

ASEAN TAXONOMY BOARD

3 December 2024

ASEAN TAXONOMY BOARD (ATB) CONDUCTS WORKSHOP ON THE ASEAN TAXONOMY FOR SUSTAINABLE FINANCE (ASEAN TAXONOMY) IN HANOI, VIETNAM AND ANNOUNCES FORTHCOMING PUBLIC FREQUENTLY ASKED QUESTIONS (FAQ) & USE CASES IN RESPONSE TO STAKEHOLDER CONSULTATION FEEDBACK

The ATB, with the support of the Asian Development Bank (ADB) held an ASEAN Taxonomy Hybrid Socialisation Workshop in Hanoi, Viet Nam on 2-3 December 2024. Hosted by the State Securities Commission of Viet Nam, the event also incorporated a session on governance, stewardship and sustainability organised by the ASEAN Capital Markets Forum (ACMF), which is one of the sectoral bodies that make up the ATB.

The event kicked-off with a panel session on “Pathways to Developing a Sustainable Finance Taxonomy”, featuring developers of national taxonomies that have been developed or are under development from Indonesia, the Philippines, Thailand, and Viet Nam. This was followed by an in-depth workshop on how to apply the Foundation Framework and Plus Standard of the ASEAN Taxonomy conducted by the ATB, Sustainable Finance Institute Asia and DNV. On Day 2, a panel comprising ASEAN capital market regulators and institutional investors examined the role of institutional investors in driving the sustainability agenda among corporates through stewardship codes.

The ATB hopes to conduct more of such workshops to enhance awareness and implementation of the ASEAN Taxonomy. Such efforts are in line with feedback and suggestions received from the targeted stakeholder consultation on the ASEAN Taxonomy Version 3 which was held from July to October 2024.

The ATB is encouraged by the positive responses from stakeholders, with most of the feedback received pertaining to suggestions on improving clarity in definitions and usability of the ASEAN Taxonomy Version 3, and heightening awareness and capacity building related to the implementation of the Taxonomy. Given the proliferation of taxonomies and guidances, stakeholders highlighted the need for mutual recognition and international credibility of taxonomies through interoperability and equivalence.

Stakeholders shared on the need for tools to help implementation of the Taxonomy. In response to this need, the ATB has taken the initiative of producing a Public FAQ document, addressing common pertinent questions relating to the ASEAN Taxonomy. It is the ATB’s hope that this Public FAQ will assist in the understanding, socialisation, and uptake of the ASEAN Taxonomy. In addition to the Public FAQ, the ATB is also developing new Use Cases for Small and Medium-Sized Enterprises using the Foundation Framework of the ASEAN Taxonomy, as useful points of reference to ease further adoption and utilisation of the ASEAN Taxonomy.

Thus far, the ASEAN Taxonomy has seen several encouraging examples of utilisation, which were also verified by Second Party Opinion providers. Bangkok Expressway and Metro Plc used the ASEAN

Taxonomy Transportation & Storage as well as DNSH Criteria, in their issuance of sustainability finance instruments via a Sustainable Financing Framework in September 2024. The Provincial Electric Authority (PEA), a Thai State Utility Operator had also referenced the ASEAN Taxonomy Energy and DNSH Criteria in their issuance of Sustainability Bonds in August 2024.

Moving forward, the ATB will continue to explore more market-facing activities to encourage and facilitate the use and usability of the ASEAN Taxonomy, and by extension, further the development of the sustainable finance ecosystem in the region.

CHAIR

ASEAN Taxonomy Board

Background

The ASEAN Taxonomy serves as a principal reference point in ASEAN to orientate capital flows and funding towards sustainable activities and investments.

The ASEAN Taxonomy is a collaborative 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). 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. 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. It is 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.

The ATB was set up in 2021 under the auspices of the ASEAN Finance Ministers and Central Bank Governors' Meeting (AFMGM) and is jointly driven by the ACMF, AIRM, SLC and the 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:

- *Brunei Darussalam Central Bank (Chair)*
- *Bangko Sentral ng Pilipinas (Vice-Chair)*
- *Monetary Authority of Singapore*
- *Non-Bank Financial Services Authority of Cambodia*
- *Financial Services Authority of Indonesia*
- *Bank of the Lao PDR*
- *Bank Negara Malaysia*
- *Securities Commission Malaysia*
- *Ministry of Planning and Finance of Myanmar*
- *Securities and Exchange Commission Philippines*
- *Bank of Thailand*
- *The Securities and Exchange Commission, Thailand*
- *State Securities Commission of Viet Nam*
- *Insurance Regulator of Cambodia*

The Sustainable Finance Institute Asia (SFIA) provides support as host of the ATB.

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