



Sustainable  
Banking and  
Finance  
Network

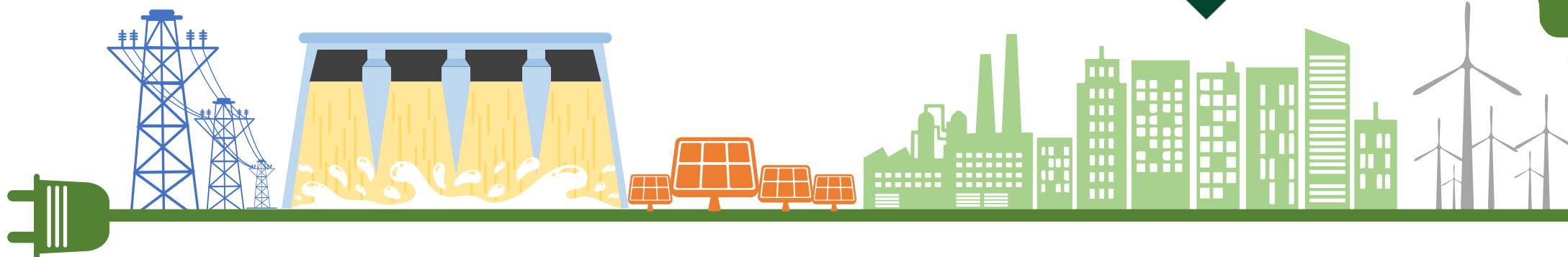
## FIRST MEETING OF THE SBFN SUSTAINABLE FINANCE INSTRUMENTS WORKING GROUP

24 FEBRUARY 2022 | 08:00 – 10:00 EST



# Mapping the landscape of Sustainable Finance Instruments & Taxonomies in Emerging Markets

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Commissioner



# ASEAN Taxonomy Board

“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.**”

- Joint Statement of the 7th ASEAN Finance Ministers and Central Bank Governors’ Meeting (AFMGM) | 30 March 2021

ASEAN  
Capital  
Markets  
Forum



ASEAN Insurance  
Regulators Meeting



ASEAN Senior Level Committee on  
Financial Integration



ASEAN  
Working  
Committee on  
Capital Market  
Development

The ASEAN Taxonomy for Sustainable Finance is being developed to serve as a **common building block** that **enables an orderly transition and fosters sustainable finance adoption** by AMS.

## 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.

## Principle 2

The ASEAN Taxonomy will **take into consideration widely used taxonomies** and other taxonomies of relevance, **as appropriate**, and shall be contextualized to facilitate the orderly transition towards sustainable ASEAN economies.

## Principle 3

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

## Principle 4

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

## 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.


Source:



# Why an ASEAN Taxonomy?

ASEAN has real environmental and developmental differences from other regions  
– e.g. with respect to Energy Efficiency and Green Buildings

Type of economic activity	Technical Screening Criteria	THE EU TAXONOMY
Construction of new buildings	<ul style="list-style-type: none"> <li>Primary Energy Demand of new construction is <b>at least 10% lower than nearly zero energy building requirements in national measures.</b></li> <li>Energy performance certified by energy performance certificate.</li> <li>For buildings &gt; 5000m2: life cycle global warming potential calculated, and level of performance is tested post construction, both disclosed to investors and clients</li> </ul>	
Renovation of existing buildings	<ul style="list-style-type: none"> <li>As applicable in national regulations for major renovations</li> <li><b>Reduction of primary energy demand of at least 30%.</b></li> </ul>	
Acquisition and ownership	<ul style="list-style-type: none"> <li>Buildings built before 12/2020: at least <b>EPC class A, or within top 15% of national building stock</b> expressed in primary energy demand</li> <li>Buildings built after 12/2020: meet criteria for “construction of new buildings”</li> <li>Large non-residential building with HVAC output &gt;290kW: operated efficiently through energy performance monitoring and assessment.</li> </ul>	

## Eligible use of proceeds under the ASEAN Green Bond Standards

- Green buildings **must meet regional, national or internationally recognized standards or certifications**; e.g. –
  - LEED
  - National certifications (e.g. In PH “BERDE” – Building for Ecologically Responsive Design Excellence)

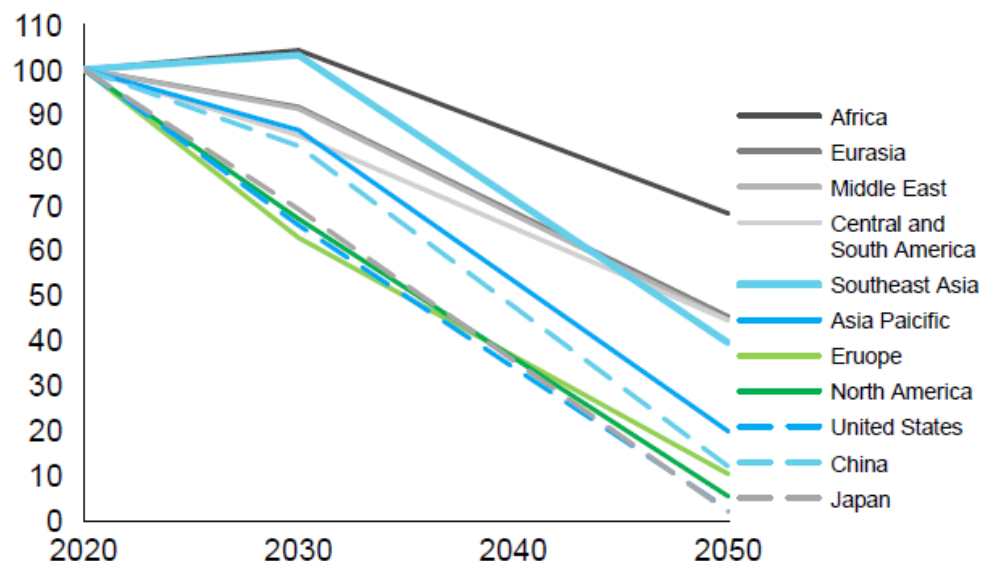
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# Different Pathways to Paris-alignment

IEA scenarios show that Paris-aligned pathways  
can have different trajectories depending on region / sector

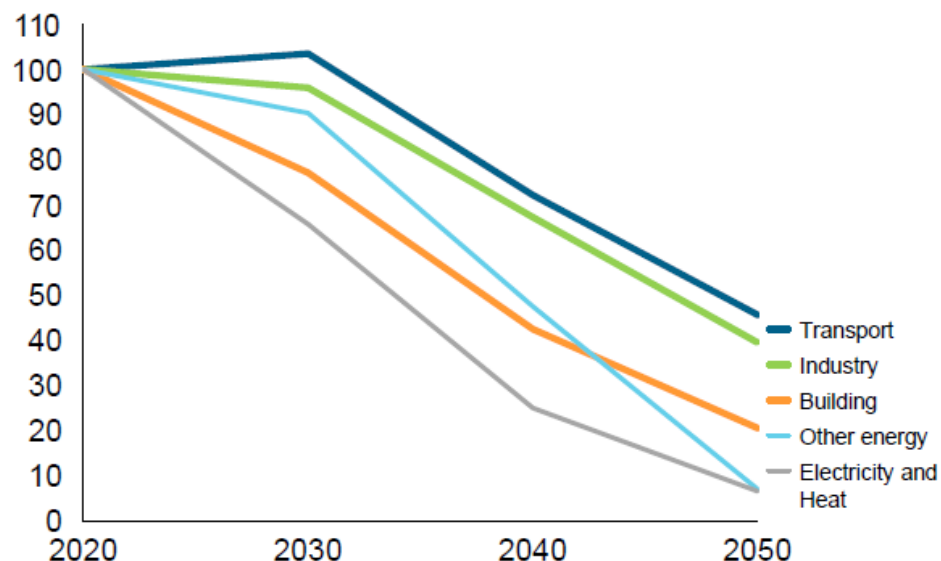
## Regional perspective

CO2 emissions in "Sustainable Development Scenario" by region; 2020=100




## Sectoral view

Sector CO2 emissions in Sustainable Development Scenario" by sector; 2020=100



Same objective (i.e. alignment with the Paris Agreement) and metrics, but with varying starting points and different pathways.

Source: 

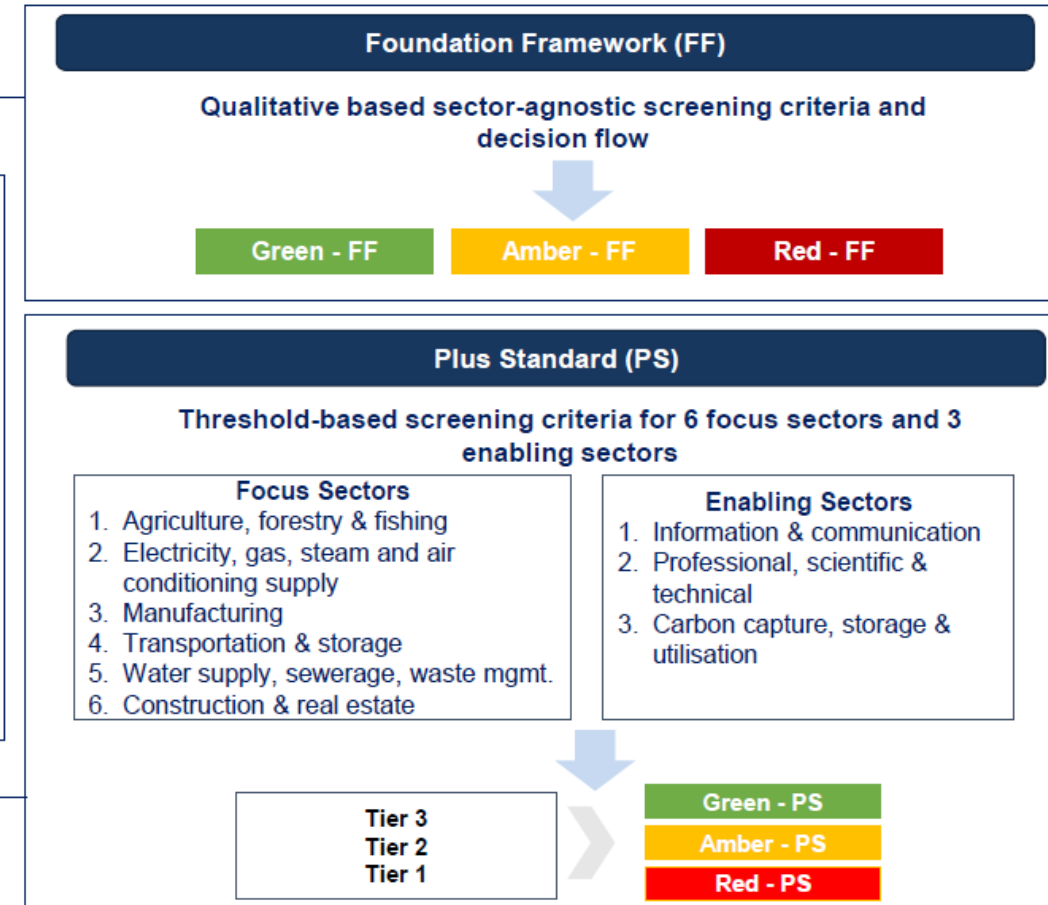
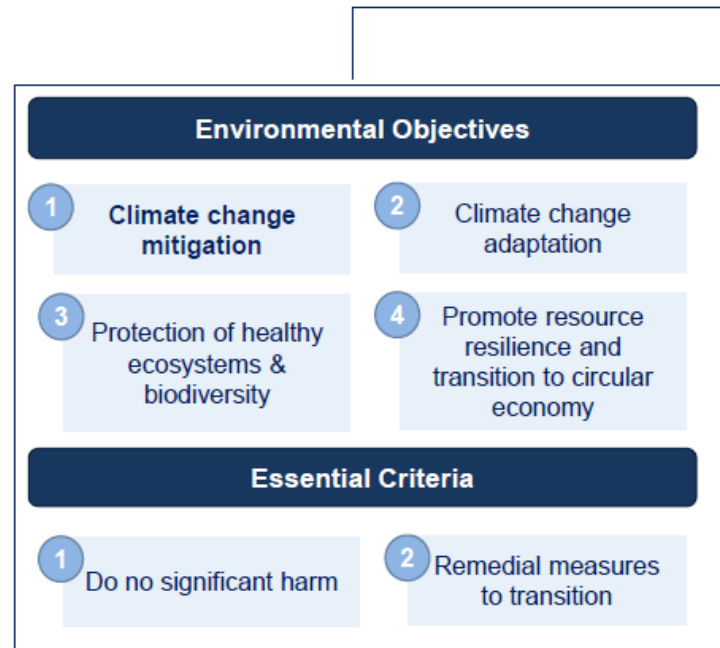
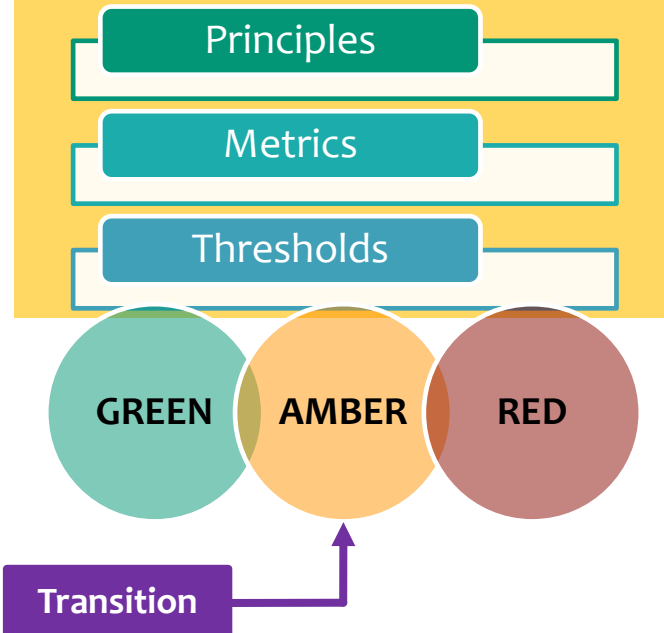


# A multi-tiered, phased & iterative taxonomy that is interoperable with other taxonomies

## Multi-layered and phased approach.

A principles-based layer complemented by subsequent layers, that includes a **traffic light system**.

### “Traffic Light” System that allows for Transition



Source: 

# Relevant links

- ASEAN Taxonomy: <https://www.theacmf.org/initiatives/sustainable-finance/asean-taxonomy>
- Development of a sustainable asset class in ASEAN: <https://www.theacmf.org/initiatives/sustainable-finance/development-of-a-sustainable-asset-class-in-asean>
- Roadmap for ASEAN Sustainable Capital Markets: <https://www.theacmf.org/initiatives/sustainable-finance/roadmap-for-asean-sustainable-capital-markets>

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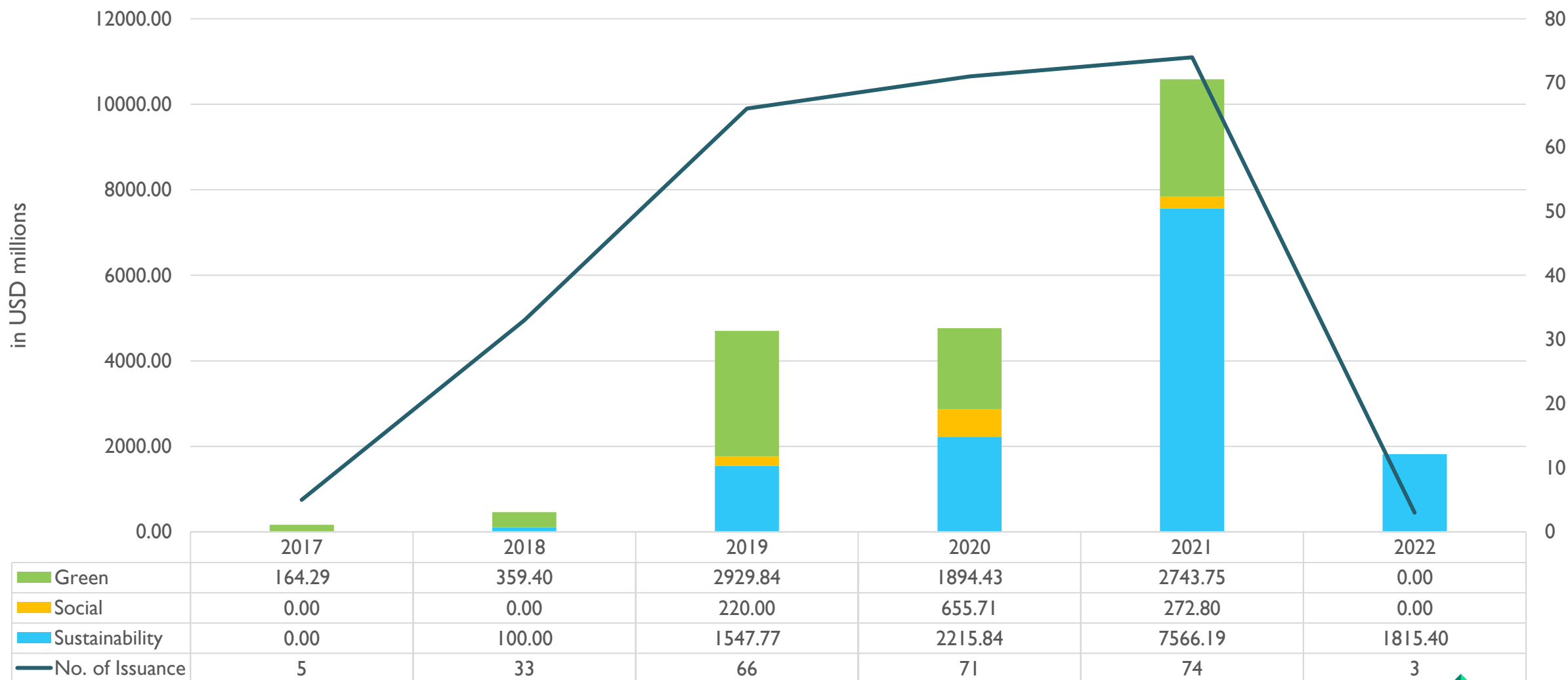
# THANK YOU!

*The views and opinions that are expressed in relation to this presentation are only that of the presenter and do not necessarily reflect those of the Commission, the Commissioners, or the other staff members.*

# ANNEXES



# Total ASEAN-labelled GSS Bonds: **USD 22.5 billion**



# Roadmap for ASEAN Sustainable Capital Markets



## Priority Area I: Strengthening foundations

- Promoting Corporate Sustainability Disclosures
- Promoting Institutional Investor Disclosures
- Examining a Common Taxonomy
- Exploring Transition Standards

## Priority Area II: Catalysing products and enabling access to under- served areas

- Developing Sustainable and Responsible Fund Standards
- Improving Market Access for Sustainable Products
- Developing ESG Indices
- Utilising Digital Technology to Facilitate Cross-border Participation in Sustainable Products
- Exploring Incentives

## Priority Area III: Raising awareness and capacity building

- Enhancing Technical Competence
- Promoting Knowledge Transfer
- Increasing Public Awareness

## Priority Area IV: Increasing connectivity

- Developing a Public Database of Sustainable Products, Projects and Investors
- Leveraging Multilateral and Philanthropic Efforts
- Coordinating Efforts with Public & Financial Sectors

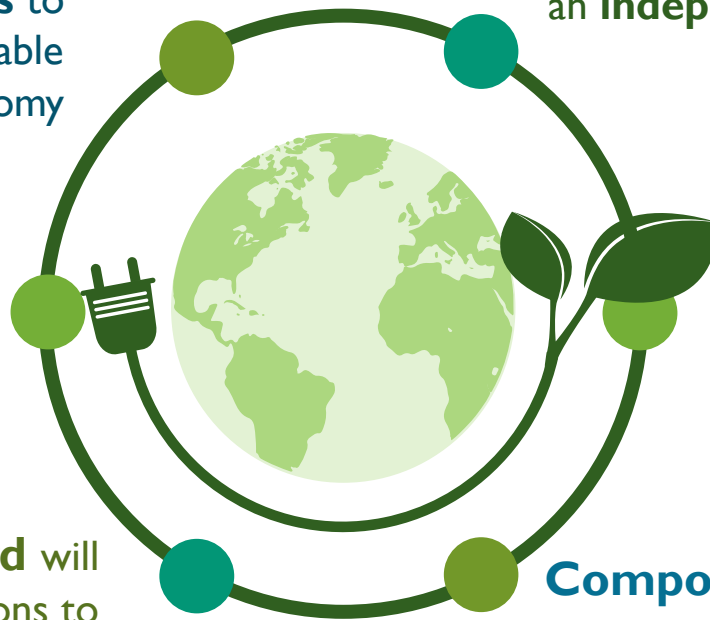
# ASEAN Taxonomy Key Aspects

## Taxonomy Principles

The Quadrilateral Joint Steering Committee that comprises representatives from the ACMF, WC-CMD, SLC and AIRM is proposing **5 principles** to develop and implement the ASEAN Sustainable Finance Taxonomy

To use **SFIA's roundtables as industry consultation** for taxonomy development and capacity building

**SFIA as host of the taxonomy board** will undertake coordinating and administrative functions to seek out **expert assistance and funding** to carry out technical work in developing the principles.



## Taxonomy Board Modality

Adopt approach of **taxonomy board hosted by an existing organization (SFIA)**, while working towards an **independent taxonomy board** in the future

## Taxonomy Components

**Multi-layered and phased approach.** A principles-based layer complemented by subsequent layers, that could include a **traffic light system**.

**“Traffic Light” System**  
that allows for transition

Principles

Metrics

Thresholds

## Composition

**8 members** from the four workstreams and **4 external expert observers / advisers**

# ASEAN Taxonomy: Environmental Objectives & Essential Criteria

**ASEAN's environmental objectives apply to all AMS, players in the financial sector, as well as business enterprises. Notwithstanding this, the economic activities should also be assessed against the relevant environmental laws instituted by AMS as a minimum safeguard to ensure there is no contravention with local environmental regulations.**

## Environmental Objectives

1

Climate Change Mitigation

2

Climate Change Adaptation

3

Protection healthy ecosystem and diversity

4

Promotion of resource resilience and transition to circular economy

## Essential Criteria

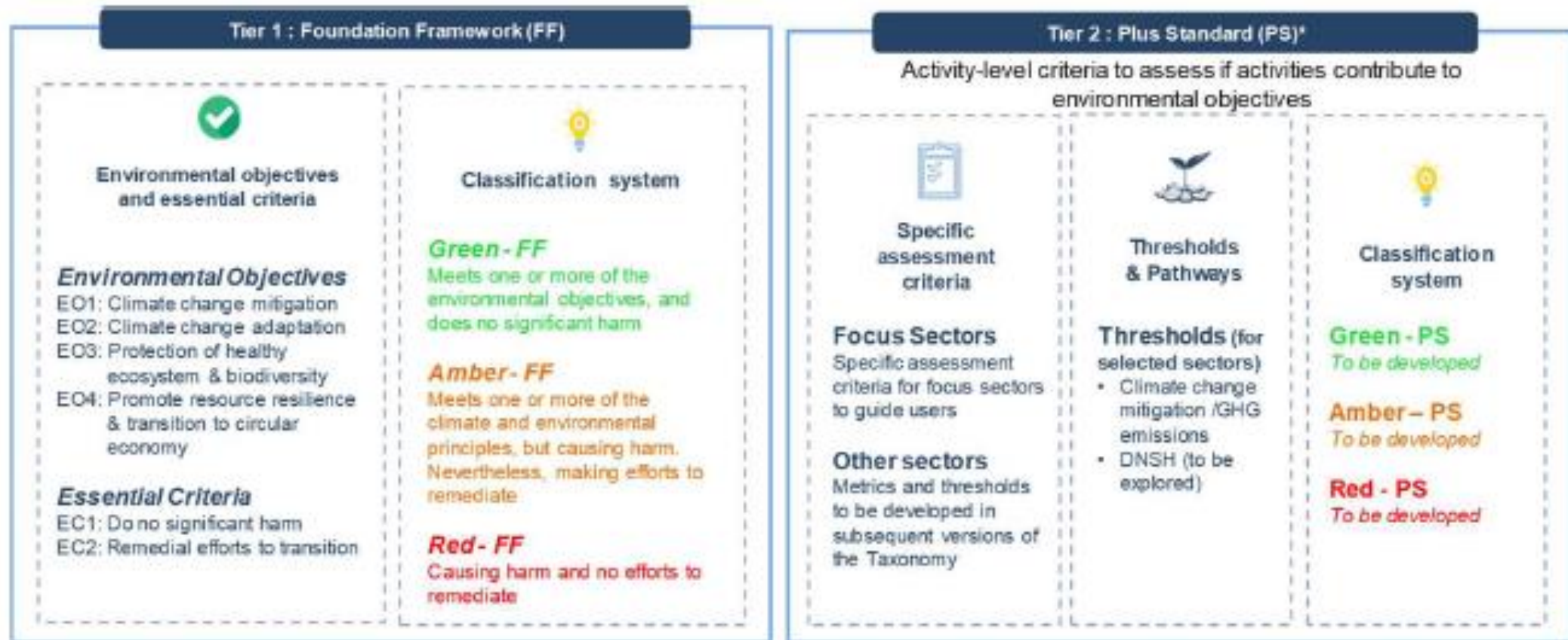
1

Do No Significant Harm (DNSH)

2

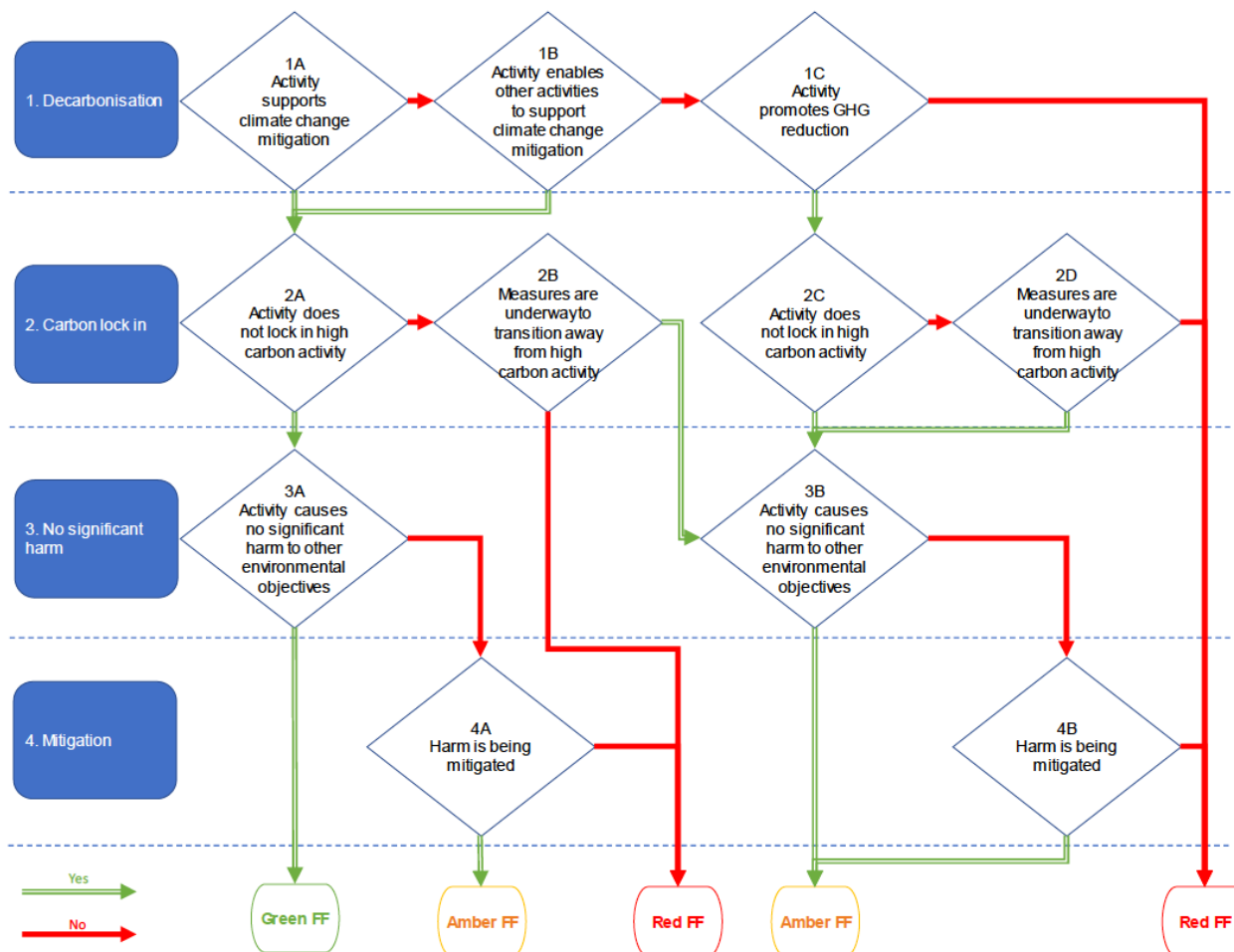
Remedial Measures to Transition

# ASEAN Taxonomy: Multi-Tiered Approach



# Sector Agnostic Decision Tree & Stacked Approach

## Sector Agnostic Decision Tree



## Proposed stacked approach to designing thresholds

