



ASIFMA

Green Taxonomy
Survey

December 2022

Disclaimer

The information and opinion commentary in this ASIFMA 2022 Taxonomy Survey Report was prepared by the Asia Securities Industry and Financial Markets Association (ASIFMA) to reflect the views of firms who participated in this Survey. The data on which this Report and its conclusions were based was gathered from participating firms between August–September 2022. ASIFMA believes that the information in this Report, which has been obtained from multiple sources is reliable as of the date of publication. As estimates by individual sources may differ from one another, estimates for similar types of data could vary within the Report. In no event, however, does ASIFMA make any representation as to the accuracy or completeness of such information. ASIFMA has no obligation to update, modify or amend the information in this Report or to otherwise notify readers if any information in the Report becomes outdated or inaccurate



About ASIFMA

ASIFMA is an independent, regional trade association with over 160 member firms comprising a diverse range of leading financial institutions from both buy and sell side, including banks, asset managers, law firms and market infrastructure service providers.

Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the GFMA alliance with SIFMA in the US and AFME in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

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Preamble

Overview

Taxonomy adoption and implementation are gathering pace globally and in the Asia-Pacific region.

This is evident in the activity we have seen over the past 12 months; such as discussions to alter the EU Taxonomy of Sustainable Activities to include a traffic-light system for classifying economic activities and the issuance of the second edition of the Common Ground Taxonomy. There have also been several Asia-specific taxonomies issued and a number that are under development.

It is becoming an industry, and perhaps soon to be, a regulatory imperative to have common externally mandated definitions of green economic activities for corporate reporting standards, product labelling and possibly other purposes.

Following COP26, many governments have set national targets to support the transition to net-zero greenhouse gas emissions by 2050 and many corporations and financial market participants have also set their decarbonisation targets.

Cultivating a common language through taxonomies is fundamental to achieving these common goals and objectives. In an interconnected world, multinational corporations have a footprint across many jurisdictions and may have to comply or observe obligations at the Group-level, but also at a regional or jurisdictional level in the countries they operate in. Interoperability may be key to the effective development and implementation of taxonomies.

As part of the initiative to support the sustainability agenda in financial markets, ASIFMA commissioned this survey in August 2022 involving banks* with branches or subsidiaries in Asia-Pacific to better understand the current state of taxonomy adoption in the region and beyond.

We understand the implementation of taxonomies is at a relatively nascent stage, therefore, this survey serves as an exploratory exercise to better understand the current state of taxonomy adoption and implementation and how the industry can be better supported throughout this process and in the future.

At the time of conducting this survey, between August to September 2022, several regional Asia-Pacific taxonomies were under discussion or consultation, such as the ASEAN, Australia, Indonesia, Singapore GFIT and Thailand taxonomies. These were therefore not covered in this survey.

This report sets out the results of the survey and aims to make observations of common themes and issues identified with taxonomy adoption and implementation. The survey results indicate participants are making concerted efforts to ensure readiness and to support this endeavor, however, there remain opportunities for bodies such as ASIFMA to facilitate the adoption and implementation of taxonomies and to further the sustainability and climate agenda.

ASIFMA acknowledges the help of EY Advisory Services Limited which designed and conducted the survey and compiled this report for ASIFMA.

**ASIFMA did not survey the view of asset managers or other industry participants.*

Key findings

- 1** **75%** The majority of survey participants have started using a taxonomy
- 2** **75%** The **EU Taxonomy of Sustainable Activities** is the **dominant taxonomy**, with three quarters of respondents indicating they have adopted this taxonomy
- 3** **67%** Most respondents indicated they have **adopted a taxonomy for the purposes of disclosure and reporting alignment**
- 4** **75%** The **availability, quality and reliability of data** was identified by survey participants as **key difficulties in taxonomy implementation**
- 5** **56%** **Lack of clarity in taxonomy definitions** is another key difficulty; with participants indicating difficulties with **interpretative questions about the scope** of the taxonomy
- 6** **87%** Almost all survey participants anticipate implementing a **blended scenario** taxonomy operating model to create an **internal standard**
- 7** **71%** Beyond regulatory obligations, most participants indicated that **issuer, borrower or investor's expectations** would be the **key consideration in determining which taxonomy they would use**

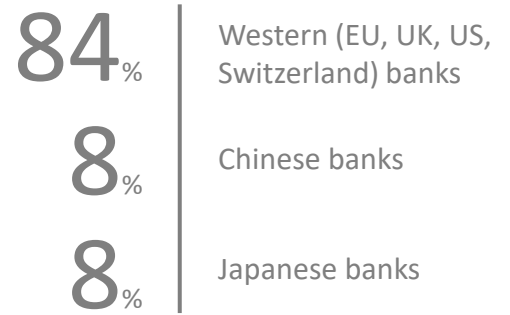
Results at a glance

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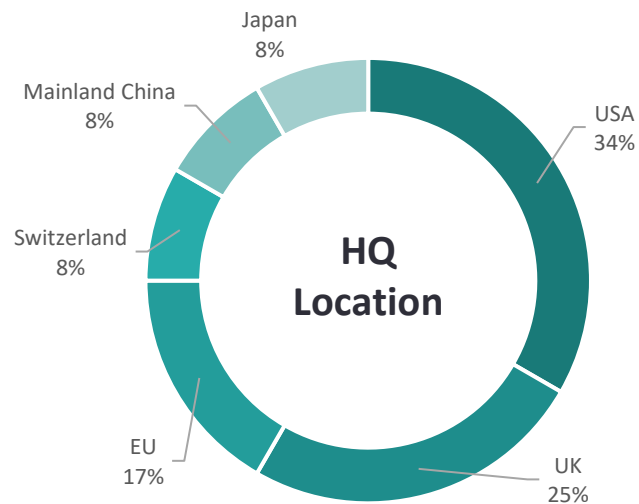
Survey background

Who answered the survey?

The survey was aimed at banks and respondents are predominantly multinational banks headquartered in Europe or America operating in Asia-Pacific, with a smaller number headquartered in China and Japan.

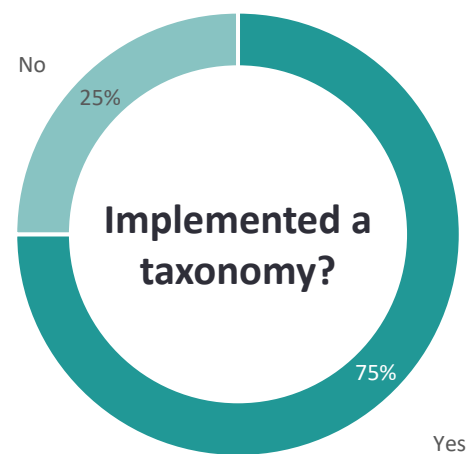


ASIFMA surveyed a total of 12 member banks, with HQs in: **USA (4), UK (3)** and **Europe (3)**



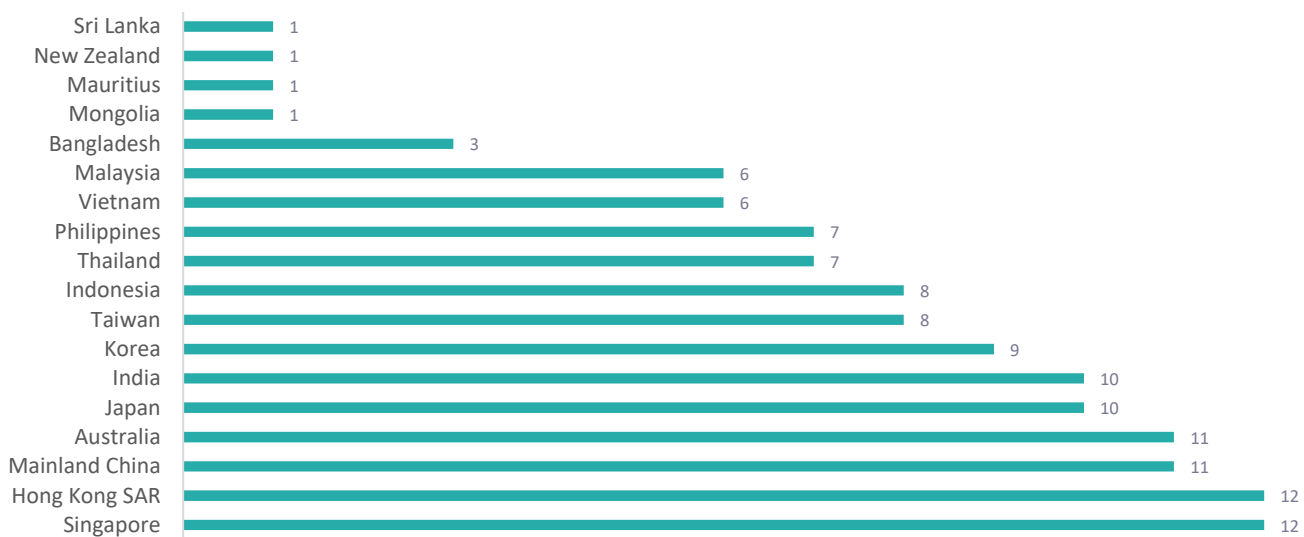
9 out of 12 survey participants have started using a taxonomy.

Of these 9, 2 have begun to use more than one taxonomy.



- ▶ Survey participants who have yet to adopt or implement a taxonomy indicated they have not done so as there is currently no obligation to adopt one. They recognize taxonomy adoption is at a relatively nascent stage and expect regulatory requirements to evolve in this area.

The majority of survey participants operate across in a number of APAC jurisdictions and asset classes:



- ▶ The focus is mainly on financial centers and high growth potential markets. Presence begins to diminish in small and/or less developed markets.

Which taxonomies were covered in the survey?

The survey participants were asked which taxonomies from the below list they had sought to implement.

- ▶ Bangladesh Sustainable Finance Policy
- ▶ CBI Green Taxonomy
- ▶ China Green Bond Endorsed Projects Catalogue
- ▶ China Technical Report on SDG Finance Taxonomy
- ▶ Common Ground Taxonomy
- ▶ EU Taxonomy of Sustainable Activities
- ▶ Malaysia Climate Change and Principle-based Taxonomy
- ▶ Mongolian Green taxonomy
- ▶ Russia Green Taxonomy
- ▶ Other (please specify)

- ▶ The taxonomies were chosen because these were the predominant international and Asia-Pacific taxonomies that had been finalized at the time of conducting the survey. If participants were using any other taxonomies, they could select “other” and identify in a free-text entry box which taxonomies those were. Several APAC taxonomies, ASEAN, Australia, Indonesia, Singapore GFIT and Thailand taxonomies were under consultation or in ‘pilot’ phase and therefore were not covered in the survey.
- ▶ Some survey participants queried whether for those who answered “other” to this question were referring to the International Capital Market Association (ICMA) Green Bond Principles and the Asia Pacific Loan Market Association (APLMA)/Loan Market Association (LMA)/Loan Syndications and Trading Association (LSTA) Sustainability Linked Loan Principles. In response to the use of taxonomies for product labelling, one or more respondents refer to these industry product principles, which would suggest that “other” includes these taxonomies.

Methodology

EY designed and conducted the 2022 Taxonomy Survey for ASIFMA and drafted this report. ASIFMA reviewed and approved the draft methodology and the final version of the report. EY facilitated the regional survey with participants comprising 12 banks, all ASIFMA members and operating in the region. The survey comprised 18 questions designed to gain insight about survey participants' views of the adoption and implementation of taxonomies, the purposes of adoption, what internal organisational functions were involved in implementation, how banks implemented the taxonomies, obstacles to implementation, what might help banks overcome these obstacles and what interoperability of taxonomies might look like. The survey questions are in the Appendix.

The questions were drafted in consultation with ASIFMA member firms, focusing on ascertaining key trends, experiences and challenges among peer firms in their taxonomy adoption and implementation, including:

- ▶ Who the survey participants are and the jurisdictions they operate in
- ▶ Present state of implementation
- ▶ Interoperability of taxonomies
- ▶ Challenges

The survey was conducted between August and September 2022, followed by a roundtable discussion with survey participants and ASIFMA member firms. An additional number of supplementary questions on taxonomy interoperability were added in October 2022. EY designed and conducted the survey and analyzed the responses, it facilitated the roundtable discussion and additional consultations and identified common themes and high-level conclusions.

The institutions who participated in this survey and consented to be identified are:

- ▶ Barclays Bank PLC
- ▶ BNP Paribas
- ▶ China International Capital Corporation Limited
- ▶ Citigroup Inc
- ▶ The Hong Kong and Shanghai Banking Corporation Limited
- ▶ JP Morgan Chase & Co.
- ▶ Morgan Stanley
- ▶ The Northern Trust Company
- ▶ SMBC Nikko Securities (Hong Kong) Ltd
- ▶ Standard Chartered
- ▶ Société Générale
- ▶ UBS AG

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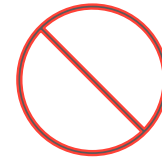
Current state

Which taxonomies are banks using?

The majority of survey participants have started using a taxonomy.

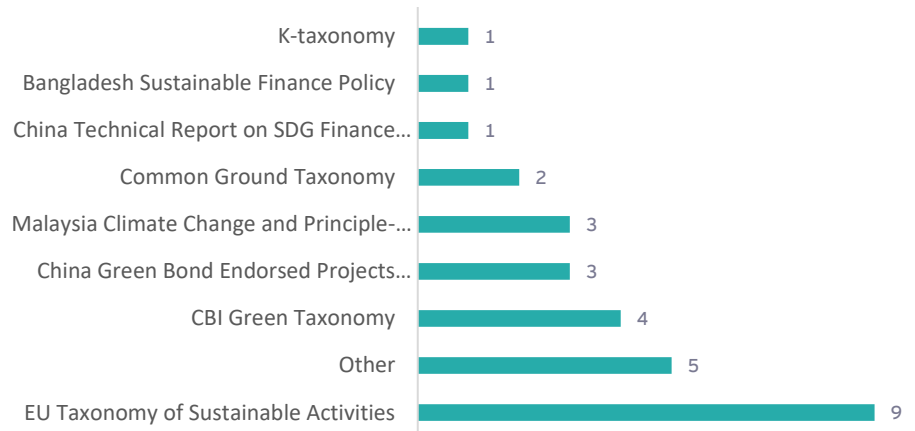


75%



25%

Of those that have sought to start using a taxonomy, the EU taxonomy is the most widely referenced. The following chart shows the distribution of taxonomies:



- ▶ That 50% of survey participants have headquarters in a European jurisdiction (EU, UK or Switzerland), may drive the result that the EU Taxonomy of Sustainable Activities is the taxonomy most frequently implemented by survey participants. It could also indicate that survey participants tend to follow the taxonomy practices of their headquarters where obligations or market practice may be more evolved, or that for now the EU taxonomy is perceived to be market standard in this developing field.
- ▶ Other taxonomies survey participants referred to include the international CBI Green Taxonomy and regional taxonomies such as the Malaysia Climate Change and Principle-based Taxonomy (CCPT) and China-based taxonomies such as the Common Ground Taxonomy (CGT) and China Green Bond Endorsed Projects Catalogues.
- ▶ It is worth noting that many Asian taxonomies have yet to be fully implemented or are still in ‘pilot’ phases of development. At the time of writing this report, fully operative taxonomies exist in China, such as the China Green Bond Endorsed Projects Catalogue, Bangladesh and Malaysia. However, in other major Asian jurisdictions, taxonomies are not yet in force but may be under consultation including the Indonesia Green Taxonomy 1.0, the Singapore GFIT Taxonomy, the Thailand Taxonomy and the ASEAN Taxonomy. Further, jurisdictions like Hong Kong and Australia have flagged their intention to develop their own taxonomies. As these taxonomies come into effect, the results of this survey may change.

Of those that selected “other”:

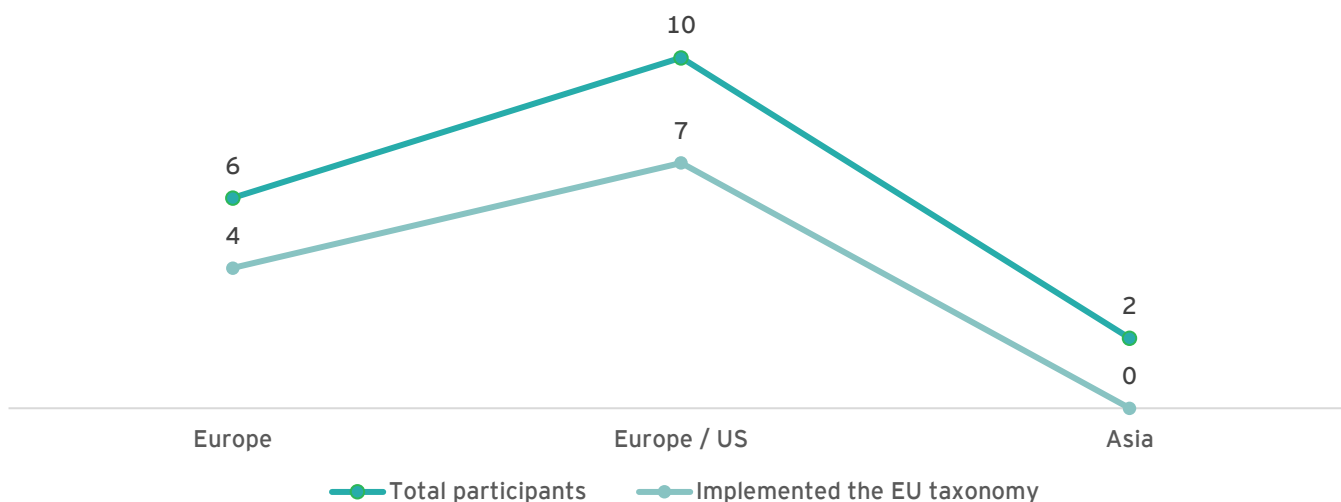
2

Respondents have implemented internal criteria

- ▶ Both respondents indicated their internal standards refer to prevailing external guidelines and market practice:
 - ▶ “Internal set of criteria informed by external guidelines and taxonomies, such as the EU Taxonomy, for the Bank’s sustainable finance commitment”
 - ▶ “We align ourselves with market requirements... Referencing prevailing market/industry standards/principles instead of specific taxonomies”

The figure below illustrates which survey participants have or have not adopted which taxonomies based on the location of their headquarters and the jurisdictions they operate in.

Breakdown of participants by HQ location and adoption of the EU taxonomy:

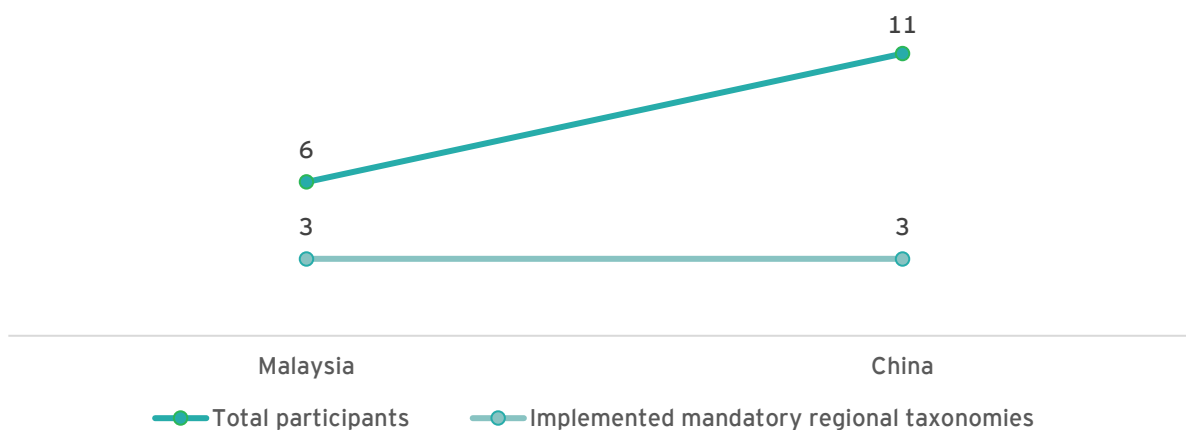


- ▶ There is a correlation between adoption of the EU taxonomy and participants with western HQs with **67%** (HQ in Europe) and **70%** (HQs Europe and the US) adopting the EU Taxonomy
 - ▶ Adoption of the EU Taxonomy is required by law for firms operating in the EU, and therefore a high correlation of adoption for participants with HQs in Europe is expected as participants may adopt the taxonomy of the jurisdiction in which they are headquartered.
 - ▶ The high correlation for adoption of the EU Taxonomy and participants with western HQs may suggest that the EU Taxonomy is widely viewed as setting a defacto industry practice for western banks.

Some survey participants have sought to implement the taxonomies of certain APAC jurisdictions they operate in, including in Malaysia and China:

- ▶ **Malaysia:** regulated entities must report alignment with the CCPT on a semi-annual basis.
- ▶ **China:** this could be to support eligibility claims for ESG incentives under the China Green Bond Catalogue.

Breakdown of participants by APAC jurisdictions with mandatory taxonomies (Malaysia CCPT and China Green Bond Endorse Projects Catalogue):



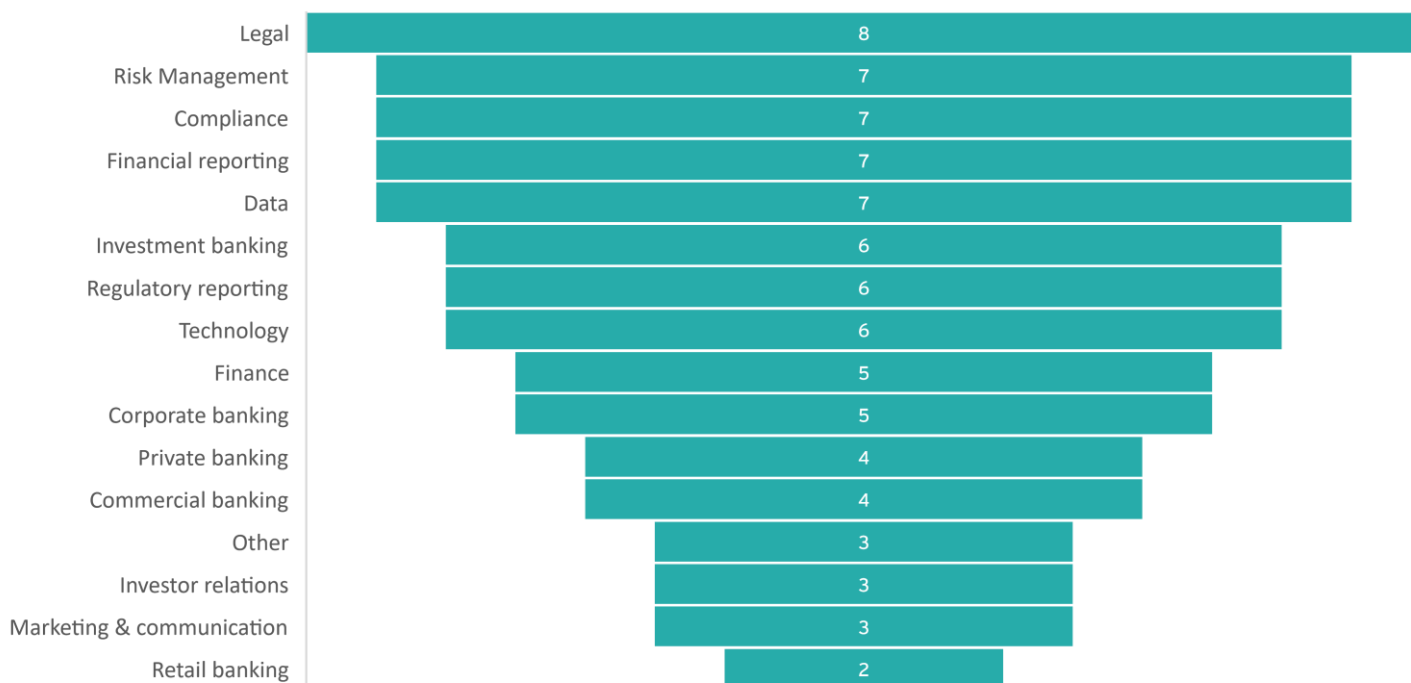
- ▶ With regard to regional taxonomies there is some correlation with **50%** of participants operating in Malaysia adopting the Malaysia CCPT.
- ▶ In China the correlation is less clear with only **27%** of survey participants operating in China adopting the China Green Bonds Projects Catalogue.

For survey participants who have not yet adopted a taxonomy there is no clear correlation as to why they have not yet implemented one, with some headquartered in Europe and others operating in Malaysia and China.

- ▶ Some participants indicated they have not adopted a taxonomy as they are under no regulatory obligation to do so but also recognize taxonomy adoption is at an early stage and expect that regulatory requirements will evolve in this area.

How are taxonomies being used?

This chart shows which business units and support functions survey participants have involved in taxonomy implementation:



- ▶ There is clear involvement from control functions with 8 survey participants indicating legal and 7 indicating compliance and risk management have been involved in taxonomy implementation.
- ▶ Survey participants also refer to functions such as finance, technology, data, regulatory and financial reporting.
 - ▶ This may suggest that currently **taxonomies have been adopted for compliance and regulatory reporting** purposes. Given taxonomies are predominantly mandated by regulators and are at an early stage of development and adoption, participants may be cautious and involving these functions. However, as the adoption of taxonomies becomes “business as usual”, it may be that these functions become less involved.
 - ▶ Front office units are also present which may suggest banks are **ensuring readiness** in anticipation of further development of taxonomies, particularly in relation to product labelling.

Beyond regulatory obligations, most participants indicated that issuer, borrower or investor’s expectations would be the key consideration in determining which taxonomy they would use for any purpose:

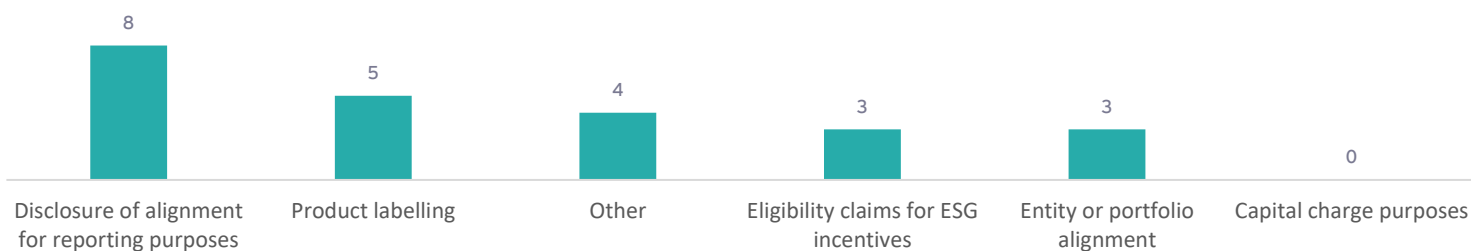
71%

Issuer/borrower/investor’s expectations to use taxonomy of its jurisdiction of incorporation

29%

Shareholders’ expectations to disclose taxonomy alignment across relevant taxonomies

Of the taxonomies that have been adopted, the majority of survey participants indicated the intended purpose is for disclosure of alignment for reporting purposes.

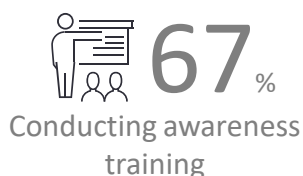
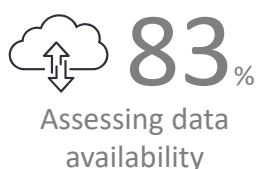


- ▶ Of those survey participants which responded with **disclosure for reporting purposes**, they referred to the following taxonomies: EU taxonomy; internal criteria, the CBI Principles, and the Bangladesh Taxonomy.
- ▶ Survey participants referred to adopting the China Green Bond Catalogue and European Central Bank (ECB) Green Asset Repurchasing to establish **eligibility claims for ESG incentives**.
- ▶ **For product labelling the following taxonomies are used:** EU Taxonomy, CBI Principles, China Green Bond Catalogue and internal criteria
 - ▶ Previously, the China Green Bond Catalogue allowed 50% of use of proceeds to go towards working capital which appears to have been attractive to survey participants and/or their clients. However this has since been revised to disallow this practice
- ▶ Of those that indicated **“other”** no clear purpose for adoption was given. However, survey participants note that the purpose of using taxonomies will evolve and be partially dictated by regulatory requirements and policies. But this refers to the possible future use of taxonomies rather than describing the purpose for the adoption of taxonomies now.

42% of survey participants indicated taxonomies are used for the purposes of product labelling. Survey participants were asked what percentage of current products were labelled as “green” or “sustainable”. The question was not fully answered. However, the following is noted:

- ▶ Survey participants indicated they refer to well-established industry principles for this process, including the ICMA Green Bond Principles and the APLMA/LMA/LSTA Green Loan Principles, whilst other also references internal criteria and ESG scoring methodologies
- ▶ This may suggest that although the use of taxonomies for product labelling is still at a nascent stage; survey participants may refer to external taxonomies and standards to guide their internal criteria, scoring methodology and processes
- ▶ As the practice develops, we would expect survey participants to increasingly use taxonomies for product labelling to support product innovation and differentiation.

In terms of their stage of implementation, the majority of survey participants are assessing data and establishing governance frameworks and raising awareness:



- ▶ The focus on assessing data, closely followed by awareness training suggests participants are predominantly still early in the process of implementation.
- ▶ Two survey participants also noted that, in many cases, activities have been undertaken as mandated by local requirements in the jurisdictions they operate in, such as **performing a dry run of taxonomy activity alignment and awareness training**.
- ▶ As summarised by one respondent:

“ We are still in the exploratory stage driven by incoming regulations

3

Interoperability

Current state of interoperability

The majority of survey participants and the industry more generally are at an early stage of taxonomy adoption and this may reflect why only two survey participants have begun to implement more than one taxonomy.

2

Survey participants have implemented more than one taxonomy

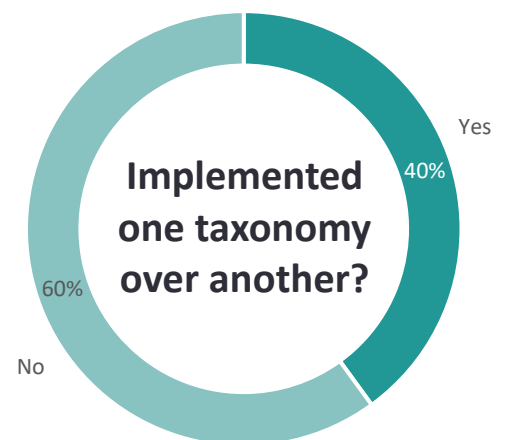
- ▶ One respondent commented they found the EU Taxonomy and CBI Taxonomy to be more user friendly given they have the most comprehensive scientific rationale and the eligibility criteria, which in turn gives credibility to the labelling of the products.
- ▶ Several survey participants commented on why they have not formally implementing more than one taxonomy:
 - ▶ *“We are at an early stage in taxonomy implementation, with some countries subject to regulatory reporting pilots but yet to adopt the taxonomy in end-to-end sustainable finance products (i.e. from origination to monitoring and reporting).”*
 - ▶ *“Interoperability challenges mainly driven by: (a) largely inconsistent scoping/definitions for Taxonomy eligibility (re which exposures, investments need to be assessed against a given taxonomy); (b) lack of baseline for TSC leading to same counterparties being assessed under inconsistent and sometime diverging criteria across Taxonomies; (c) several taxonomies are based on the do no significant harm (DNSH) and MSS [Minimum Social Standards] principles which are complex and requirements tests are specific jurisdiction Taxonomy defined (i.e. very localised).”*

Four survey participants elaborated on why they chose to implement one taxonomy over another.

- ▶ Although the majority of survey participants have not yet had a situation where they have chosen one taxonomy over the other, those that have observed that local taxonomies may be referenced in local markets, with one firm that has adopted the China Green Bond Catalogue noting:

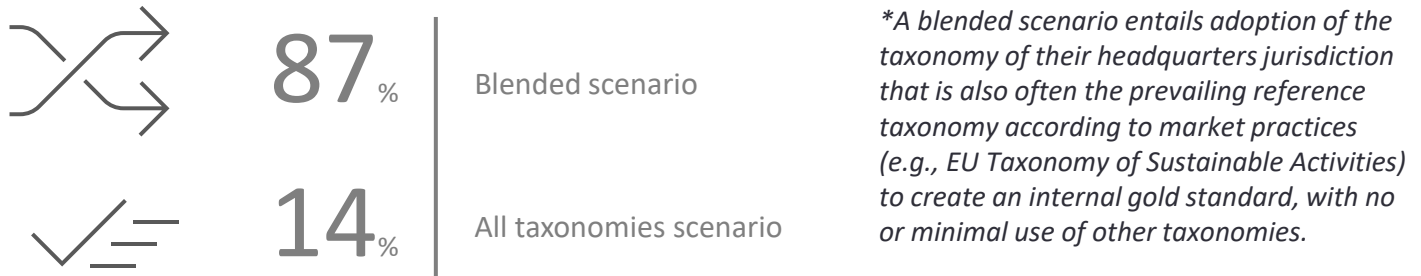
- ▶ This enabled the survey participant to call a wider selection of products “green” (although this is now no longer the case).
- ▶ Utilizing this taxonomy demonstrates alignment with local standards and streamlines the application process

- ▶ This would suggest that, in some cases, banks may use local taxonomies over more dominant taxonomies from other jurisdictions (e.g.: the EU Taxonomy) or international product standards (e.g.: the CBI Taxonomy) for various purposes (e.g.: to prove eligibility claim for ESG incentives).



What does the future of interoperability look like?

All survey participants agree that the interoperability between taxonomies is the key to increase the take-up of taxonomies and the likelihood of a multi-taxonomy approach for their banks. This is supported by the fact that when asked what is the most likely end-state for the taxonomy operating model for their bank, almost all survey participants indicated a “blended scenario**”.



- ▶ This demonstrates that survey participants are anticipating that, to some degree, they will have to adopt a multi-taxonomy approach. However, they do not appear to expect to adopt local taxonomies in all operational jurisdictions, and will instead roll-out their headquarters jurisdiction taxonomy operating model across locations.
- ▶ It is evident that, if there is limited interoperability between taxonomies, this will significantly impact firm’s anticipated taxonomy operating models and firms may have to re-evaluate their future approaches if a more targeted approach is needed across all jurisdictions.

In light of this expectation, when asked what the impact to their firm would be if taxonomies were materially different across jurisdictions, survey participants observed:



The issue is implementation effort, rather than differences in taxonomies.
If implementation effort is high and a specific taxonomy is mandated, the impact is it increases the cost, and may even cause market (segment) exit / non-entry

Create **confusion and controversial results** when facing third-parties and justifying using one taxonomy over the other

This will be challenging as we are planning to **establish a global taxonomy** that can be used globally with the minimum amount of tailoring to meet regional unique taxonomies

Low level of adoption due to **high cost of ongoing cost/benefit analysis** and reconciliation with no or limited benefits

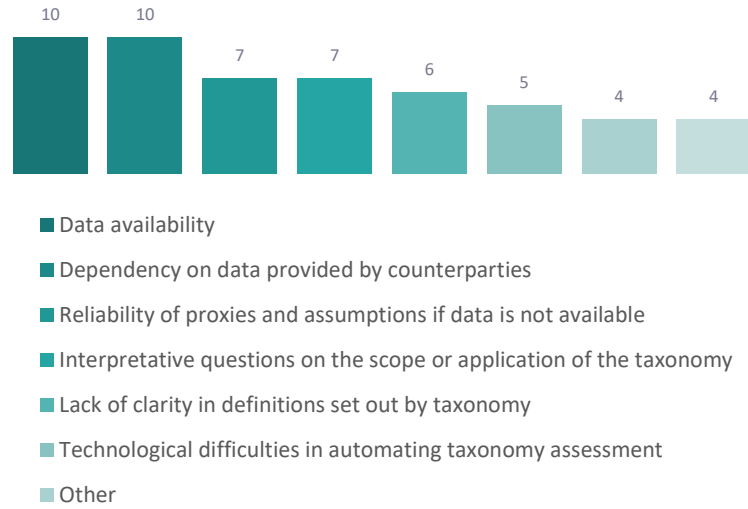
- ▶ It is clear that the interoperability of taxonomies is a key consideration for survey participants with taxonomy adoption adopting taxonomies because the majority of firms anticipate implementing a ‘gold standard’ at the Group-level, and implementing this across locations at the branch or subsidiary level.

4

Challenges

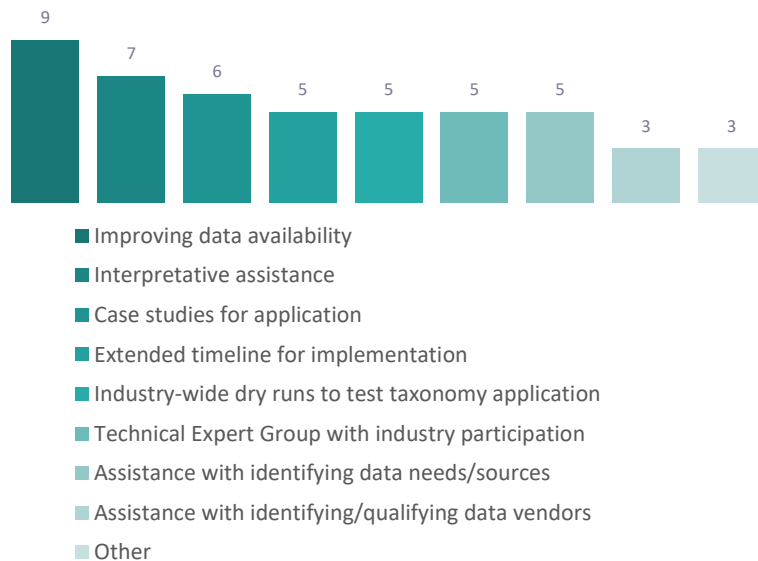
Challenges with implementation

The difficulties encountered by market respondents largely focus on data, with the top three challenges they identified focusing on the quality, reliability and consistency of data available:



- ▶ Survey participants also identified a lack of clarity in taxonomy definitions as a second order issue.
- ▶ One survey participant observed that, without clear interoperability or mapping of differences between taxonomies, this will pose a significant challenge for firms operating across multiple jurisdictions.

75% of survey participants believe improving data availability would be key to addressing difficulties they have encountered so far.



- ▶ A key area for regulators and governments to focus on is enabling data availability and helping firms understand the taxonomy and how to apply it through **case studies** and **interpretative assistance**:
 - ▶ One survey participant noted that, in relation to **interpretative assistance**, in the EU FAQs for interpretative questions on the scope of application of taxonomies are available, albeit on a piecemeal and delayed basis.

5

Conclusions and recommendations

Recommendations

Recognising the stage that firms are at in their taxonomy implementation and the challenges they have identified, it is clear that, in future, bodies such as ASIFMA can play a pivotal role in facilitating firms' development and implementation of their taxonomy operating models.

Recommendations based on the findings of this report:

1

Interpretative assistance from regulators and policymakers:

- ▶ **Frequently Asked Questions (FAQs):** timely development of a central FAQ database would be helpful for interpretative questions regarding the scope and application of the taxonomy.
- ▶ **Case studies:** these would be helpful to further understand how to apply taxonomies under particular circumstances. Participants expressed a particular interest in case studies for transition finance.
- ▶ **Ongoing engagement** with industry stakeholders will facilitate the process of adoption and should be encouraged.

2

Availability of complete and reliable data:

It is essential to have high quality data underpinning the application of taxonomies. Policymakers and regulators contemplating taxonomies must consider the practical ability to implement them which is heavily dependent upon the availability of complete and reliable data. They should take an active role in promoting relevant reporting standards to support industry adoption.

3

Interoperability of taxonomies across jurisdictions:

This survey has highlighted taxonomy implementation is resource and cost intensive and taxonomy implementation experience across APAC is limited (to date). Therefore, survey participants suggest regulators and policymakers consider the below in regards to taxonomy development and implementation:

- ▶ **Development:** a staged approach to be taken during the drafting phase to allow time for key existing/new taxonomies to be reviewed and considered – this will help with interoperability and alignment.
- ▶ **Implementation:** take into consideration the taxonomy implementation challenges faced by industry and reflect them in their supervisory expectations and timeline of implementation, acknowledging what it takes to be taxonomy/taxonomies compliant.

It is important that steps taken under one taxonomy should not have to be repeated to satisfy another taxonomy if the outcome would be substantially similar.

4

Independent analysis:

ASIFMA should provide independent analysis and share best practices with member firms on how to unlock value from taxonomy implementation.

Next steps

Based on the conclusions and recommendations from the survey, this raises some broader topics for discussion:

- ▶ Taxonomies should not impede capital flows across borders (internationally and regionally). Further discussion is needed among policymakers, regulators and industry on how taxonomies can best be designed and implemented to facilitate capital flows to support the transition in APAC and emerging markets.

Survey questions

1. Where is the location of your group headquarters? (Please select one.)

- ▶ Australia
- ▶ Canada
- ▶ EU
- ▶ Hong Kong SAR
- ▶ India
- ▶ Japan
- ▶ Korea
- ▶ Mainland China
- ▶ Malaysia
- ▶ Singapore
- ▶ Switzerland
- ▶ UK
- ▶ US

2. What APAC jurisdictions to you operate in? (Please select all that apply.)

- ▶ Australia
- ▶ Bangladesh
- ▶ Hong Kong SAR
- ▶ India
- ▶ Indonesia
- ▶ Japan
- ▶ Korea
- ▶ Mainland China
- ▶ Malaysia
- ▶ Mongolia
- ▶ Philippines
- ▶ Russia
- ▶ Singapore
- ▶ Taiwan
- ▶ Thailand
- ▶ Vietnam
- ▶ Other (please specify)

3. What activities do you engage in? (Please select all that apply.)

- ▶ Asset management
- ▶ Commercial / corporate / institutional banking
- ▶ Commodities
- ▶ Equities
- ▶ ESG & sustainable finance
- ▶ Fixed income
- ▶ FX
- ▶ Investment banking
- ▶ Prime brokerage
- ▶ Private banking
- ▶ Retail banking
- ▶ Other (please specify)

4. What asset classes do you conduct business in? (Please select all that apply.)

- ▶ Equities
- ▶ Fixed income (other than sustainability bonds)
- ▶ FX
- ▶ Commodities
- ▶ Derivatives
- ▶ Real estate
- ▶ Sustainability bonds
- ▶ Other (please specify)

5. Have you begun to use a taxonomy?

- ▶ Yes
- ▶ No

Appendix

6. What taxonomies have you sought to implement?

(Please select all that apply.)

- ▶ Bangladesh Sustainable Finance Policy
- ▶ CBI Green Taxonomy
- ▶ China Green Bond Endorsed Projects Catalogue
- ▶ China Technical Report on SDG Finance Taxonomy
- ▶ Common Ground Taxonomy
- ▶ EU Taxonomy of Sustainable Activities
- ▶ Malaysia Climate Change and Principle-based Taxonomy
- ▶ Mongolian Green taxonomy
- ▶ Russia Green Taxonomy
- ▶ Other (please specify)

7. What purpose did you intend to use the taxonomy for?

(Please select all that apply. For each option chosen, please indicate which of the taxonomies listed in Q6 above were intended to meet this purpose.)

- ▶ Capital charge purposes
- ▶ Disclosure of taxonomy alignment for reporting purpose
- ▶ Entity or portfolio alignment
- ▶ Eligibility claims for ESG incentives
- ▶ Product labelling
- ▶ Other (please specify)

8. If you selected product labelling in Q7 above, what percentage of your current products labelled as "green" or "sustainable" have been aligned? If a taxonomy is not currently used for this purpose, what method is currently being used to label the products as such?

9. If you have implemented more than one taxonomy, did you find any to be more user friendly? If so, please indicate which one and explain why.

- ▶ No
- ▶ Yes (please specify which one and explain why)

10. If you have implemented more than one taxonomy, please provide any comments you may have on their interoperability.

11. Has there been a scenario where you chose to implement one taxonomy over another? If so, what criteria did you use to determine which taxonomy to use?

- ▶ No
- ▶ Yes (please elaborate)

12. What business units have you involved in the taxonomy implementation process?

(Please select all that apply. For each, please provide a brief statement on what capacity they were involved - e.g. awareness training, inputs, decision making, etc.)

- ▶ Commercial banking
- ▶ Compliance
- ▶ Corporate banking
- ▶ Data
- ▶ Finance
- ▶ Financial reporting
- ▶ Investment banking
- ▶ Investor relations
- ▶ Legal
- ▶ Marketing / communications
- ▶ Private banking
- ▶ Regulatory reporting
- ▶ Retail banking
- ▶ Risk management
- ▶ Technology
- ▶ Other (please specify)

13. What steps have you taken and what stage are you at in implementing those taxonomies?

(Please select all the steps that you have taken. For each step taken, please specify which of your implemented taxonomies you have performed this for.)

- ▶ Pre-introduction awareness training to raise awareness across organization
- ▶ Establishing governance and operating model, including allocating responsibility across operating units
- ▶ Assessing what controls would be needed throughout the process
- ▶ Assessing data availability
- ▶ Reviewing / assessing potential external data providers
- ▶ Performing a dry run, internally, of taxonomy economic activity alignment with industry classifications
- ▶ Reviewing potential technology for automation of item above
- ▶ Assessing data availability and creating process for meeting technical screening criteria for substantial contribution to environmental objectives
- ▶ Assessing data availability and creating process to determine minimum social standards criteria (if any)
- ▶ Other (please specify)

14. What difficulties have you encountered throughout the taxonomy implementation process?

(Please select all that apply and, for each, specify at which stage these issues were encountered, in relation to which taxonomy used and in relation to what aspects of the taxonomy. Please provide specific examples where possible.)

- ▶ Insufficient expertise / resources to perform the implementation
- ▶ Interpretative questions on the scope or application of the taxonomy
- ▶ Lack of clarity in definitions set out by taxonomy
- ▶ Dependency on data provided by counterparties
- ▶ Data availability
- ▶ Reliability of proxies and assumptions if data is not available
- ▶ Technological difficulties in automating taxonomy assessment
- ▶ Other (please specify)

15. Which of the below do you believe could have helped you overcome the difficulties mentioned in the question above?

(Please select all that apply and, for each, specify which obstacle it would have helped to overcome.)

- ▶ Interpretative assistance (e.g. consultations or FAQs issued by the Platform on Sustainable Finance)
- ▶ Case studies for application
- ▶ Assistance with identifying data needs and data sources
- ▶ Improving data availability
- ▶ Assistance with identifying or qualifying data vendors who can assist with taxonomy implementation and automation
- ▶ Industry wide dry runs to test taxonomy application
- ▶ Technical Expert Group with industry participation to review TSC, DNSH and MSS tests and metrics
- ▶ Extended timeline for implementation
- ▶ Other (please specify)

16. Please feel free to provide any additional comments / suggestions.

Supplementary survey questions: interoperability of taxonomies

1. Please select what the most likely end-state for the taxonomy operating model will be in your organization based on current knowledge.

- ▶ No taxonomy scenario: not using any taxonomy at the consolidated/Group level for any purposes (i.e., entity, product disclosures, labelling, capital allocation)
- ▶ Headquarter scenario: using the taxonomy from the firm's headquartered jurisdiction at the consolidated/Group level for all or at least some key taxonomy purposes (i.e., entity and product disclosures, labelling, capital allocation). No or minimal use of taxonomies outside the headquartered jurisdiction
- ▶ Winner-take-all scenario: using the reference taxonomy as per international market practices (e.g., EU Taxonomy for Sustainable Activities) for all or at least some key taxonomy purposes. No or minimal use of other taxonomies
- ▶ Blended scenario: using a blend of the firm's compulsory headquartered jurisdiction taxonomy (if non-EU) and the reference taxonomy as per international market practices (e.g., EU Taxonomy) to create an internal standard taxonomy which will be used for all or at least some key taxonomy purposes. No or minimal use of other taxonomies
- ▶ All taxonomies scenario: using all available taxonomies relevant to the firm's markets for all or at least some key taxonomy purposes on a voluntary basis in addition to meeting any taxonomy requirements

2. Do you see interoperability between taxonomies as the key consideration to increase the take-up of taxonomies and the likelihood of a multi-taxonomy approach for your firm?

- ▶ Yes
- ▶ No (please elaborate)

3. What would be the impact to your firm if the taxonomies across jurisdictions were significantly different in material aspects?

4. Beyond compulsory requirements, what would be the key considerations for your organization when deciding which taxonomy(ies) to use for any purpose?

- ▶ Shareholders' expectations to disclose taxonomy-aligned assets across all relevant taxonomies to your footprint
- ▶ NGOs' expectations to disclose taxonomy-aligned assets across all relevant taxonomies to your footprint
- ▶ Issuer/borrower/investors' expectations to use the taxonomy of its jurisdiction of incorporation
- ▶ Other (please specify)