

Advancing Net-Zero? The Role of Sustainable Finance Taxonomies Worldwide

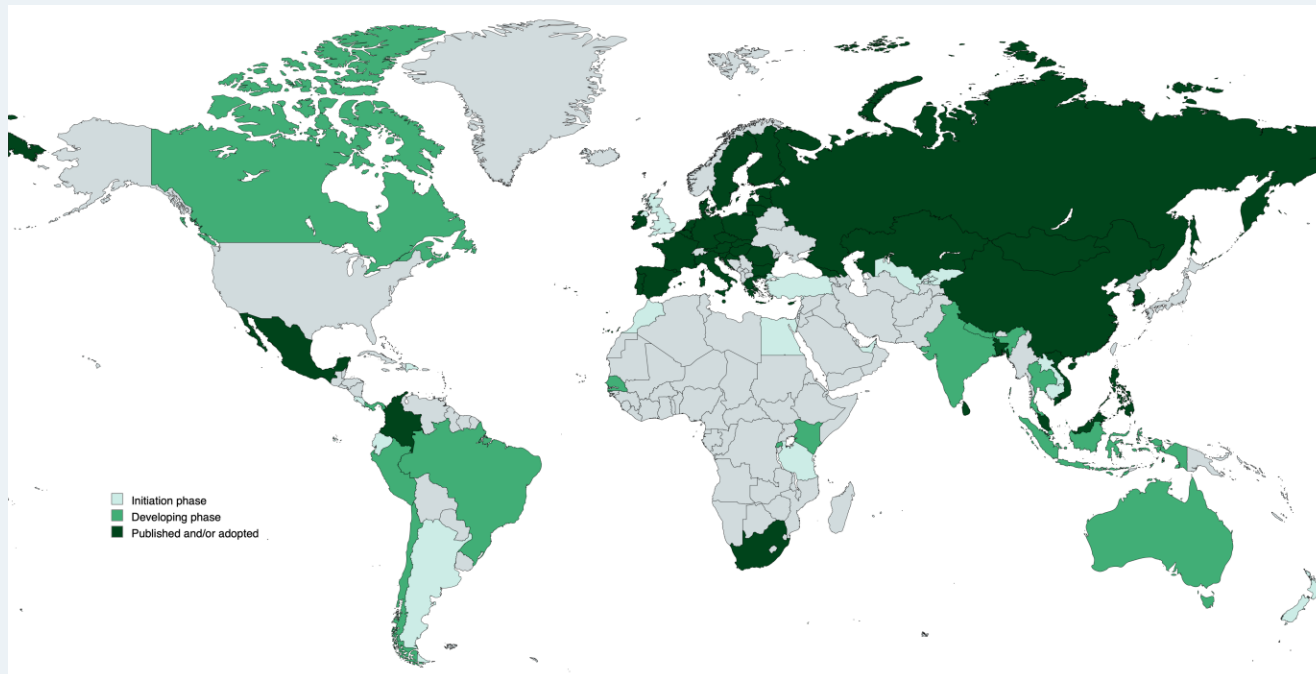
Global Developments in Sustainable Finance Taxonomies: Lessons Learnt

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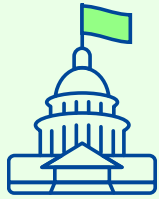


Global Sustainable Finance Taxonomy Developments



Initiation phase (16)	Developing phase (15)	Published or adopted (17)
Argentina	Australia	ASEAN
Cambodia	Brazil	Bangladesh
Costa Rica	Canada	China
Dominican Republic	Chile	Colombia
Ecuador	Hong Kong SAR	European Union
Egypt	India	Georgia
Fiji	Indonesia	Japan
Kyrgyzstan	Kenya	Kazakhstan
Lao PDR	Nepal	Malaysia
Morocco	Panama	Mexico
New Zealand	Peru	Mongolia
Tanzania	Rwanda	Philippines
Turkey	Senegal	Russia
United Arab Emirates	Singapore	South Africa
United Kingdom	Thailand	South Korea
Uzbekistan		Sri Lanka
		Vietnam

Main Actors in the Development of Sustainable Finance Taxonomies



National Governments



Financial Sector



International Organisations



Academia / Advisors



Types of Sustainable Finance Taxonomies

1 Green Taxonomies

Focus on **climate and environmental objectives**, e.g., climate change mitigation and adaptation as well as biodiversity protection and others.



2 Social Taxonomies

Aim to include economic activities that make a substantial contributions to the **social objectives** of the Sustainable Development Goals (SDGs).



3 Sustainable Taxonomies

Focus not only on climate and environmental objectives, but also include social objectives (e.g., gender equality).



1 Taxonomy Interoperability

General concept:

Capacity of a product or system to work with other products or systems enabling the exchange and integration of information.

Interoperability in the context of green taxonomies:

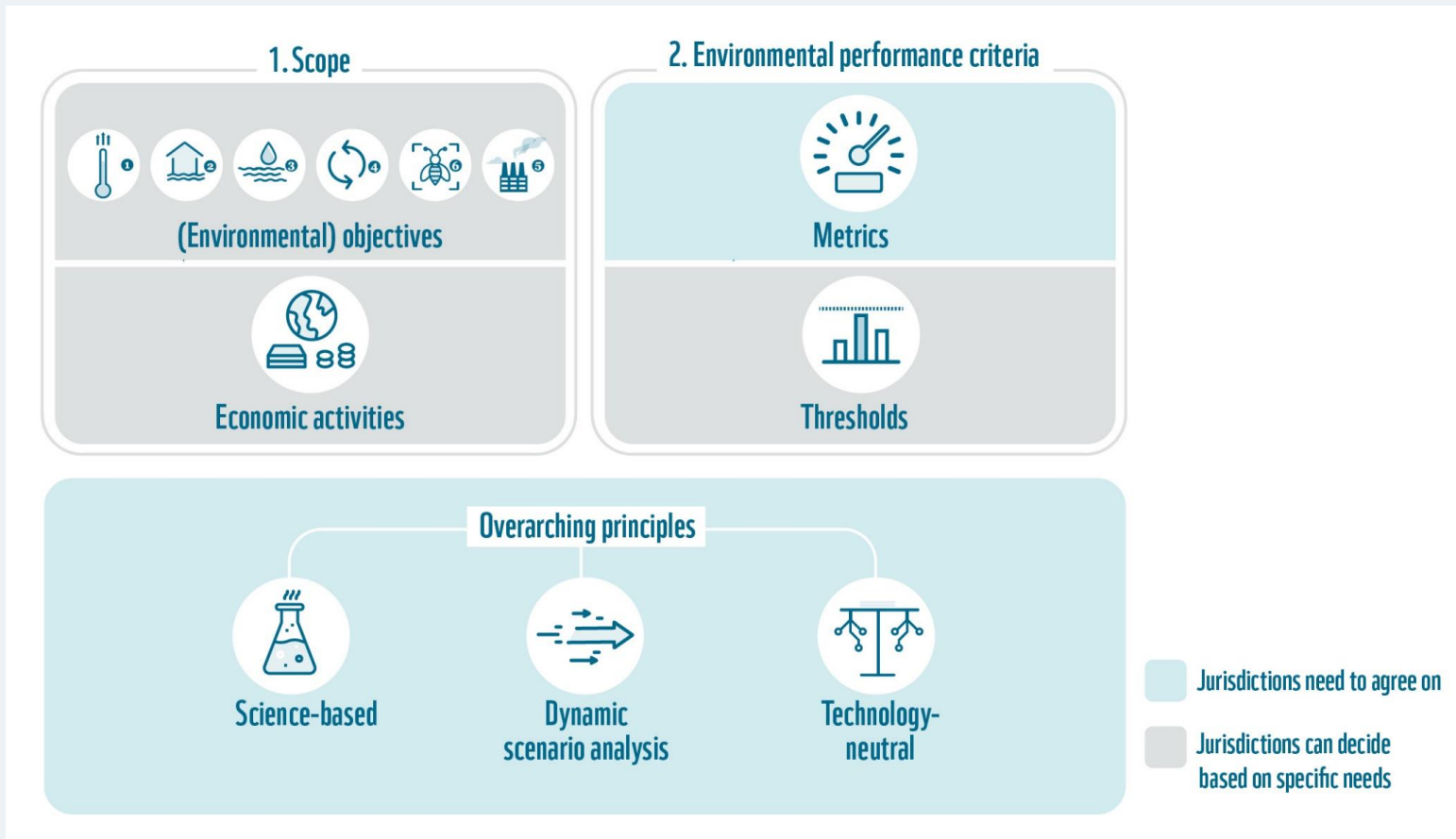
Capacity of the investment framework to enable cross-jurisdictional use and comparability, while also functioning with national market structures as well as sectoral dynamics and goals.

Characteristics of taxonomy interoperability:

- **Harmonisation:** Process of creating a unified and consistent approach among various standards or regulations, ensuring compatibility, and reducing inconsistencies;
- **Alignment:** Synchronisation of diverse frameworks with common objectives, ensuring that they complement each other in supporting sustainable finance goals;
- Crucial for fostering a **cohesive and efficient system that facilitates the transparent assessment of ESG factors**, ultimately promoting responsible and sustainable investment practices.

Sustainable Finance Taxonomies: Current Issues

1 Taxonomy Interoperability: Using common design features to enable interoperability

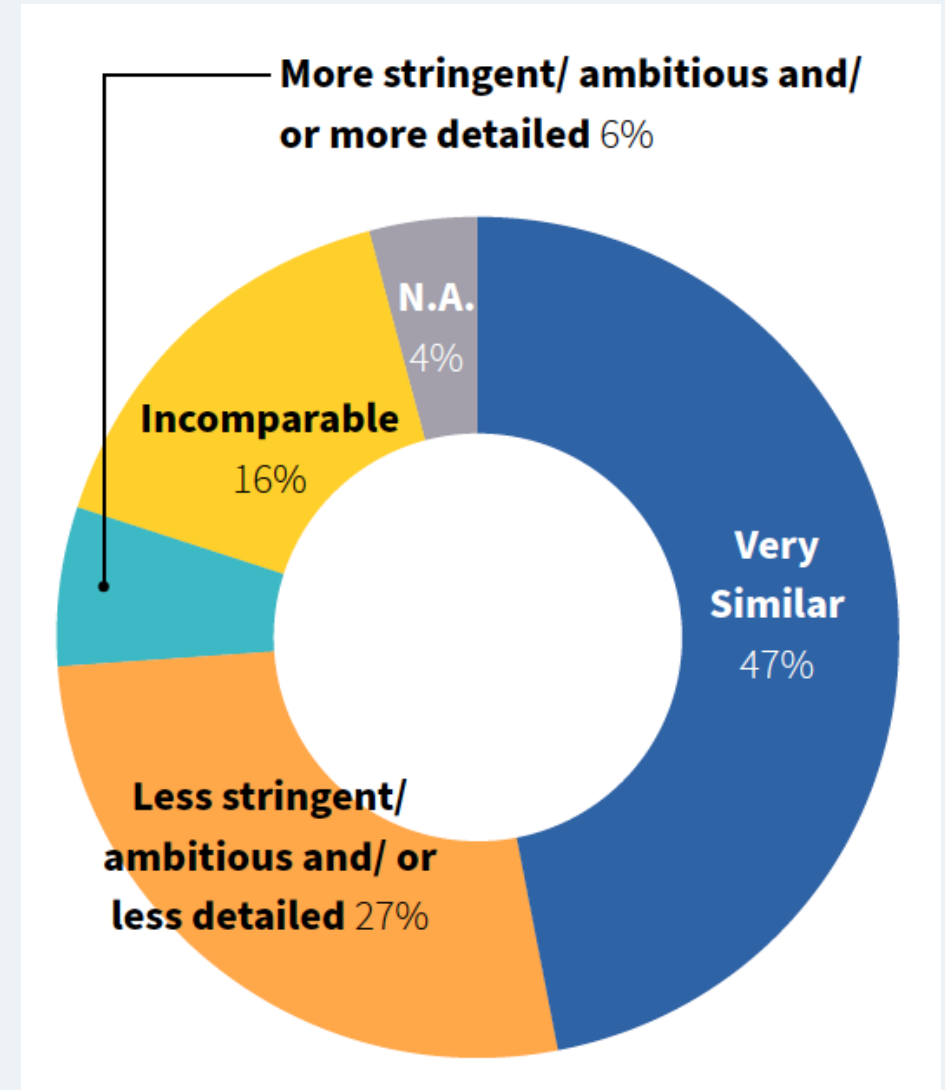


- Common design features of a taxonomy:
 - Scope
 - Environmental performance criteria
 - Overarching principles
- Reduce market fragmentation and confusion through an agreement on interoperable common design features of taxonomies.

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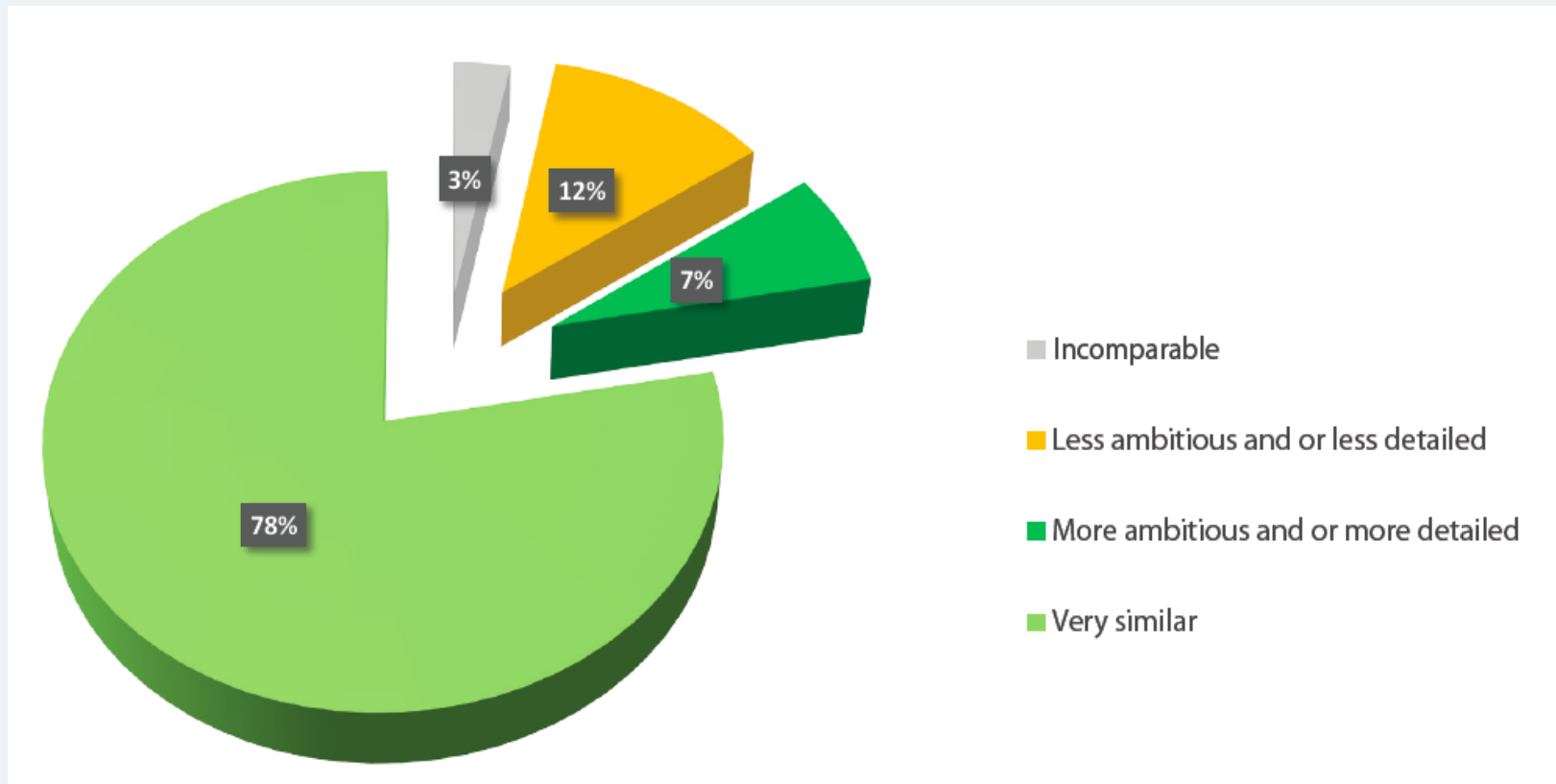
Taxonomy Interoperability: Example (1/2)

Degree of similarity of the technical screening criteria between the Colombian and the EU Taxonomy



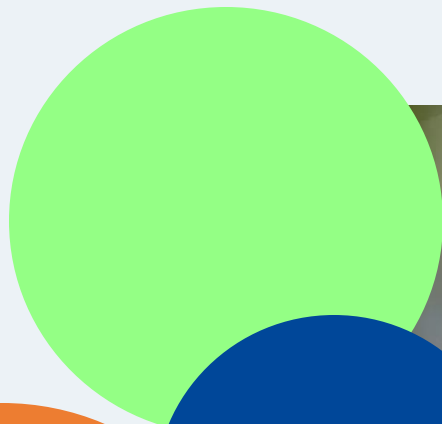
1 Taxonomy Interoperability: Example (2/2)

Degree of similarity of the technical screening criteria between the South African and the EU Taxonomy



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Taxonomy Interoperability: International fora working on taxonomy alignment



2 Taxonomy Implementation Challenges



Different levels of knowledge on the concept and purpose as well as the applications and benefits of sustainable finance taxonomies



Perceived complexity of the performance criteria of sustainable finance taxonomies



Lack of adequate IT infrastructure to collect and process taxonomy-related data



Limited guidance on taxonomy-aligned reporting frameworks and practices

Thank you!



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