°C outcome** for coal phase-out that is derived from **regional- or country-specific pathways** that are consistent with **science-based pathways**. Specific conditions under (1) include:
 - a. Coal phase out by **2050**, and;
 - b. Coal plants achieving FC after **31 December 2022** will not qualify; and
 - c. **Operation duration** of the coal plant from FC is **capped at 35 years**.

Amber Tier 3

- 1. Operation duration** of the coal plant from FC is **capped at 35 years**; and
- 2. Coal plants that achieve FC after 31 December 2022** will not qualify, except for coal plants:
 - a. that achieve FC from **1 January 2023 up till 31 December 2027**; and
 - b. which will result in **minimum possible lifecycle greenhouse gas emissions** using technologies which are affordable, accessible and reliable.

TSC References and Coverage for Construction & Real Estate Activities



Construction & Real Estate

- The Green tier of the ASEAN Taxonomy generally makes reference to widely used international taxonomies such as the EU Taxonomy and where relevant, will be tailored according to ASEAN's unique circumstances.
- References were also made to credible international Green Building Certification (GBC) schemes – such as LEED, BREEAM – and where relevant and available, the GBC schemes and standards in AMS.

Buildings

3 Activities, including:

- **Acquisition** and ownership of buildings
- **Construction** of new buildings
- **Renovation** of existing buildings

Ancillary Activities

1 Activity:

- **Demolition** and site preparation

Technology and Equipment

5 Activities, including the installation and maintenance and repair of:

- **EV charging stations**
- **Energy efficient** equipment
- **Devices for measuring, regulation and controlling** energy performance
- **Renewable energy** technologies
- **Early warning systems**

TSC References and Coverage for Transportation & Storage Activities



Transportation & Storage (T&S)

- The Green tier of the ASEAN Taxonomy generally makes reference to widely used international taxonomies such as the EU Taxonomy and where relevant, will be tailored according to ASEAN's unique circumstances, where;
 - For land-based Activities: the best available proxy data for GHG emissions, such as the EURO Standard; and lowest carbon emitting technology currently, technically, and economically feasible for widespread use in ASEAN.
 - For water-based Activities: modelling against the IMO 2023 GHG Emissions Strategy, consider growth scenarios with the highest level of confidence to maintain a trajectory along the 1.5 °C pathway.
 - For air-based Activities: the lowest carbon emitting technology currently, technically, and economically feasible, for widespread use in ASEAN, both through review of publicly available technology comparisons and through consultation with regional stakeholders.

Land Activities

9 activities, including:

- Urban and suburban transport
- Road passenger transport
- Freight rail transport
- Operation of personal mobility devices and cycle logistics
- Development of infrastructure relevant to these activities

Water Activities

7 activities, including:

- Sea and coastal freight transport
- Sea and coastal passenger water transport
- Inland freight and passenger water transport
- Retrofitting of water transport vessels
- Development of infrastructure relevant to these activities

Air Activities

1 activity:

- Airport infrastructure, including low-carbon assets and facilities.
- **Does not** cover air transport vehicles

Activity Tiers

Electricity, Gas, Steam and Air Conditioning Supply	Tier 1	Tier 2	Tier 3
351[011] Electricity Generation from Fossil Gas	Green	Amber	Amber
351[012] Electricity generation from renewable non-fossil gaseous and liquid fuels, including co-firing with fossil fuels	Green	Amber	Amber
351[013] Hybrid fossil, renewable power generation, T&D, and/or energy storage for Island Systems	Green	Amber	Amber
351[014] Electricity generation from bioenergy, including co-firing with fossil fuels	Green	Amber	Amber
351[021] Electricity generation using solar photovoltaic technology	Green	Amber	Amber
351[022] Electricity generation using CSP technology	Green	Amber	Amber
351[030] Electricity generation from wind power	Green	Amber	Amber
351[040] Electricity generation from hydropower	Green	Amber	Amber
351[050] Electricity generation from geothermal energy	Green	Amber	Amber

Legend:

Green Tier
 Amber Tier 2
 Amber Tier 3
 TSC are presently not available for the Activity Tiers defined.
 No TSC available

Activity Tiers

Electricity, Gas, Steam and Air Conditioning Supply	Tier 1	Tier 2	Tier 3
351[060] Electricity generation from ocean energy	Green Tier	Amber Tier 3	Amber Tier 3
351[071] Transmission and distribution (T&D) of electricity	Green Tier	Amber Tier 2	Amber Tier 3
351[072] Storage of electricity, including pumped storage	Green Tier	Amber Tier 3	Amber Tier 3
351[100] Coal power phase-out	Green Tier	Amber Tier 2	Amber Tier 3
352[010] Transmission and distribution networks for renewable and low carbon gases	Green Tier	Amber Tier 2	Amber Tier 3
352[030] Storage of renewable and low-carbon gases	Green Tier	Amber Tier 2	Amber Tier 3
353[011] Production of heating/cooling from solar thermal energy	Green Tier	Amber Tier 3	Amber Tier 3
353[012] Production of heating/cooling from geothermal energy	Green Tier	Amber Tier 2	Amber Tier 3
353[013] Production of heating/cooling from renewable non-fossil gaseous and liquid fuels	Green Tier	Amber Tier 2	Amber Tier 3

Legend:

Green Tier
 Amber Tier 2
 Amber Tier 3
 TSC are presently not available for the Activity Tiers defined.
 No TSC available

Activity Tiers

Electricity, Gas, Steam and Air Conditioning Supply	Tier 1	Tier 2	Tier 3
353[014] Production of heating/cooling from fossil gas	Green Tier	Amber Tier 2	Amber Tier 3
353[015] Production of heating/cooling using waste heat	Green Tier	Amber Tier 3	Amber Tier 3
353[020] District heating/cooling distribution	Green Tier	Amber Tier 3	Amber Tier 3
353[030] Storage of thermal energy	Green Tier	Amber Tier 3	Amber Tier 3
353[040] Production of heating / cooling using electric heat pump	Green Tier	Amber Tier 3	Amber Tier 3

Legend:

Green Tier
 Amber Tier 2
 Amber Tier 3
 TSC are presently not available for the Activity Tiers defined.
 No TSC available

Activity Tiers

Construction and Real Estate	Tier 1	Tier 2	Tier 3
410[001] Construction of new buildings	Green Tier	Amber Tier 2	TSC are presently not available for the Activity Tiers defined.
410[002] Renovation of existing buildings	Green Tier	Amber Tier 2	TSC are presently not available for the Activity Tiers defined.
431[001] Demolition and site preparation	Green Tier	TSC are presently not available for the Activity Tiers defined.	TSC are presently not available for the Activity Tiers defined.
681[001] Acquisition and ownership of buildings	Green Tier	Amber Tier 2	TSC are presently not available for the Activity Tiers defined.
68[001] Electric vehicle charging stations	Green Tier	TSC are presently not available for the Activity Tiers defined.	TSC are presently not available for the Activity Tiers defined.
68[002] Energy efficient equipment	Green Tier	TSC are presently not available for the Activity Tiers defined.	TSC are presently not available for the Activity Tiers defined.
68[003] Energy performance measurement, regulation, control	Green Tier	TSC are presently not available for the Activity Tiers defined.	TSC are presently not available for the Activity Tiers defined.
68[004] Renewable Technologies	Green Tier	TSC are presently not available for the Activity Tiers defined.	TSC are presently not available for the Activity Tiers defined.
68[005] Early Warning Systems	Green Tier	TSC are presently not available for the Activity Tiers defined.	TSC are presently not available for the Activity Tiers defined.

Legend:

Green Tier
 Amber Tier 2
 Amber Tier 3
 TSC are presently not available for the Activity Tiers defined.
 No TSC available

Activity Tiers

Transportation and Storage	Tier 1	Tier 2	Tier 3
492[001] Urban and suburban transport, road passenger transport	Green Tier	Amber Tier 2	Amber Tier 3
492[002] Transport by motorbikes, passenger cars and light commercial vehicles	Green Tier	Amber Tier 2	Amber Tier 3
4911[001] Passenger interurban rail transport	Green Tier	Amber Tier 2	TSC are presently not available for the Activity Tiers defined.
4912[001] Freight rail transport	Green Tier	Amber Tier 2	TSC are presently not available for the Activity Tiers defined.
49[001] Infrastructure for road and public transportation, including infrastructure to enable low-carbon land transport	Green Tier	TSC are presently not available for the Activity Tiers defined.	TSC are presently not available for the Activity Tiers defined.
49[002] Infrastructure for personal mobility, cycle logistics	Green Tier	TSC are presently not available for the Activity Tiers defined.	TSC are presently not available for the Activity Tiers defined.
492[003] Operation of personal mobility devices, cycle logistics	Green Tier	TSC are presently not available for the Activity Tiers defined.	TSC are presently not available for the Activity Tiers defined.
491[001] Infrastructure for rail transport	Green Tier	TSC are presently not available for the Activity Tiers defined.	TSC are presently not available for the Activity Tiers defined.
4923[001] Freight transport services by road	Green Tier	Amber Tier 2	TSC are presently not available for the Activity Tiers defined.

Legend:

Green Tier
 Amber Tier 2
 Amber Tier 3
 TSC are presently not available for the Activity Tiers defined.
 No TSC available

Activity Tiers

Transportation and Storage	Tier 1	Tier 2	Tier 3
5012[001] Sea and coastal freight water transport, vessels for port operations and auxiliary activities	Green Tier	Amber Tier 2	TSC are presently not available for the Activity Tiers defined.
5011[001] Sea and coastal passenger water transport	Green Tier	Amber Tier 2	TSC are presently not available for the Activity Tiers defined.
501[001] Retrofitting of sea and coastal freight and passenger water transport	Green Tier	Amber Tier 2	TSC are presently not available for the Activity Tiers defined.
5021[001] Inland passenger water transport	Green Tier	Amber Tier 2	TSC are presently not available for the Activity Tiers defined.
502[001] Retrofitting of inland water passenger and freight transport	Green Tier	Amber Tier 2	TSC are presently not available for the Activity Tiers defined.
50[001] Infrastructure for water transportation, including infrastructure to enable low-carbon water transport	Green Tier	TSC are presently not available for the Activity Tiers defined.	TSC are presently not available for the Activity Tiers defined.
5022[001] Inland freight water transport	Green Tier	Amber Tier 2	TSC are presently not available for the Activity Tiers defined.
51[001] Airport infrastructure, including low-carbon assets and facilities	Green Tier	Amber Tier 2	Amber Tier 3

Legend:

Green Tier
 Amber Tier 2
 Amber Tier 3
 TSC are presently not available for the Activity Tiers defined.
 No TSC available

Activity Tiers

Activities Not Included in ISIC	Tier 1	Tier 2	Tier 3
000[010] Transport of CO2	Green Tier	Amber Tier 3	Amber Tier 3
000[020] Underground permanent geological storage of CO2	Green Tier	Amber Tier 3	Amber Tier 3

Legend:

Green Tier
 Amber Tier 2
 Amber Tier 3
 TSC are presently not available for the Activity Tiers defined.
 No TSC available

Application of ASEAN Taxonomy

ASEAN Taxonomy - Scope and Application for Users and Uses

Users

Governments

Regulators

Banking Institutions

Asset Managers

Real Economy Participants

Rating Agencies

Uses

Bond issuance

Transition finance

Identifying sustainable investees

Sustainability reporting

Developing sustainable lending products or identifying eligible borrowers

Definition of ESG benchmarks / indices and identification of constituents

Assisting real economy participants in identifying sustainable investments

Supporting risk management by providing credible benchmarks

**Note: Further information on the users and uses of the ASEAN Taxonomy can be found in Section 6.2 of the ASEAN Taxonomy.*

Recognition of the ASEAN Taxonomy

International Recognition of the ASEAN Taxonomy

1 Ministerial Support



“The latest version of the taxonomy will help companies, investors, policymakers and other stakeholders to formulate an understanding of economic activity or investments that are in line with the goal of achieving Nationally Determined Contributions (NDC) or efforts to achieve net zero emissions.”

- Sri Mulyani Indrawati, Indonesia's Finance Minister at the Seminar on Financing Transition in ASEAN on 29 March 2023 in Bali (alongside the ASEAN Finance Ministers and Central Bank Governors series of meetings).

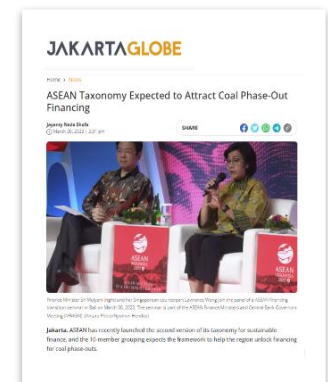
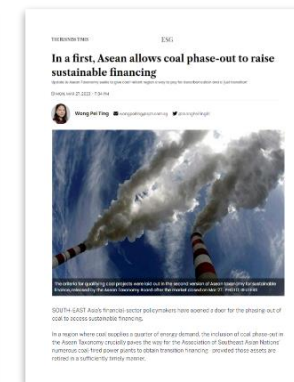
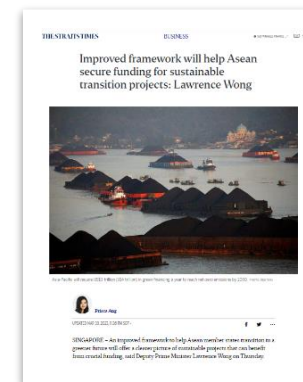


“With this taxonomy in place, we hope it will provide clarity to investors and financial institutions on what are the transition projects taking place in South-east Asia that will allow us to move to a zero-carbon pathway, eventually.[...] This will hopefully unlock more transition projects and renewable energy projects within South-east Asian countries, and also enable more cooperation of such renewable energy projects within ASEAN itself, potentially even as part of an ASEAN power grid in the future.”

- Lawrence Wong, Singapore's Prime Minister (then Deputy Prime Minister and Minister for Finance) at the Ministerial Fireside Chat – Seminar on Financing Transition for ASEAN on 29 March 2023 in Bali (alongside the ASEAN Finance Ministers and Central Bank Governors series of meetings).

2 International Media Coverage

1. The ATB received positive media coverage on the introduction of the Coal Phase-out criteria, which was intended to provide a powerful tool for transition.
2. Positive feedback was also received from international stakeholders during engagements and the “Green” criteria was generally considered strict and credible.



International Recognition of the ASEAN Taxonomy



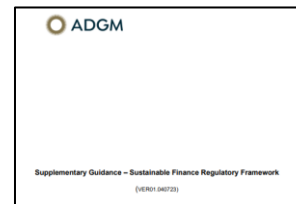
The ASEAN Taxonomy Version 2's Coal Phase Out (CPO) TSC has been referenced in a public consultation by GFANZ.

The ASEAN Taxonomy Version 2 was listed as a major initiative to support CPO in Asia in the ATF SG's Annual Report.



The ASEAN Taxonomy was regarded as one of three most influential taxonomies in Natixis's report, The New Geography of Taxonomies (July 2023).

The ASEAN Taxonomy was named as one of three acceptable taxonomies by the Financial Services Regulatory Authority of the Abu Dhabi Global Market (July 2023).



The ASEAN Taxonomy has also been referenced in various international taxonomies:



Indonesia Taxonomy for Sustainable Finance



Hong Kong Taxonomy for Sustainable Finance

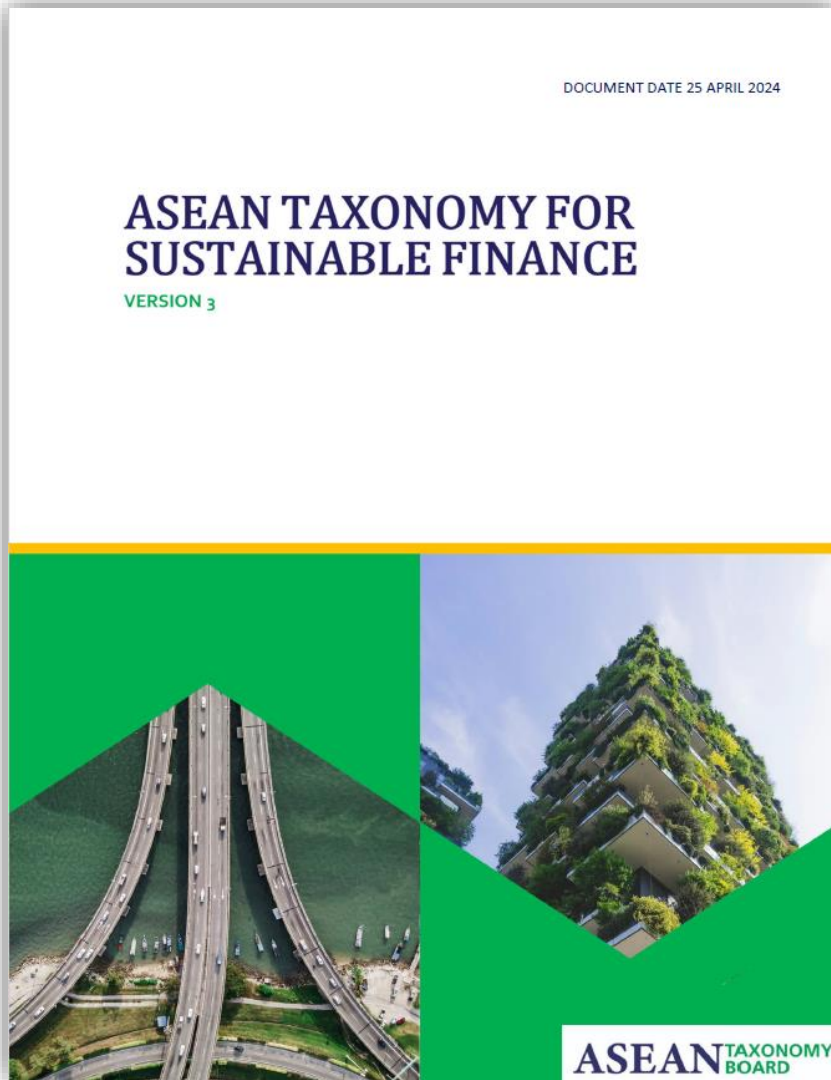


Philippine Sustainable Finance Taxonomy Guidelines



Green Taxonomy for Aotearoa New Zealand

Where to Download the ASEAN Taxonomy Version 3



Download at the following websites:

- Association of Southeast Asian Nations - <https://asean.org/book/asean-taxonomy-for-sustainable-finance-version-3/>
- ASEAN Finance Cooperation Web Portal - <https://afcwp.asean.org/wp-content/uploads/2024/06/ASEAN-Taxonomy-Version-3-Rev-as-of-04062024.pdf>
- ASEAN Capital Markets Forum - <https://www.theacmf.org/images/downloads/pdf/ASEAN-Taxonomy-Version-3.pdf>
- Sustainable Finance Institute Asia - <https://www.sfinstitute.asia/wp-content/uploads/2024/06/ASEAN Taxonomy Version 3.pdf>

Thank You