



TAXONOMY SURVEY

September 2025

www.asifma.org

An aerial photograph of a dense, lush green forest, showing a variety of tree canopies in different shades of green, creating a textured, organic pattern.

Disclaimer

The information and opinion commentary in this ASIFMA 2025 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 November 2024-January 2025.

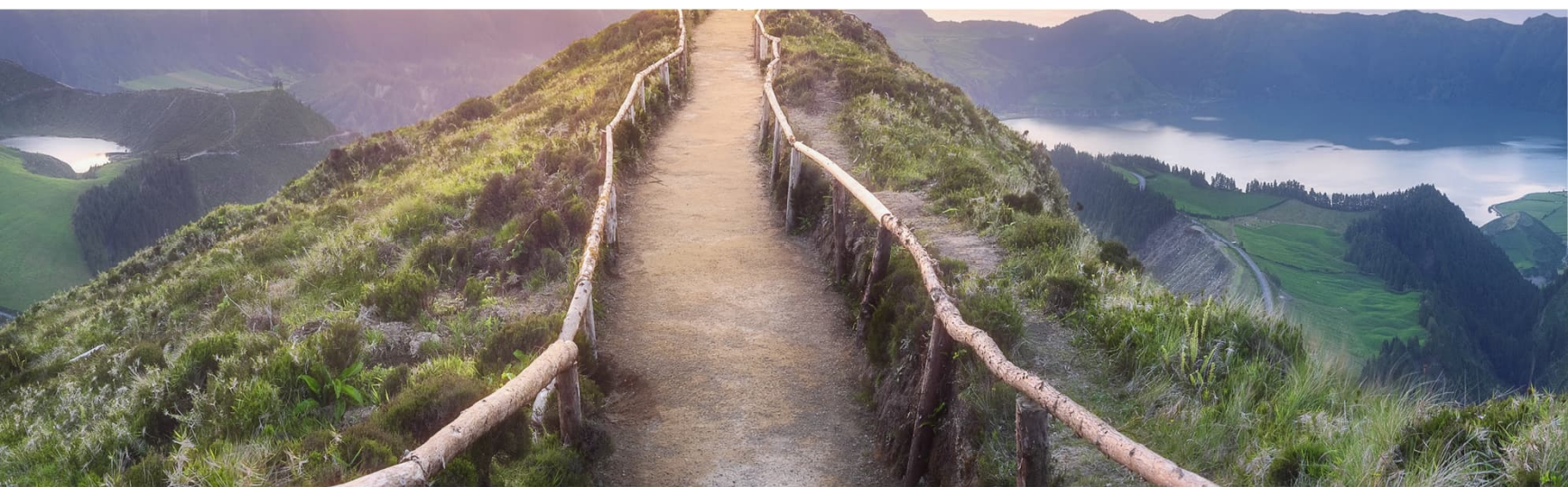
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About ASIFMA

ASIFMA is an independent, regional trade association with over 150 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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Overview

Taxonomies - frameworks for defining what can be called environmentally sustainable investments – are now present in many jurisdictions, far more than when ASIFMA conducted its first APAC taxonomy survey in 2022. Industry participants have become increasingly adept at using and referring to taxonomies, with most relying on external taxonomies and many also developing internal ones. Implementation is transitioning from pilot phases to becoming part of business-as-usual.

Despite this progress, challenges persist. Taxonomies are yet to demonstrate a significant influence on capital allocation. In many cases, taxonomy development has outpaced adjustments in industrial policy, such as carbon pricing and more specific-specific regulations. Without better alignment, taxonomies may fall short of achieving their original objectives.

As the number of taxonomies grows, interoperability has emerged as a key concern. Institutions often find themselves subject to multiple applicable taxonomies, which increases complexity, costs and confusion for those applying or referring to them. This calls for a more coordinated approach from policymakers regulators across APAC and globally.

Another persistent issue is the lack of reliable and comprehensive data. Data availability and quality continue to hinder effective taxonomy implementation. Until industrial policy and data infrastructure are better aligned, these challenges are likely to remain.

Given these difficulties, survey participants strongly prefer taxonomies remain voluntary. Mandating their use could undermine their purpose and complicate implementation and reference.

To ensure taxonomies deliver on their promise, policymakers and regulators should engage collaboratively with industry to address these issues.

In support of the sustainability agenda in financial markets, ASIFMA commissioned this survey in late 2024. Respondents include banks with branches or subsidiaries, asset managers and sustainable finance index providers across Asia-Pacific, aiming to better understand current practices in taxonomy use and referral.

This report, based on data collected from late 2024 through early 2025, presents the survey findings and highlights common themes and challenges in taxonomy implementation. The results show that participants are making concerted efforts to prepare and contribute to this initiative. Nonetheless, there are opportunities for organizations like ASIFMA to further facilitate taxonomy adoption and advance the sustainability and climate agenda.

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

Preamble

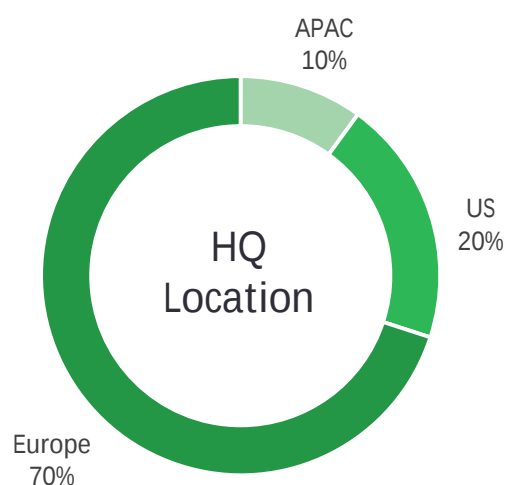
Key findings

- 1 **100%** All the participants refer to external taxonomies, with the EU Taxonomy of Sustainable Activities the most widely referred to
- 2 **80%** Most survey participants refer to an internal taxonomy as well
- 3 **90%** Almost all participants refer to a taxonomy for the purposes of disclosure and reporting alignment
- 4 **44%** The correlation between the markets participants operating in and referring to the taxonomies of those markets is relatively low
- 5 **78%** Most participants think taxonomies should not be made mandatory
- 6 **90%** The interoperability between taxonomies, especially across different jurisdictions was identified by participants as the key challenge in taxonomy use
- 7 **70%** The availability and reliability of data were identified by participants as the top challenges in taxonomy implementation
- 8 **80%** To overcome taxonomy implementation challenges, most participants believe improving data availability would be the most effective solution
- 9 **70%** Most survey participants view taxonomies as somewhat helpful in mitigating greenwashing and assisting with transition finance
- 10 **90%** Nearly all participants are supportive of the inclusion of "Do No Significant Harm" (DNSH) and "Minimum Social Standards" (MSS) in taxonomies

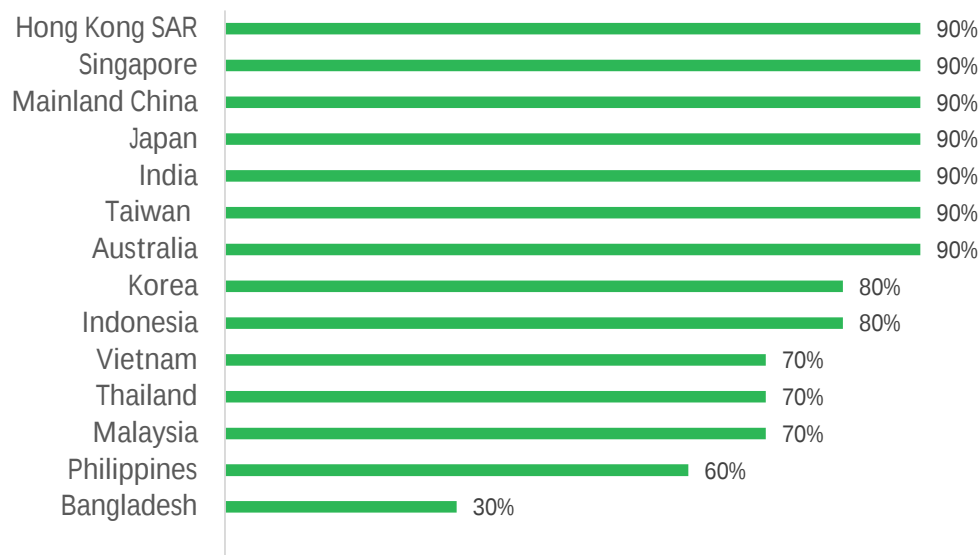
Result at a glance

Who are the survey participants?

ASIFMA surveyed 10 member firms, 8 banks, 1 asset manager and 1 ESG index provider, with head offices in: Europe (7), US (2) and APAC (1).



Most survey participants operate in a number of APAC jurisdictions.

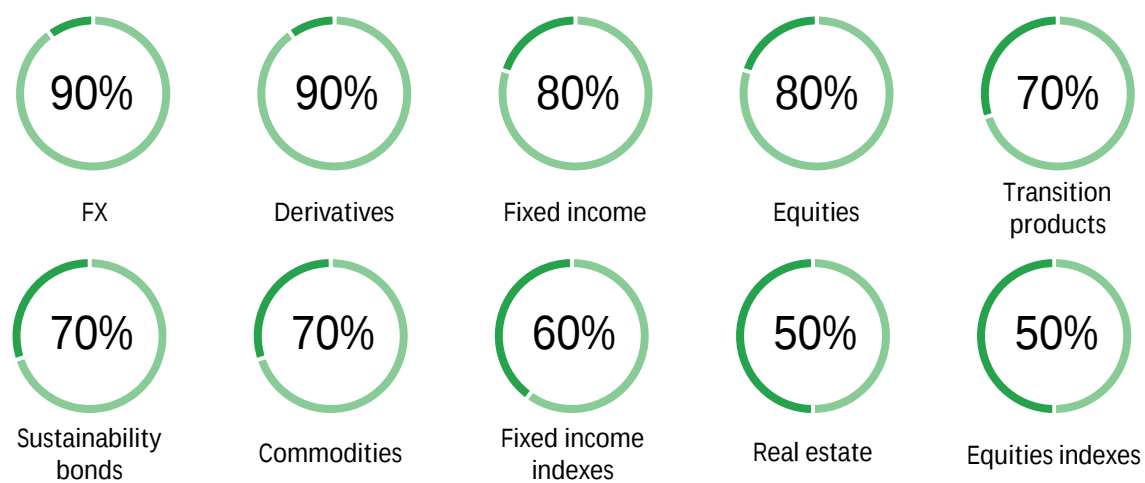


The % of participants operating in each APAC jurisdiction

- Survey participants primarily operate in APAC financial centers, mature markets and markets with large populations and high growth potential. Presence begins to diminish in relatively smaller frontier and emerging markets.

1 Who answered the survey?

Most participants deal with diverse asset classes.



The majority of the survey participants engage in several business activities primarily consistent with corporate and investment banking.



The % of participants engaged in various business activities

Which taxonomies were covered in the survey?

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

- ASEAN Taxonomy for Sustainable Finance
 - Australia Sustainable Finance Taxonomy
 - 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
 - Hong Kong Taxonomy for Sustainable Finance
 - Huzhou Transitional Finance Taxonomy
 - Indonesia Taxonomy for Sustainable Finance (TKBI)
 - K-Taxonomy Korean Green Taxonomy
 - Malaysia Climate Change and Principle-based Taxonomy
 - Malaysia Sustainable and Responsible Investment Taxonomy (SRI)
 - Mongolian Green Taxonomy
 - Philippines Green Taxonomy
 - Shanghai Transitional Finance Taxonomy
 - Singapore-Asia Taxonomy for Sustainable Finance
 - Taiwan Sustainable Taxonomy
 - Thailand Taxonomy
 - Russia Green Taxonomy
 - Other
- 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.
 - Survey participants who answered “other” to this question were referring to the IEA Net Zero Technology List, 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.

Methodology

EY designed and conducted the 2025 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 8 banks, an ESG index provider and an asset manager, all ASIFMA members and operating in the region. The survey comprised 40 questions designed to gain insight about survey participants’ views of the reference to and implementation of taxonomies, the purposes of referring to taxonomies, 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.

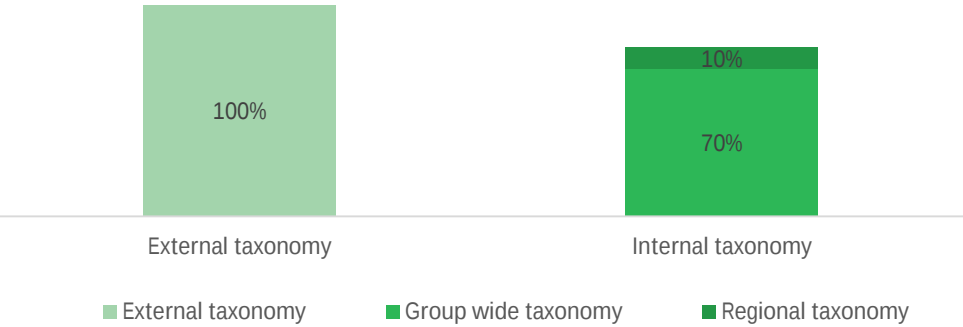
The questions were drafted in consultation with ASIFMA member firms, focusing on ascertaining key trends, experiences and challenges among peer firms in their referring to taxonomies and their implementation, including:

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

The survey was conducted between November 2024 and January 2025, followed by a roundtable discussion with survey participants and ASIFMA member firms. 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.

Which taxonomies are survey participants using?

All survey participants refer to an external taxonomy and most of them refer to an internal taxonomy as well. The number that refer to a taxonomy has increased since 2022.



The % of participants referring to an external and internal taxonomies¹

- 100% of survey participants refer to external taxonomies, while 80% of them refer to an internal taxonomy. Of those, 70% refer to a group-wide taxonomy, while the remaining 10% have referred to a regional taxonomy.
- The EU Taxonomy is the most widely referred to (90%) external taxonomy.
- 70% of survey participants are from Europe and the EU Taxonomy requires reference to it for reporting alignment with the taxonomy. This may in large part drive the high degree of reference to the EU Taxonomy, but may not fully explain it.
- In the 2022 survey, 75% of participants had started using a taxonomy and 75% were using the EU Taxonomy. Many more firms are now using an internal taxonomy with 80% compared with 17% in the 2022 survey. In the 2022 survey, 50% of participants were from Europe.

Among the participants that implemented an internal taxonomy, 70% referred to a group-wide taxonomy, emphasizing the need for consistency and alignment with international standards.

To achieve this, their internal taxonomies will refer to established external frameworks and incorporate best practices from global, regional, and local taxonomies. Survey participants also provided the following insights:

- “Internal policies and frameworks should reference existing external taxonomies, such as the EU Taxonomy and the Singapore-Asia Taxonomy.”²
- “The internal taxonomy structure should adopt best practices from global, regional, and local taxonomies. This structure would serve as a reference for sustainable finance labelling by business lines. The taxonomy is based on international standards, such as the IEA Clean Technology Guide and the CBI Taxonomy, as well as relevant regional or country-specific taxonomies. Technology- and activity-based eligibility criteria for use-of-proceeds financing are derived from these standards. We will also update our current approach of using principle-based assessments for alignment with GBP [Green Bond Principles], GLP [Green Loan Principles], SBP [Social Bond Principles], and SLP [Social Loan Principles].”
- “The taxonomy is based on the EU Taxonomy, with some customizations. It is criteria-based, meaning eligibility is binary.”

¹ A taxonomy is a framework for defining what can be called environmentally sustainable investments. An internal taxonomy is a taxonomy that a financial institution (FI) develops for their own use internally that classifies economic activities as green. It is not created by an external authority, though it may refer to such taxonomies. Nor does it apply to more than one FI unless they are in the same group. It is likely to be qualitative rather than create its own technical screening criteria.

² This may not be representative of all ASIFMA members.

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Current state

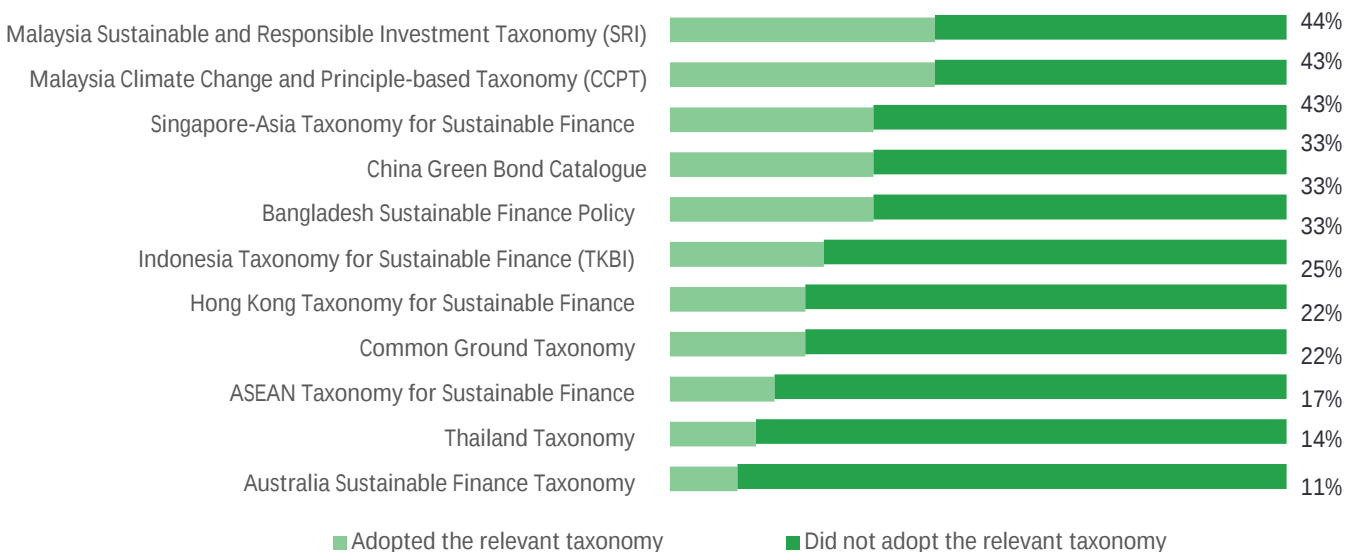
Of those that have used an external taxonomy, the EU taxonomy is the most widely referenced



How widespread is use of various taxonomies?

- Seventy percent of survey participants have headquarters in a European jurisdiction (EU, UK or Switzerland), which may explain why the EU Taxonomy is the taxonomy participants most frequently refer to. In the 2022 survey, 50% of participants had headquarters in a European jurisdiction.
- In the 2022 survey, 75% of participants were referring to the EU Taxonomy. Now 90% of participants refer to the EU Taxonomy.
- There may be several reasons for this. First, use of the EU Taxonomy is mandatory for some purposes. Secondly, participants may tend to follow the taxonomy practices of their headquarters for consistency across their corporate groups. Thirdly, the EU Taxonomy is also one of the longest established taxonomies and the most economically significant and so may be a de facto market standard in some respects.
- There is a relatively low use of several Asian taxonomies, which may be because they are relatively new and comparatively less established as reference points.
- Notably, 86% of participants indicated that the taxonomy of their headquarters jurisdiction does not pose obstacles to applying a transition taxonomy in other jurisdictions.

There is a gap between participants' presence in markets they operate in and their referral to corresponding taxonomies



The % of participants operating in a jurisdiction who have implemented that jurisdiction's taxonomy.

Note: The denominator for the ASEAN Taxonomy for Sustainable Finance used Philippines as a representative, where Philippines has the lowest number of operating members across all the countries that need to comply.

- There is a low correlation between markets that survey participants operate in and their use of taxonomies from those markets. This may be for a number of reasons, including participants are not conducting transactions that these taxonomies govern and/or several of these taxonomies are relatively new and participants may not have decided to refer to them yet, e.g. the Singapore taxonomy is longer established than the Thai and Australian taxonomies and is more frequently referred to.

How are taxonomies being used?

All participants involve a sustainable finance unit or center of excellence in taxonomy implementation

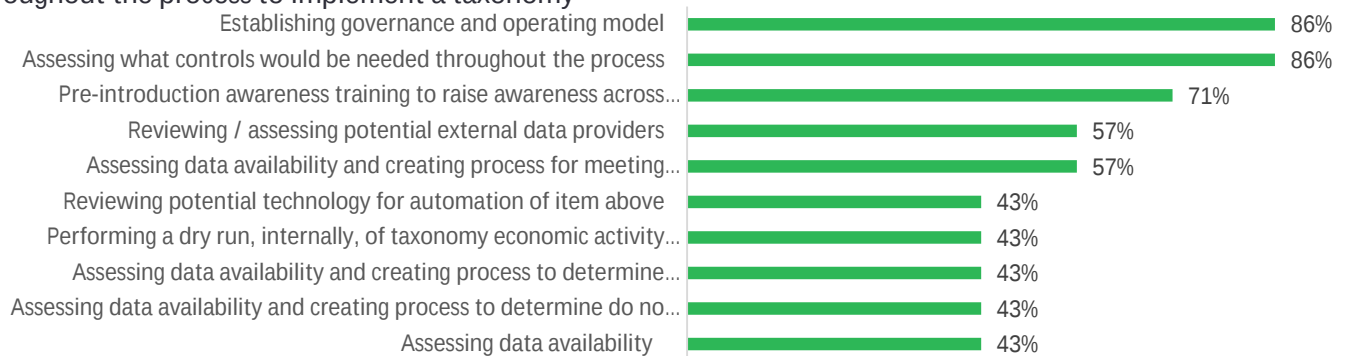


The % of participants who have involved the above business units and support functions in taxonomy implementation

There is clear involvement from the sustainable finance unit, legal and financial reporting teams in taxonomy implementation. One participant highlighted the role of the sustainable finance unit, noting that “Sustainable Finance unit to provide subject matter expertise/technical inputs to application of taxonomy, awareness training, decision making.”

- In 2022, control functions such as risk management, legal, and compliance teams were central to taxonomy implementation, with legal maintaining a leading position. By 2025, there is a noticeable shift, with greater involvement from sustainable finance units and centers of excellence and financial reporting. The increased participation of sustainable finance units and banking businesses suggests that participants are moving to a more business-as-usual implementation of taxonomies.

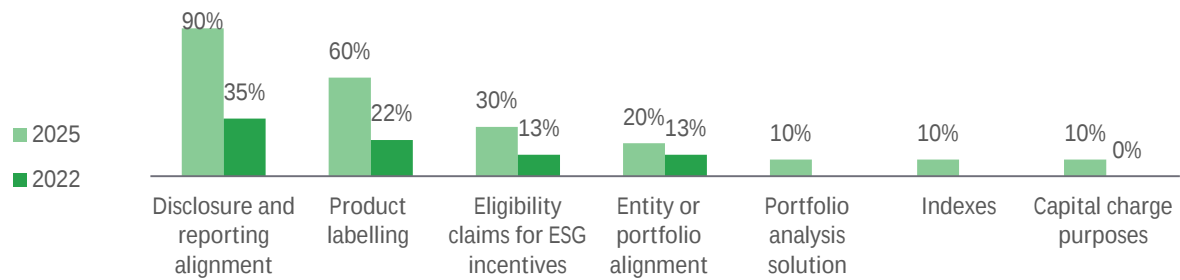
Most participants establish a governance and operating model and assess what controls would be needed throughout the process to implement a taxonomy



What steps participants have taken to implement taxonomies

- Based on the survey results, 86% of participants are focused on establishing governance and an operating model, including allocating responsibilities across operating units. Additionally, they are actively assessing the necessary controls required throughout the process.
- In 2022, the primary focus was on assessing data quality and availability, alongside conducting awareness training across the board. By 2025, the focus has shifted toward establishing governance and operating models, as well as evaluating controls. This shift reflects a maturing approach toward embedding structure and accountability in processes as taxonomy application is being normalised as business-as-usual.

Of the taxonomies that have been referred to, most survey participants indicated the intended purpose is for disclosure of alignment for reporting purposes



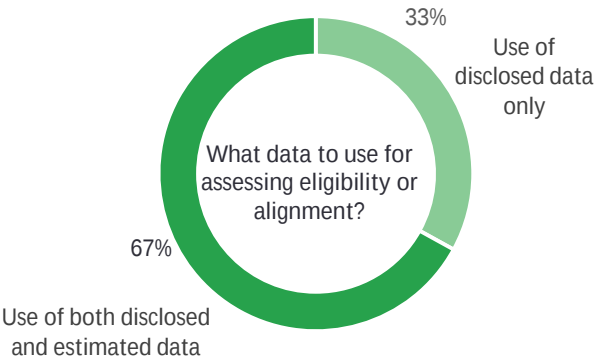
The % of participants which use taxonomies for various purposes

Note: Where there no % is shown for a particular use of a taxonomy it was 0%. In 2022, 4% gave the answer "other" without further details which may cover some of the taxonomy uses for which there was a 0% response rate in 2022.

Among the taxonomies that have been referred to, 90% of participants indicated their primary purpose is for disclosure of alignment for reporting purposes. In the 2022 survey, 35% of participants were using a taxonomy for disclosure and reporting alignment. This may be partly consistent with the increase in the % of survey participants headquartered in Europe, as the EU taxonomy must be used in disclosure of taxonomy alignment for sustainable finance reporting purposes: in 2025, it was 70%, and in the 2022 survey, 50%. The EU Taxonomy became mandatory for this purpose after the 2022 survey.

- For those participants which responded that they use taxonomies for disclosure for reporting purposes, they referred to the following taxonomies: internal taxonomies, the Bangladesh Sustainable Finance Policy, the Indonesia Green Finance Taxonomy 1.0, and the Malaysia Climate Change & Principle-based Taxonomy.
- For product labelling, one participant said that they use internal taxonomy criteria.
- The participant that uses taxonomies in index construction uses the FTSE Russell's Green Revenues Classification System, which is aligned to the EU Taxonomy.

Most participants are supportive of the use of both disclosed and estimated data for assessing eligibility or alignment



- Most participants rely on a combination of disclosed and estimated data to address data gaps, often inferring information from industry and market averages to ensure assessments can still be performed when disclosed data is unavailable.
- For those who exclusively use disclosed data, regulatory restrictions and reliance on formal documents are the primary reasons. The EU taxonomy regulation explicitly prohibits the use of estimated data for mandatory disclosures, requiring calculations to be based on the Universal Registration Document, which excludes estimated data.
- Notably, no participants reported relying solely on estimated data for their assessments. This underscores a clear preference for disclosed data as the primary source, with estimated data serving as a supplementary resource when necessary.
- These findings highlight the diverse approaches participants take in assessing eligibility or alignment, emphasizing a strong reliance on disclosed data and cautious use of estimates to address data gaps.

Most participants viewed taxonomies as somewhat helpful in mitigating greenwashing and supporting transition finance.

70% Somewhat helpful in mitigating greenwashing and supporting transition finance

Survey participants' also commented:



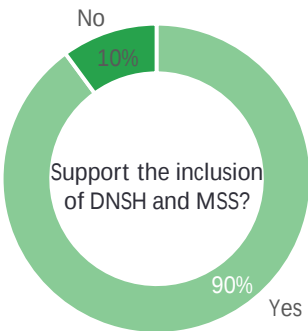
Taxonomies broadly can provide a clear list of criteria for what can be considered 'green', enhancing transparency and accountability, however for transition taxonomies, usefulness depends on context and time horizon applied to understanding of 'transition'.

Taxonomies are not necessary to ensure market integrity, as seen in many markets without taxonomies, relevant authorities have taken actions against false sustainability claims by corporates and financial institutions. This is possible because of existing supervisory power around advertising and investors' protection.

There are more context dependent issues in the transition context.

Taxonomies are top-down drafted documents and often have a strict approach to transition which could either be highly technically challenged or are largely European centric.

Nearly, all participants are supportive of the inclusion of Do No Significant Harm ("DNSH") & Minimum Social Standards ("MSS") criteria in taxonomies.



- Recognizing that real world infrastructure or investment involve sustainability impacts and trade-offs, 90% of participants support inclusion of DNSH and MSS criteria as a safeguard to ensure activities contribute positively to competing environmental outcomes, recommending their use as guidelines/practical principles rather than requirements.

However, one participant disagreed, stating:

- *"Financial institutions should focus on the positive outcomes that activities under consideration for financing can deliver, taxonomies can support this through narrow application and use. DNSH can be included as a 'principle', however inclusion with complex criteria can be problematic. DNSH and MSS should be more of a focus during the due diligence process."*

Most participants do not believe partial coverage of economic activities by a taxonomy inhibits its usefulness, suggesting that even limited sectoral coverage can still provide value.

78% Do not believe partial coverage of economic activities by a taxonomy inhibits its usefulness

However, some participants comment that:

- *"Because once a taxonomy is published, it shines a spotlight on those activities included, and stakeholders inherently view activities not included as less desirable, even if they are excluded for convenience, rather than non-alignment reasons."*
- *"In our experience, financing the transition requires taking not only an entity- or project-level perspective, but also looking at the entire value chain, which may extend across borders. Interoperability of taxonomies should connect key value chain activities across sectors."*

Current state of interoperability

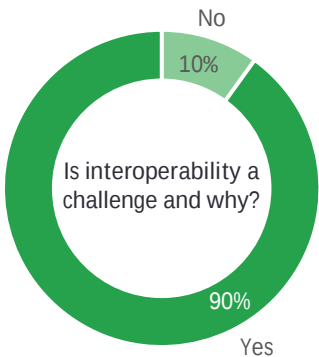
30% of survey participants have implemented more than one taxonomy. This is more than the 17% in the 2022 survey.

30% Survey participants have implemented more than one taxonomy

One participant also commented:

- “Taxonomies that are principles-based are easier to implement and more ‘user-friendly’. A key challenge in the application of all taxonomies is that they require consideration of both activity-level data and company-level data.”

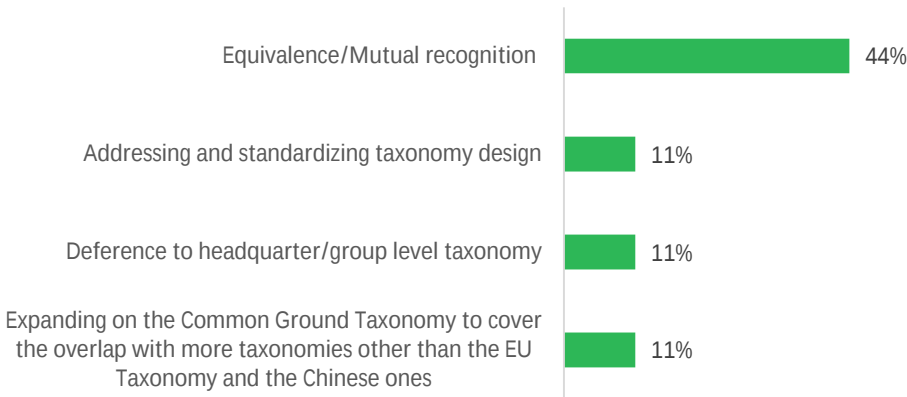
Most of the participants find interoperability of taxonomies a challenge, with the majority citing equivalence/mutual recognition as the primary factor.



Some comments to the challenge of interoperability are noted:

- “A certain level of equivalence across the taxonomies would allow for better interoperability.”
- “Any references to specific legislation for a jurisdiction should be avoided as this interrupts the ability to demonstrate clear equivalence and adds another layer of complexity.”

Most participants believe that equivalence or mutual recognition can best resolve the challenges of interoperability.



Ways that participants believe that interoperability challenges can best be solved

Participants have also raised some other solutions beyond the predefined options:

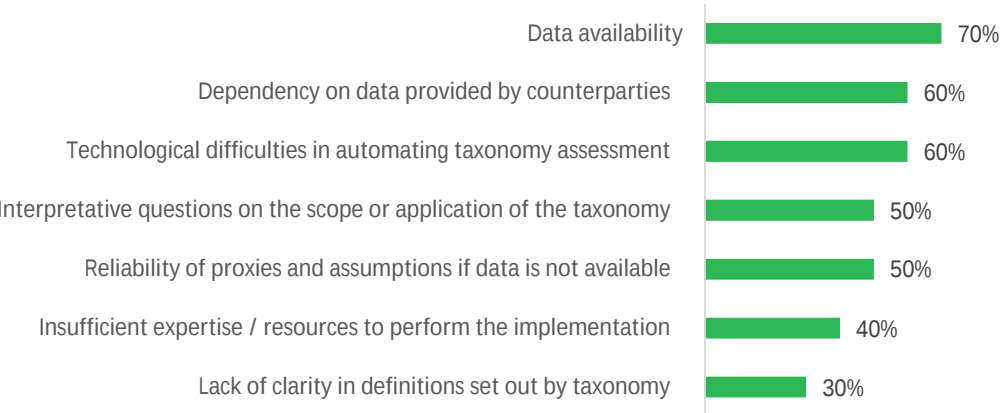
- “The challenge mainly arises due to lack of understanding of local market and sector readiness to adopt net zero technologies or interim technologies, whilst the drive for green labelling is stronger, hence the challenge in understanding what is the right technology to adopt that will support the market climate transition agenda.”



Interoperability

Challenges with implementation

Most participants think data-related issues are the key difficulties in implementing taxonomies.



Difficulties participants encounter in implementing taxonomies.

- Consistent with the last survey results in 2022, the top implementation challenges identified by participants primarily center on data-related issues such as availability and reliance on data provided by counterparties (clients or third-party providers).
- Members emphasized a present lack of alignment between real world economic policy and sustainable finance policy where industry policy and associated standards and data evolution is slower than the development of taxonomies and their screening criteria.
- Additionally, technological difficulties in automating assessments have increased as survey participants begin integrating technology into taxonomy implementation.

Survey participants have also raised some additional difficulties they faced in taxonomy implementation process:

“

Lack of clarity in definitions set out by taxonomy, scope and application, data availability. As well as inconsistencies across taxonomies in the region and globally, fragmentation, duplication and proliferation.

This brings questions to the original intent for jurisdictions to develop such taxonomies. There are also inherent issues with taxonomies, limited and often incomplete requirements to ensure effective guardrails, and fundamental gaps with real economy decarbonization solutions.

Forward-looking data

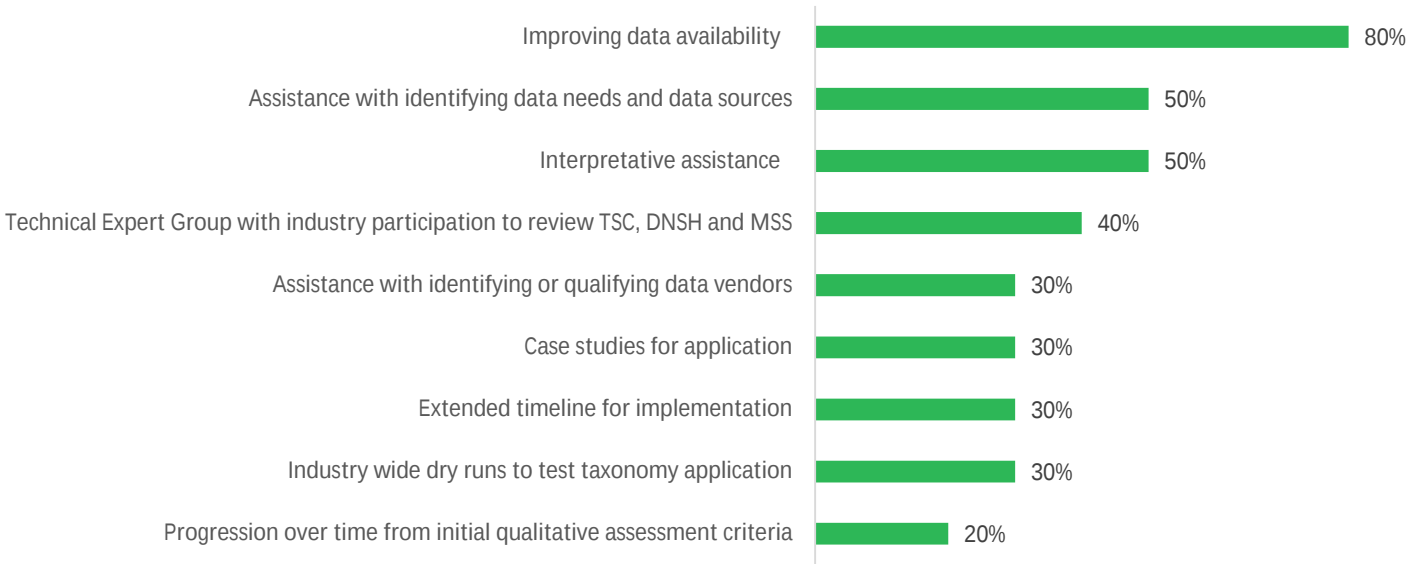
Complex Rule set e.g. specific elements such as "Known Use of Proceeds" credit facilities where banks are expected to perform detailed analysis of all elements of taxonomy alignment which would otherwise be done by counterparties as experts in their sector.



4

Challenges

80% of survey participants believe improving data availability would be key to addressing difficulties they have encountered so far.

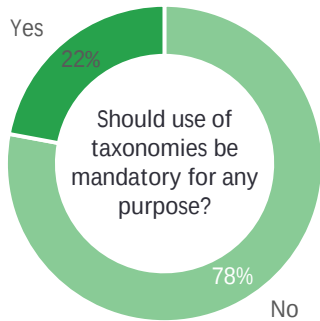


Solutions participants identify for taxonomy implementation challenges.

- The findings are consistent with the 2022 survey, where most participants emphasized that improving data availability is essential to addressing taxonomy implementation challenges. This is followed by the need for assistance in identifying data requirements and sources.
- One survey participant emphasized the need to establish centralized regional or national bodies, or a common industry body, to make specific types of data publicly available. This would replace the current practice of individual banks assessing the same assets and arriving at differing conclusions. For instance, such a body could determine whether a residential mortgage is aligned or not, assess alignment for project finance with multiple syndicate lending members, or ensure that issuers report metrics for securitization of mortgages or loans/debt. The participant noted that differing practices across banks can result in inconsistent outcomes for the market.

Mandatory or voluntary?

When asked whether the use of taxonomies should be mandatory for any purpose, most respondents said no.



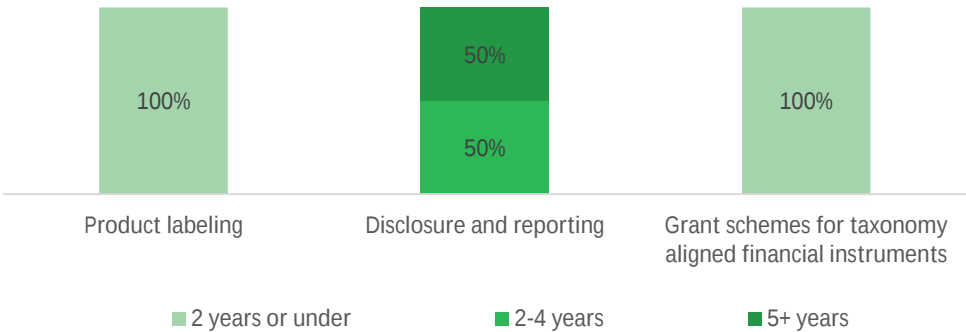
The large majority of participants that do not think taxonomies should be made mandatory commented:

“ Taxonomies should be used for showcasing positive or deliberate effort, rather than be used as [a] regulatory or compliance burden. If made mandatory, then the regulatory burden will have negative connotations and the main consequence is the highlighting of the taxonomy's design weaknesses, and [this will] distract from its original objective of redirecting finance flows towards sustainable investments.

Excessive compliance burden, lack of interoperability, hinderance to cross-border investments/transactions, potential regulatory arbitrage that will lead to unintended outcomes such as i) hinderance to a level playing field for certain international market participants and ii) driving sustainable investments towards 'taxonomy-light' locations, hurdles for product innovation.

”

A small minority think taxonomies should be made mandatory for the purposes of product labeling, grant schemes, and reporting of sustainable finance.



When participants think should taxonomies use be made mandatory

5

Mandatory or voluntary?



Future outlook

When asked if taxonomies would be made mandatory in the future, responses were split 50/50.

Participants think taxonomies would be made mandatory, most believing that they would be made mandatory in 2 years and under for the purpose of grant schemes for taxonomy aligned financial instruments, in 2-4 years for disclosure and reporting purposes, and in 5+ years to prevent greenwashing purposes.

Participants that do not think taxonomies would be made mandatory commented:

- “To date, taxonomies have not successfully increased investment in green or transition activities without accompanying policy incentives, as they do not shift the underlying economic incentives needed for companies to transition”
- “They can help some firms and create market practice, but mandatory taxonomies may lead to regulatory fragmentation and shift focus away from financing to compliance.”

100% of participants believe lack of taxonomy interoperability will create difficulties in making taxonomies mandatory.



What participants anticipate as difficulties in making taxonomies mandatory

Participants commented:

“Some firms focusing on international cross-border financing will struggle to justify multiple mandatory taxonomies for the very small number of local products they may offer.”

“Hinderance to cross-border investments/transactions; potential regulatory arbitration that will lead to unintended outcome such as i) hinderance to a level playing field for certain international market participants and ii) driving sustainable investments towards 'taxonomy-light' locations; product innovation.”

Recommendations

Recognising the stage that firms are at in their taxonomy implementation and the challenges they have identified, ASIFMA can play a pivotal role in facilitating firms' development and implementation of taxonomies through regulatory engagement.

Recommendations based on the findings of this report

1

Keep taxonomies voluntary

Members strongly feel taxonomies should be kept voluntary. They consider that they have not yet effected real world economic and industrial change and are ill suited to do so without real world economic policy change. Furthermore, the data challenges are too great without real-world economic and industrial change, while lack of taxonomy interoperability will make it too difficult to apply taxonomies and lead to regulatory fragmentation. Recent developments in the EU with the "Omnibus" package and the UK government's recent decision not to adopt a taxonomy suggest there is recognition that making taxonomies mandatory has posed challenges.

2

Interoperability of taxonomies across jurisdictions

The survey identifies the lack of interoperability among taxonomies as a prominent issue. To address this, the following recommendations are proposed:

- Policy makers and regulators should work towards mutual recognition and equivalence of taxonomies.
- Policy makers and regulators should consider how to make better use of the Common Ground Taxonomy to enhance interoperability and the ease of using taxonomies. If regulators and policy makers seek to extend the Common Ground Taxonomy by adding a jurisdiction to the analysis, the previous analyses of the overlap of standards between previously analysed jurisdictions should be maintained.
- Policy makers and regulators should study the lessons learnt from the EU's experience with taxonomies reflected in the EU Omnibus Package.

6

Conclusion and recommendations

3

Data availability and capacity building

The survey highlights significant obstacles in implementing taxonomies, primarily due to inaccessible and unreliable data. To overcome these challenges, several recommendations can be drawn from participants' responses:

- Companies will only develop the capacity to make taxonomy-required data if real world industry policies require them to. Policy makers and regulators should ensure taxonomy development does not front run real-world economy industry policy.
- Policy makers and regulators should give clear guidance alongside taxonomies on what is practically required to assess eligible versus aligned transactions, what data should be collected, how transactions should be structured addressing both use of proceeds and general purpose facilities, and bond and equity investments.
- Policy makers and regulators should develop shared data solutions and encourage private sector contributions to improve the quality and accessibility of data for taxonomy assessments. Develop public, mixed or industry-led utilities to enhance availability of data and its reliability and leverage the development and adoption of innovative fintech tools to streamline taxonomy processes and boost efficiency.
- Policy makers and regulators should assist in developing specialized expertise to address the shortage of professionals skilled in interpreting and applying taxonomies by investing in capacity-building and developing capacity-building programs to equip the workforce with the skills necessary for effective taxonomy implementation across sectors.

4

Engagement:

- Policy makers and regulators should continue to engage with industry on the design and use of taxonomies.

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
- ESG data provider
- ESG ratings provider
- Fixed income
- FX
- Index provider
- Investment banking
- Prime brokerage
- Wealth management / private banking
- Retail banking
- Other (please specify)

4. What asset classes do you conduct business in?

(Please select all that apply.)

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

Appendix

5. Have you begun to use a taxonomy?

An internal taxonomy (An internal taxonomy is a taxonomy a financial institution designed for labeling an economic activity involved in a financing activity by the financial institution as “green” for various purposes.)

- Yes
- No

If you choose Yes, please choose what type of internal taxonomy are you using

- A1 – A group-wide taxonomy
- A2 – Differing regional taxonomies
- A3 – Differing jurisdictional-specific taxonomies

Please elaborate on the nature of your internal firm-wide taxonomy (e.g. principle-based, science based, hybrid, other?) and the reason for choosing above A1-3.

An external taxonomy (An external taxonomy is a taxonomy created by a regulator, a non-governmental organization (NGO) (e.g. the Climate Bond Initiative (CBI)), or a mixture of both designed for labeling an economic activity involved in a financing activity by the financial institution as “green” for various purposes.)

- No
- Yes

Please name the external taxonomy and why did you choose this taxonomy

Which one do you typically apply more, and why?

6. What taxonomies have you sought to implement?

(Please select all that apply.)

- | | |
|---|--|
| • ASEAN Taxonomy for Sustainable Finance | • Malaysia Climate Change and Principle-based Taxonomy |
| • Australia Sustainable Finance Taxonomy | • Malaysia Sustainable and Responsible Investment Taxonomy (SRI) |
| • Bangladesh Sustainable Finance Policy | • Mongolian Green taxonomy |
| • CBI Green Taxonomy | • Philippines Green Taxonomy |
| • China Green Bond Endorsed Projects Catalogue | • Shanghai Transitional Finance Taxonomy |
| • China Technical Report on SDG Finance Taxonomy | • Singapore-Asia Taxonomy for Sustainable Finance |
| • Common Ground Taxonomy | • Taiwan Sustainable Taxonomy |
| • EU Taxonomy of Sustainable Activities | • Thailand Taxonomy |
| • Hong Kong Taxonomy for Sustainable Finance | • Russia Green Taxonomy |
| • Huzhou Transitional Finance Taxonomy | • Other (please specify) |
| • Indonesia Taxonomy for Sustainable Finance (TKBI) | |
| • K-Taxonomy Korean Green Taxonomy | |

7. What purpose is the taxonomy used for?

(Please select all that apply. For each option chosen, please indicate which of the taxonomies listed in 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
- Indexes
- Portfolio analysis solution
- Product labelling
- Other (please specify)

8. What percentage of current products are taxonomy aligned?

9. If you selected product labeling in above, what percentage of your current products labeled 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? *(Note: If you feel your answers to this question are confidential, you can decline to answer)*

10. 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)

11. Do you find interoperability a challenge in applying taxonomies to consistently classify economic activities?

- No
- Yes

12. How do you think interoperability challenges can best be resolved? (When referring to 'equivalence' or 'mutual recognition', we mean that classifications under one taxonomy would be regarded as equivalent to the same or similar classification under another taxonomy without having to go through the application process of that other taxonomy as long as an authoritative external agency (e.g. the relevant regulator(s) or other agency(ies) that "own" a taxonomy regard the two taxonomies as being substantially equivalent).

- Equivalence / Mutual recognition (please explain)
- Expanding on the Common Ground Taxonomy to cover the overlap with more taxonomies other than the EU Taxonomy and the Chinese ones
- Addressing and standardizing taxonomy design
- Deference to headquarter / group level taxonomy
- Other (please specify)

13. 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)

14 How much do you think transition taxonomies can be helpful to prevent:

A) Green-washing?

- Very helpful
- Somewhat helpful
- No difference

Please elaborate

B) Supporting transition finance?

- Very helpful
- Somewhat helpful
- No difference

Please elaborate

Following questions Q15 excluded for ESG data, ratings, and indices providers

15. Does the taxonomy of the jurisdiction of your headquarters pose obstacles for you to apply a transition taxonomy in another jurisdiction?

- No (please elaborate)
- Yes (please elaborate)

16. Is it beneficial for taxonomies to have criteria that recognize, while an economic activity has a positive environmental outcome (at least under one taxonomy-recognized green environmental objective), they do not have negative consequences for other taxonomy-recognized green environmental objectives ("DNSH") or on minimum social safeguards ("MSS")?

A) "DNSH"

- No
- Yes

Please elaborate your response

If no, is there any alternative way that taxonomies could have addressed DNSH?

B) "MSS"

- No
- Yes

Please elaborate your response

If no, is there any alternative way that taxonomies could have addressed MSS?

17. Do you think partial coverage of economic activities by a taxonomy (e.g. one jurisdiction so far only specified the energy sector for coverage, while another only includes manufacturing, transport and construction sectors) inhibits its usefulness?

- No
- Yes (please elaborate)

18. If you selected "Yes" in Q16, how should coverage of economic activities be prioritized? (e.g. by their contribution to the GDP, by their contribution to green-house gases, etc.)

Following questions Q19-Q20 excluded for ESG data, ratings, and indices providers

19. 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 in - e.g. awareness training, inputs, decision making, etc.)*

- | | |
|-----------------------|--|
| • Commercial banking | • Marketing / communications |
| • Compliance | • Private banking |
| • Corporate banking | • Regulatory reporting |
| • Data | • Retail banking |
| • Finance | • Risk management |
| • Financial reporting | • Technology |
| • Investment banking | • Operations |
| • Investor relations | • Sustainable Finance unit or center of excellence |
| • Legal | • Other (please specify) |

20. 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 do no significant harm criteria (if any)
- Assessing data availability and creating process to determine minimum social standards criteria (if any)
- Other

21. 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)

22. 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
- Progression over time from initial qualitative assessment criteria which sunset after a period and progress to science based technical screening criteria
- Extended timeline for implementation
- Other (please specify)

23. Do you think taxonomies would be made mandatory in the future?

- No (please elaborate)
- Yes (please elaborate)

24. If you said yes for Q23, for what purpose(s) do you think taxonomies will be made mandatory for and over what time frame? (Please answer for each of these purposes)

A) Prevent green washing/product labeling

- 2 years or under
- 2-4 years
- 5+ years

Why?

B) Disclosure and reporting

- 2 years or under
- 2-4 years
- 5+ years

Why?

C) Grant schemes for taxonomy aligned financial instruments

- 2 years or under
- 2-4 years
- 5+ years

Why?

D) Other purpose(s)

- 2 years or under
- 2-4 years
- 5+ years

Why?

25. Do you think there will be any difficulties with making taxonomies mandatory?

- Excessive compliance burden
- Insufficient expertise / resources to perform the implementation
- Lack of technology to implement taxonomies
- Lack of available disclosed data
- Quality of available data
- Lack of clarity of taxonomies
- Lack of taxonomy interoperability
- Lack of corporate education and awareness
- Other (please specify)

26. Could you please explain if any difficulties you have identified above are more prominent for any purpose for which a taxonomy maybe made mandatory?

27. Should use of taxonomies be mandatory for any purpose?

- No (please elaborate)
- Yes (please elaborate including for what purposes they should be mandatory)

28. If you said yes in Q27, when should taxonomies use be made mandatory (answer for each of these purposes)?

A) Product Labeling

- 2 years or under
- 2-4 years
- 5+ years

Why?

B) Disclosure and reporting

- 2 years or under
- 2-4 years
- 5+ years

Why?

C) Grant schemes for taxonomy aligned financial instruments

- 2 years or under
- 2-4 years
- 5+ years

Why?

D) Other purpose

- 2 years or under
- 2-4 years
- 5+ years

Why?

29. Do you only use disclosed data to assess eligibility/alignment, or do you use both disclosed and estimated data? If estimation is used, can you provide a few key points to describe your estimation methodology?

- Only disclosed data (please explain why)
- Disclosed and estimated data (please explain why and methodology)
- Only estimated data (please explain why and methodology)

Following questions Q30-Q35 for Asset Managers only

30. What are the average/typical values on eligibility and alignment you observe in your universe?

31. Please define your universe

32. What is your approach to assess eligibility or alignment against different taxonomies?

33. Do you have a common framework?

- No
- Yes (please explain your framework)

34. How are you using taxonomies in your index/portfolio construction?

35. Are you implementing any specific investment strategy (e.g. asset allocation, thematic investing) using taxonomies?

Following questions Q36-Q39 for ESG data, ratings, and index providers only

36. If you provide taxonomy solutions, what proportion of data uses proxies vs. disclosed data?

Proxies:

- Below 30%
- 30% - below 50%
- 50 - below 70%
- 70-100%

Disclosed data:

- Below 30%
- 30% - below 50%
- 50 - below 70%
- 70-100%

37. Where information on DNSH is provided in the form of impact reports by disclosing entities, are you using this information in your reporting.

- Yes
- No

Please clarify the reasoning behind your response

38. For proxies and reported data, are you considering technical screening criteria ("TSC") ?

- No (please explain)
- Yes (please explain and how is this implemented)

39. If you are using taxonomies in index construction, are you using an internal or external taxonomy to determine eligibility?

- Internal
- External, please name the taxonomy

Please clarify the reasoning behind your response

40. Please provide any additional comments / suggestions.