



MEDIA STATEMENT

10 November 2021

ASEAN SECTORAL BODIES RELEASE ASEAN TAXONOMY FOR SUSTAINABLE FINANCE – VERSION 1

ASEAN finance sectoral bodies today achieved a milestone towards meeting Paris Agreement commitments by introducing a common language across ASEAN for financing sustainable economic activities.

In conjunction with the 26th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26), the ASEAN Taxonomy Board (ATB) released the ASEAN Taxonomy for Sustainable Finance (ASEAN Taxonomy) – Version 1. Version 1 will provide a frame for discussions with official sector and private sector stakeholders to work together on the development of the ASEAN Taxonomy. The ASEAN Taxonomy serves as a reference point to guide capital and funding towards activities that can help promote the systemic transformation needed for the region.

The ASEAN Taxonomy is a collaborative initiative of the four ASEAN sectoral bodies that make up the ATB, namely 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). This follows previous sustainable finance initiatives by the ASEAN sectoral bodies, such as the ASEAN Green, Social and Sustainability Bond Standards, and the ASEAN Sustainable Banking Principles. The ASEAN Taxonomy represents the collective commitment of ASEAN Member States (AMS) in transitioning towards a sustainable region. It is designed to be an inclusive and credible classification system for sustainable activities and will be one of the key building blocks in attracting investments and financial flows into sustainable projects in the region.

The ASEAN Taxonomy recognises international aspirations and goals, and takes into consideration the region's unique needs and as such, aims to be inclusive and beneficial to all AMS. To cater for AMS' diversity, the ATB has decided upon a multi-tiered approach with two main elements, a principles-based Foundation Framework which provides a qualitative assessment of activities, and a Plus Standard with metrics and thresholds to further qualify and benchmark eligible green activities and investments.

Version 1 delivered today elaborates on the key components of the ASEAN Taxonomy:

- a) Four environmental objectives and two essential criteria for the assessment of economic activities that act as the foundation to safeguard the environment and promote transition to low carbon and environmentally sustainable practices;
- b) A list of focus sectors that the Plus Standard will cover as a first step. These include the six most material sectors in terms of GHG emissions and gross value add (agriculture, forestry

and fishing; electricity, gas, steam and air conditioning supply; manufacturing; transportation and storage; water supply, sewerage and waste management; and construction and real estate), and three enabling sectors whose products and services contribute to achieving environmental objectives (information and communication; professional, scientific and technical; and carbon capture, storage and utilisation);

- c) A sector-agnostic decision tree to guide users of the ASEAN Taxonomy in classifying economic activities under the Foundation Framework, with suggestions for additional sector-specific guidance for AMS and entities who seek more specific guidance; and
- d) The ‘stacked approach’ that will be used to determine thresholds and technical screening criteria under the Plus Standard, which will be developed in the next phase.

The environmental objectives and essential criteria, as well as the sector-agnostic decision tree that make up the Foundation Framework are designed to be readily applicable to all AMS as well as, stakeholders in the financial sector and business enterprises. For AMS and stakeholders that require more guidance, the Plus Standard, which will cover the technical screening criteria and quantifiable thresholds for activities within the selected focus sectors when finalised, can be adopted based on their individual readiness.

The ASEAN Taxonomy – Version 1 can be found at the following websites:

- Association of Southeast Asian Nations – <http://asean.org/wp-content/uploads/2021/11/ASEAN-Taxonomy.pdf>
- ASEAN Finance Cooperation Web Portal - <http://afcwp.asean.org/wp-content/uploads/2021/11/ASEAN-Taxonomy.pdf>
- ASEAN Capital Markets Forum – <https://www.theacmf.org/initiatives/sustainable-finance/asean-taxonomy>
- Sustainable Finance Institute Asia – <http://www.sfinstitute.asia/wp-content/uploads/2021/11/ASEAN-Taxonomy.pdf>

CHAIR

ASEAN Taxonomy Board

About ASEAN Taxonomy Board

The ATB is set up under the auspices of the ASEAN Finance Ministers and Central Bank Governors Meeting (AFMGM) and is jointly driven 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). Its establishment is a response to the call at the 6th AFMGM to work towards:

“...furthering a cohesive sustainable finance agenda cutting across banking, capital markets and insurance areas at the ASEAN Finance Ministers’ Meeting and AFMGM respectively, with greater coordination amongst the relevant ASEAN working committees.”

The importance of a common taxonomy for ASEAN was identified in the ACMF's Roadmap for ASEAN Sustainable Capital Markets, the SLC's Report on The Roles of ASEAN Central Banks in Managing Climate and Environment-related Risks and the WC-CMD's Report on Promoting Sustainable Finance in ASEAN.

The current Board comprises representatives from all 10 ASEAN Member States, as follows:

- **Chair: Brunei Darussalam Central Bank**, Mdm. Noorrafidah Sulaiman, Deputy Managing Director (Monetary Operations, Development and International)
- **Vice-Chair: Monetary Authority of Singapore**, Mr. Daniel Wang, Executive Director (Insurance)
- **Non-Bank Financial Services Authority (NBFSA) of Cambodia**, Mr. Mey Vann, Secretary of State of Ministry of Economy and Finance, and Secretary General, General Secretariat of NBFSA
- **Financial Services Authority of Indonesia**, Mr. Greatman Rajab, Senior Executive Analyst
- **Bank of Lao PDR**, Mrs. Fongchinda Sengsourivong, Director General (International Cooperation)
- **Bank Negara Malaysia**, Mr. Fraziali Ismail, Assistant Governor
- **Securities Commission Malaysia**, Mr. Zainal Izlan Zainal Abidin, Deputy Chief Executive
- **Ministry of Planning and Finance of Myanmar**, Mr. Zaw Naing, Director General (Financial Regulatory)
- **Philippines Insurance Commission**, Mr. Dennis Funa, Commissioner
- **Monetary Authority of Singapore**, Ms. Gillian Tan, Assistant Managing Director (Development & International)
- **Bank of Thailand**, Mrs. Roong Mallikamas, Assistant Governor
- **State Securities Commission of Viet Nam**, Mr. Vu Chi Dzung, Director General (International Cooperation)

The ATB is overseen by the AFMGM with the Sustainable Finance Institute Asia (SFIA) providing administrative support as host of the ATB.

For media queries, please contact:

Mr. Khairul Ridzwan
ASEAN Taxonomy Board
(Working Group on Market Facing and Resourcing)
Email: aseantaxo@sfinstitute.asia