



FAIR FINANCE ASIA

SUSTAINABLE FINANCE TAXONOMY: A GUIDEBOOK FOR CIVIL SOCIETY ORGANIZATIONS

**FOUR MODULES ABOUT IDENTIFYING,
ADOPTING, COMMUNICATING AND COORDINATING
A SUSTAINABLE FINANCE TAXONOMY**



About this guidebook

This guidebook, commissioned by Fair Finance Asia (FFA), is made up of four separate modules, designed specifically for Asian civil society organizations (CSOs) that are interested to learn about frameworks and taxonomies for sustainable finance, and how to optimally leverage them when promoting greater transparency and accountability in the financial sector.

The guidebook was developed using all publicly available data and information as of end of January 2022.

About Fair Finance Asia

Fair Finance Asia (FFA) is a regional network of civil society organizations (CSOs) committed to ensuring that financial institutions operating in Asia respect and uphold the rights and social and environmental well-being of local communities.

About SOMO (Stichting Onderzoek Multinationale Ondernemingen - Centre for Research on Multinational Corporations)

SOMO is a critical, independent, not-for-profit knowledge and research centre on multinationals. Since 1973 SOMO has investigated multinational corporations and the impact of their activities on people and the environment. SOMO provides custom-made services (research, consulting and training) to non-profit organisations and the public sector. It strengthens collaboration between civil society organisations through its worldwide network. More information on SOMO can be found at <https://www.somo.nl/>

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Editorial review and contributions

This report was finalized with the Fair Finance Asia Executive Team's strategic guidance and editorial reviews provided by Bernadette Victorio (Program Lead), Shreya Kaushik (Research and Advocacy Advisor) and Pavle Vizintin (MEAL Specialist), as well as overall coordination by Ratha Ra (Contract Manager) and Hongyee Tan (Program Officer).

In addition, Fair Finance Asia would like to thank all contributors to this report, including:

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OVERVIEW

In several Fair Finance Asia (FFA) member countries, a taxonomy has become part of the development of new sustainable finance policies. The term “taxonomy” is a recent addition to the area of sustainable finance and can contain different elements depending on the policy.

The need for a taxonomy in sustainable finance policies arose from a glut of definitions of what was “green” or “sustainable” or claimed to be aligned with the Paris climate goals or the United Nations Sustainable Development Goals (SDGs). Both financiers and their customers needed more clarity.

ABBREVIATIONS USED THROUGHOUT THE GUIDEBOOK

ACMF	ASEAN Capital Markets Forum
ASEAN	Association of Southeast Asian Nations
CBI	Climate Bond Initiative
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
DNSH	Do No Significant Harm
ESG	Environmental, Social and Governance
FFA	Fair Finance Asia
GHG	Greenhouse Gas
G20	Group of Twenty
ICMA	International Capital Market Association
IFC	International Finance Corporation
IPFS	International Platform on Sustainable Finance
KPI	Key Performance Indicator
NDC	Nationally Determined Contribution
NGFS	Network on Greening the Financial System
OJK	Otoritas Jasa Keuangan (Indonesia Financial Services Authority)
SDGs	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
SBFN	Sustainable Banking and Finance Network
TCFD	Task Force on Climate-Related Financial Disclosures
UNDP	United Nations Development Programme
UNGPs	United Nations Guiding Principles of Business and Human Rights

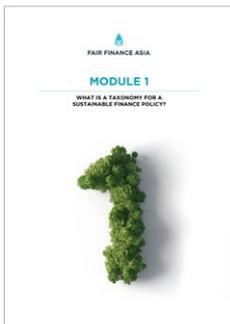


ABOUT THIS GUIDEBOOK

This guidebook is made up of four separate modules, each designed to explain how we interpret a 'sustainable finance taxonomy', its different aspects, how it can be used and how different countries within the FFA region have developed and adapted their individual taxonomies.

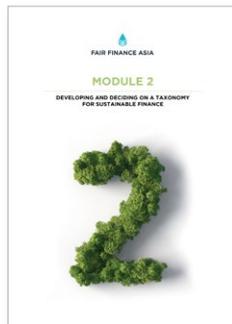


MODULE 1



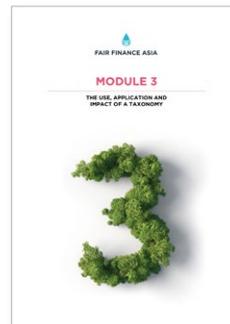
This first module explains what a taxonomy is – and what it is not – as well as the content, coverage, and distinguishing features of different kinds of taxonomies.

MODULE 2



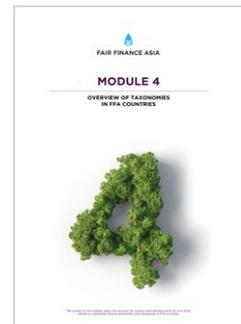
This second module explains the different aspects of the process to develop a taxonomy. Each aspect is important to consider when assessing the quality and effectiveness of a new or existing taxonomy. This overview will also provide insights into strategies and ways to influence the decision-making process.

MODULE 3

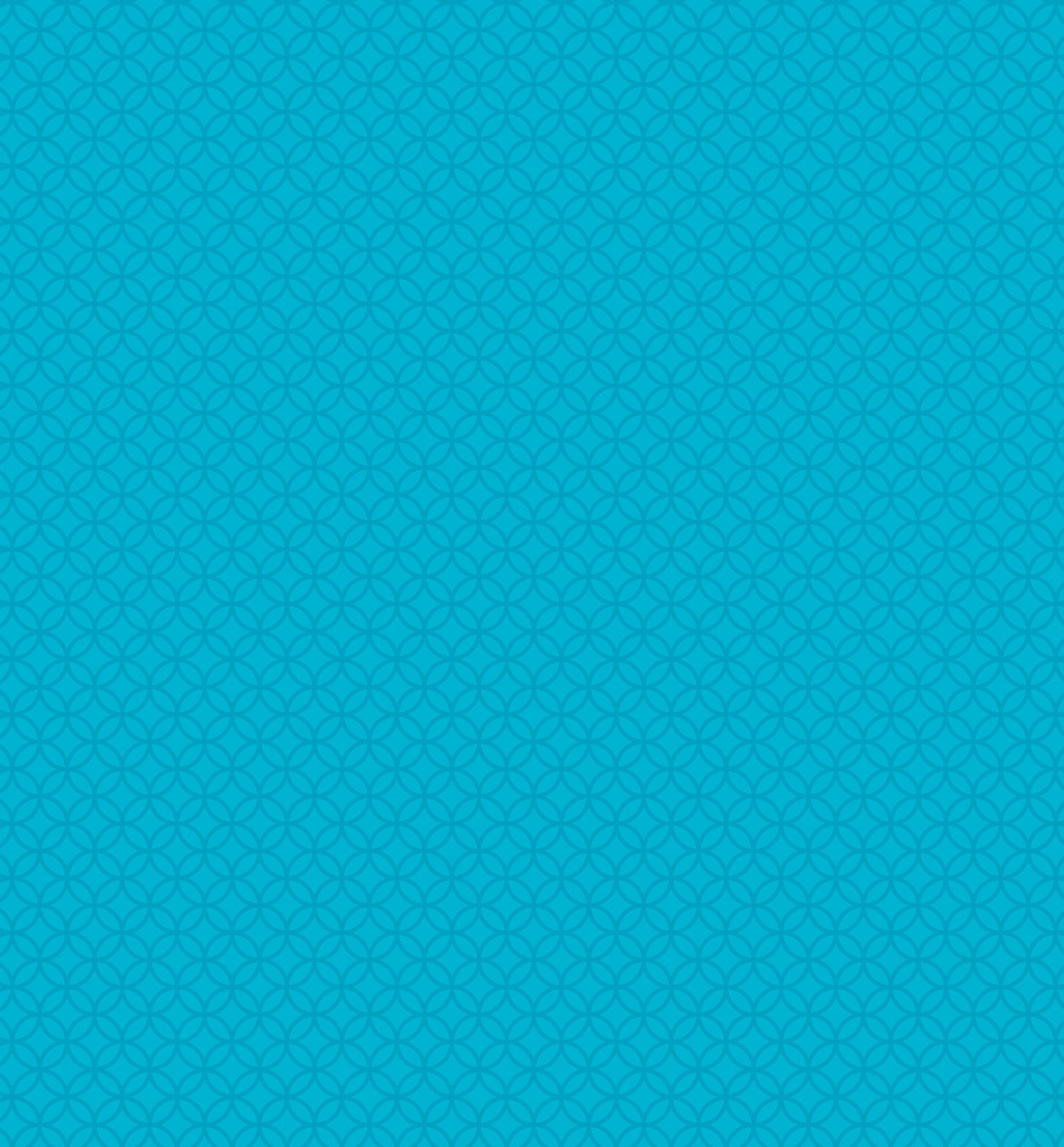


A third important aspect is how the taxonomy will be used. The way a taxonomy is to be implemented can be included in the draft text, proposal, regulation, law or voluntary standard of the taxonomy.

MODULE 4



The fourth module describes per FFA country, with the exception of Pakistan, whether and how a taxonomy is being developed or agreed upon, as well as the objectives, the components that clarify how activities, projects or companies are defined under the taxonomy and the economic sectors that the taxonomy covers.



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