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# Sustainable Finance Taxonomies in ASEAN

## Towards Regional Harmonization

March 2025

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This paper is intended as a primer for UNEP FI members seeking a succinct overview of the taxonomy landscape in ASEAN. It builds on detailed analysis undertaken by key experts and stakeholders in the field such as Sustainable Finance Institute Asia (SFIA), as well as review of the latest versions of the ASEAN Taxonomy and existing national sustainable finance taxonomies in the region. The paper is structured as follows:

- An overview of the ASEAN Taxonomy and national taxonomies across the region on their current state and developments;
- Comparison between the ASEAN Taxonomy and national taxonomies across key taxonomy features, including environmental objectives, assessment approaches, safeguard measures, activity classifications and sector coverage; and
- Conclusion and outlook for future development.

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# Abbreviations and acronyms

<b>ACMF</b>	ASEAN Capital Markets Forum
<b>AMS</b>	ASEAN Member States
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ATB</b>	ASEAN Taxonomy Board
<b>DNSH</b>	Do No Significant Harm
<b>EO</b>	Environmental Objective
<b>FF</b>	Foundation Framework
<b>GHG</b>	Greenhouse gas
<b>M-CGT</b>	Multi-jurisdiction Common Ground Taxonomy
<b>MSS</b>	Minimum social safeguards
<b>NDC</b>	Nationally Determined Contribution
<b>PS</b>	Plus Standard
<b>RMT</b>	Remedial Measures to Transition
<b>SA</b>	Social Aspects
<b>TSC</b>	Technical screening criteria



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# Summary and key messages

- Taxonomies play a critical role in directing capital flows towards sustainable and transitional activities vital for ASEAN's sustainable development agenda.
- The ASEAN Taxonomy provides a common language for sustainable economic activities in the region while addressing the principles of transparency, credibility, and inclusiveness by using a multi-tiered assessment approach.
- Five ASEAN Member States (AMS) (Indonesia, Malaysia, Philippines, Singapore, and Thailand) have developed and/or implemented national taxonomies tailored to their unique contexts, focusing on climate change mitigation and adaptation, as well as other environmental goals.
- Overall, a picture of increasing harmonization is emerging across national taxonomies, especially in how taxonomies set environmental objectives. Although there are subtle differences in the categorization of some environmental objectives covered by AMS taxonomies, they generally align with those in the ASEAN Taxonomy.
- There is significant alignment across AMS taxonomies in using a principles-based assessment framework. Indonesia, Singapore, and Thailand have also adopted Technical Screening Criteria (TSC) for quantitative and sector-specific assessments.
- The sector coverage of AMS taxonomies shows clear differences, reflecting the distinct economic structures, stages of taxonomy development, and policy priorities of each member state. In contrast, the ASEAN Taxonomy provides broader sectoral coverage, encompassing most sectors addressed by the individual AMS taxonomies.
- All AMS taxonomies seek to align with international frameworks such as the Paris Agreement and support national climate strategies such as Nationally Determined Contributions (NDCs), as well as socio-economic development priorities.



# The ASEAN Taxonomy at a glance

Sustainable finance taxonomies are classification systems that delineate economic activities aligning with pre-defined environmental, social, and/or governance objectives.<sup>1</sup> They serve as essential tools for promoting and providing a common language for sustainable finance, helping to define “what is ‘green’” and “what is not” within a jurisdiction.<sup>2</sup>

The ASEAN Taxonomy for Sustainable Finance (ASEAN Taxonomy), first published by the ASEAN Taxonomy Board (ATB) in November 2021 and last updated in December 2024 (Version 3), was developed to provide a science-based, inclusive framework for classifying sustainable economic activities across the region.<sup>3</sup>

Sustainable economic activities classified under the ASEAN Taxonomy must demonstrate that they contribute substantially to at least one of four key environmental objectives (EO), without adversely impacting others: climate change mitigation (EO1), climate change adaptation (EO2), protection of healthy ecosystems and biodiversity (EO3), and resource resilience and circular economy transitions (EO4).

To measure substantial contribution to the above objectives while accounting for the different needs of countries, the ASEAN Taxonomy recommends two assessment approaches: the Foundation Framework (FF), which is a principles-based approach suitable for more entry-level assessments, and/or the Plus Standard (PS), which uses threshold-based (quantitative) and process- or practice-based (qualitative) technical screening criteria (TSC). Both approaches classify activities using a “traffic light” system of “Green”, “Amber”, and “Red” to show the degree of their sustainability alignment.<sup>4</sup>

Additionally, any activity classified under the ASEAN Taxonomy must adhere to three essential criteria: “Do No Significant Harm” (DNSH), Remedial Measures to Transition (RMT), and Social Aspects (SA).

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1 International Capital Market Association (ICMA), [Overview and Recommendations for Sustainable Finance Taxonomies](#), May 2021.

2 UNEP FI, [UNEP FI, PRI and Climate Bonds Initiative join forces to support taxonomy efforts around the world](#), 27 June 2024.

3 Activities are classified as “Green” when they fully meet sustainability objectives, “Amber” when they contribute to sustainability but require improvements or are transitional, and “Red” when they fail to meet objectives or cause significant harm to environmental goals. (ASEAN Taxonomy for Sustainable Finance Version 3, [asean.org/book/asean-taxonomy-for-sustainable-finance-version-3/](#)).

4 Activities are classified as “Green” when they fully meet sustainability objectives, “Amber” when they contribute to sustainability but require improvements or are transitional, and “Red” when they fail to meet objectives or cause significant harm to environmental goals. (ASEAN taxonomy for sustainable finance Version 3, [asean.org/book/asean-taxonomy-for-sustainable-finance-version-3/](#)).

# Overview of national taxonomies across ASEAN

Currently, five ASEAN Member States (Indonesia,<sup>5</sup> Malaysia,<sup>6,7,8</sup> Philippines,<sup>9</sup> Singapore<sup>10</sup> and Thailand<sup>11</sup>) have developed their own national taxonomies, while the other five (Brunei Darussalam, Cambodia, Lao People's Democratic Republic, Myanmar, and Viet Nam) are either considering adopting the ASEAN Taxonomy or exploring developing their own taxonomies. These AMS taxonomies are led by either financial regulatory authorities or dedicated taxonomy boards.

As shown in Table 1, all of the five national taxonomies to date are voluntary frameworks. These national taxonomies align closely with relevant national strategies, promoting coherence between domestic priorities and global sustainability commitments. Malaysia's Sustainable Responsible Investment (SRI) Taxonomy and the Philippines' taxonomy also reference their respective national sustainable finance roadmaps.

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- 5 Otoritas Jasa Keuangan (OJK), "[Indonesia Taxonomy for Sustainable Finance](#)" (TKBI), February 2024.
  - 6 Bank Negara Malaysia (BNM), "[Climate Change and Principle-based Taxonomy](#)" (CCPT) guidance document), 30 April 2021.
  - 7 Securities Commission Malaysia (SCM), "[Principles-Based Sustainable and Responsible Investment Taxonomy for the Malaysian Capital Market](#)" (SRI Taxonomy), December 2022.
  - 8 Malaysia also has a jurisdictional taxonomy released by the Labuan Financial Services Authority in July 2024 in the Federal Territory of Labuan. The "[Labuan Sustainability Taxonomy](#)" is not covered in this paper, which focus on the comparison between national and regional taxonomies.
  - 9 Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), and Insurance Commission (IC), "[Guidelines on the Philippine Sustainable Finance Taxonomy](#)", Version 1, 23 February 2024.
  - 10 Green Finance Industry Taskforce (GFIT), convened by the Monetary Authority of Singapore (MAS), "[Singapore-Asia Taxonomy for Sustainable Finance | 2023 Edition](#)", December 2023.
  - 11 Thailand Taxonomy Board (TTB), "[Thailand Taxonomy Phase I](#)", 30 June 2023. Note that TTB has also completed its public consultation for the [draft of "Thailand Taxonomy Phase 2"](#), which ended on 10 January 2025.



**Table 1:** Applicability and policy reference comparison among five AMS taxonomies

Taxonomy	Mandatory/voluntary	Reference to international frameworks and national/ regional policies				
		Commitment under the Paris Agreement	NDC	National climate/ green strategy	Sustainable Finance Roadmap	Development plans and sector policies
ASEAN Taxonomy	Voluntary	✓	✓	n/a	✓ <sup>12</sup>	✓
Indonesia	Voluntary	✓	✓	✓	✓ <sup>13</sup>	✓
Malaysia—Climate Change and Principle-based Taxonomy (CCPT)	Voluntary <sup>14</sup>	✓	✓	✓	/ <sup>15</sup>	✓
Malaysia—Principles-based Sustainable and Responsible Investment (SRI) Taxonomy	Voluntary	✓	✓	✓	✓ <sup>16</sup>	✓
Philippines	Voluntary	✓	✓	✓	✓ <sup>17</sup>	✓
Singapore	Voluntary	✓	✓	✓	✓ <sup>18</sup>	✓
Thailand	Voluntary	✓	✓	✓	✓ <sup>19</sup>	✓

- 12 The following publications at the ASEAN level advocated for the ASEAN Taxonomy: ASEAN Capital Markets Forum (ACMF), [“Roadmap for ASEAN Sustainable Capital Markets”](#), 7 May 2020; ASEAN Senior Level Committee on Financial Integration (SLC), [“Report on The Roles of ASEAN Central Banks in Managing Climate and Environment-related Risks”](#), 17 November 2020; ASEAN Working Committee on Capital Market Development (WC-CMD), [“Report on Promoting Sustainable Finance in ASEAN”](#), 29 April 2020.
- 13 OJK, [“Sustainable Finance Roadmap Phase II \(2021–2025\)”](#), January 2021.
- 14 BNM required financial institutions start reporting exposures in line with the CCPT classification system to the Bank beginning July 2022. [BNM, [“Financial Stability Review—Second Half 2021”](#)].
- 15 Although there’s no specific green/sustainable finance roadmap document, CCPT states that it complements the Value-based “Intermediation Financing and Investment Impact Assessment Framework—Guidance Document” (VBIAF) issued by BNM. [BNM, [CCPT](#), 30 April 2021; BNM, [VBIAF](#), November 2019].
- 16 Securities Commission Malaysia, [“Sustainable and Responsible Investment Roadmap for the Malaysian Capital Market”](#), November 2019.
- 17 Bangko Sentral ng Pilipinas, [“The Philippine Sustainable Finance Roadmap”](#), February 2024.
- 18 MAS, [“Green Finance Action Plan”](#), 2019; MAS, [“Finance for Net Zero Action Plan”](#), 20 April 2023.
- 19 The Working Group on Sustainable Finance (WG-SF) (consisting of BOT, the Fiscal Policy Office, the Securities and Exchange Commission, the Office of Insurance Commission, and the Stock Exchange of Thailand), [“Sustainable Finance Initiatives for Thailand”](#), 18 August 2021.



# Environmental Objectives (EOs) and assessment approaches of AMS taxonomies

As shown in Table 2, all AMS taxonomies include climate change mitigation (EO1) and climate change adaptation (EO2) as their core environmental objectives, in alignment with the ASEAN Taxonomy. Additionally:

- Most taxonomies also include protection of healthy ecosystems and biodiversity (EO3) and resource resilience and circular economy transitions (EO4); while the Philippines stated that these objectives will be addressed in a future version;
- Singapore and Thailand included pollution prevention and control as a standalone objective, which is subsumed under EO3 for the ASEAN Taxonomy; and
- Thailand also separately listed the sustainable use and protection of marine and water resources.

The Foundation Framework, which provides flexibility through principles-based assessments under the ASEAN Taxonomy, is a method adopted by Malaysia, Philippines, and Indonesia. In contrast, Singapore and Thailand focus on technical screening criteria (TSC) for assessing eligibility. Only Indonesia has both principles- and TSC-based assessment like the ASEAN Taxonomy.

**Table 2:** EOs and choice of assessment approaches of AMS taxonomies<sup>20</sup>

Taxonomy	Environmental objectives					Assessment approaches	
	EO1: Climate change mitigation	EO2: Climate change adaptation	EO3: Biodiversity protection	EO4: Circular economy transition	Other listed objectives	Principles-based assessment	Technical screening criteria
ASEAN Taxonomy	✓	✓	✓	✓	/	✓ (Foundation framework)	✓ (Plus standard)
Indonesia	✓	✓	✓	✓	/	✓ (for MSME <sup>21</sup> )	✓ (for non-MSME)
Malaysia—CCPT	✓	✓			/	✓	/
Malaysia—SRI Taxonomy	✓	✓	✓	✓	/	✓	/
Philippines	✓	✓	To be addressed	To be addressed	/	✓	/
Singapore	✓	✓	✓	✓	Pollution prevention and control <sup>22</sup>	/	✓
Thailand	✓	✓	✓	✓	Sustainable use and protection of marine and water resources. Pollution prevention and control <sup>23</sup>	/	✓

<sup>20</sup> ATB 2024; OJK 2024; BNM 2021; SCM 2022; BSP, SEC, and IC 2024; GFIT 2023; TTB 2023 and 2025.

<sup>21</sup> Micro, small, and medium enterprises (MSME).

<sup>22</sup> This is subsumed under EO3 in ASEAN Taxonomy. [ASEAN Taxonomy Board, "[ASEAN Taxonomy for Sustainable Finance—version 3](#)", 20 December 2024].

<sup>23</sup> Ibid.



# Environmental and social safeguard mechanism

The ASEAN Taxonomy, through its three essential criteria (DNSH, RMT, and SA), provides a clear safeguard mechanism for environmental and social protection:

- “Do No Significant Harm” (DNSH) criteria ensure that an activity contributing to one EO does not negatively impact or cause significant harm to another Environmental Objective.
- Remedial Measures to Transition (RMT) criteria require activities to develop effective and feasible remediation plans to help transitional activities gradually achieve full sustainability.
- Social Aspects (SA) criteria focus on social protection—including workers, local communities, and other stakeholders—to ensure harmony between environmental objectives and social equity. It is also worth noting that the ASEAN Taxonomy, as an overarching guide, seeks to enable an orderly and just transition.

As shown in Table 3, the guidance that countries provide to determine alignment with these criteria varies. Some countries use a decision tree approach to ensure that the classification of activities aligns with the criteria and the assigned colour category. For example, in Indonesia, when judging whether an activity is classified as “Green,” its relevance to the EOs is assessed first, followed by its compliance with the three essential criteria by using a decision tree. Only if all these steps are taken can the activity be classified as “Green” according to the TSC requirements.

**Table 3:** Different approaches when adopting the ASEAN Taxonomy essential criteria<sup>24</sup>

Taxonomy	DNSH	RMT	SA
ASEAN Taxonomy	✓	✓	✓
Indonesia	✓ Guidelines for each EO	✓ Guiding questions	✓ Separate assessment criteria for MSMEs and non-MSMEs
Malaysia	✓ Guiding questions	✓ Guiding questions	CPPT: N/A SRI Taxonomy: ✓ Minimum social safeguards (MSS) + 3 social objectives <sup>25</sup>
Philippines	✓ Guiding questions	✓ Guiding questions	✓ Apply MSS
Singapore	✓ Activity-level assessment criteria	/ <sup>26</sup>	✓ Apply MSS
Thailand	✓ Generic requirements for each EO	/ <sup>27</sup>	✓ Apply MSS <sup>28</sup>

<sup>24</sup> ATB 2024; OJK 2024; BNM 2021; SCM 2022; BSP, SEC, and IC 2024; GFIT 2023; TTB 2023 and 2025.

<sup>25</sup> SRI Taxonomy includes the following social objectives: Social Objective 1: Enhanced Conduct Towards Workers; Social Objective 2: Enhanced Conduct Towards Consumers and End-Users; and Social Objective 3: Enhanced Conduct Towards Affected Communities and Wider Society.

<sup>26</sup> Note that although Singapore Taxonomy does not explicitly include RMT assessment, it introduces “amber measures” for some sectors as additional options for user to demonstrate change over time. [Green Finance Industry Taskforce (GFIT), “[Singapore-Asia Taxonomy for Sustainable Finance | 2023 Edition](#)”, December 2023].

<sup>27</sup> According to the Thailand Taxonomy, “If the activity, project, or company in question does not comply with the DNSH criteria but otherwise passes relevant technical screening criteria and metrics, it may be considered compliant for the corresponding green or amber category if the operating company submits an additional plan indicating how it will correct the deficiencies within three years after the assessment”. [Thailand Taxonomy Board (TTB), “[Thailand Taxonomy Phase I](#)”, 30 June 2023].

<sup>28</sup> The owner of the activity must adhere to the relevant local regulatory framework and policies, relevant internationally recognized principles and conventions. [Thailand Taxonomy Board (TTB), “[Thailand Taxonomy Phase I](#)”, 30 June 2023].

# Differentiating activities using a traffic light system

Closely following the ASEAN guidance, all AMS taxonomies adopt a “traffic light” system: “Green”, “Amber”, and “Red/Ineligible” (when there is no explicit definition of “Red” in the taxonomy). However, each country tailors the precise definitions of these categories; differences are particularly relevant across the “Red” category or ineligible activities, as shown in Table 4.

**Table 4:** Definitions used in the color-coded classification systems of the AMS taxonomies<sup>29</sup>

Taxonomy	Net-zero activities	Green	Amber	Red/Ineligible
ASEAN Taxonomy	/	Making a substantial contribution to the EO and fulfilling applicable TSC	Meets the principles for ‘Green’ classification but with outstanding un-remediated harm	Not aligned with the ASEAN Taxonomy
Indonesia	/	Aligned with the Paris Agreement’s 1.5°C goal, aims for net zero emissions (NZE) by 2060 (or earlier) while addressing SA	“Transition”: not yet in line with the NZE pathway but are moving toward “Green,” achieve emissions reductions within a set time limit, or support sustainability in other activities, whilst fulfilling social aspects	“Unqualified”: not meeting requirements for “Green” or “Transition”
Malaysia—CCPT	/	“Climate Supporting”: meaningfully contribute to climate objectives without causing significant harm to the environmental objectives, in the immediate and intermediate future	“Transitioning”: for businesses that are in the progressive stages of transitioning	“Watchlist”: for businesses that do not display any commitment or are not serious in their commitment to remediate the harm found and/or do not undertake any initiative to transition to more sustainable practices

29 ATB 2024; OJK 2024; BNM 2021; SCM 2022; BSP, SEC, and IC 2024; GFIT 2023; TTB 2023 and 2025.



Taxonomy	Net-zero activities	Green	Amber	Red/Ineligible
Malaysia—SRI Taxonomy	/	Substantially contributes to at least one of the environmental objectives and does not cause significant harm to any of the other environmental objectives	Causes significant harm but is mitigated through remedial efforts or if it neither substantially contributes to nor harms environmental objectives, with companies encouraged to seek opportunities for improvement	Causes significant harm to one or more environmental objectives and no remedial effort are undertaken to mitigate the harm caused
Philippines	/	Making a substantial contribution to an EO and meets the Essential Criteria of DNSH and MSS	Substantially contributes to an EO but causes significant harm to another EO, which can be remediated within 5–10 years while meeting DNSH and MSS criteria	Does not serve any EO or meet the Essential Criteria
Singapore	Net-zero activities	Aligned with the Paris Agreement pathway but not near zero	Moving towards alignment with the Paris Agreement	Performance or activity incompatible with 1.5°C or not possible to assess
Thailand	Already at or near net zero emissions that may require some further decarbonization but not a significant transition	Substantially contribute to climate change mitigation by operating at or near net zero emissions, aligned with a 2050 net-zero goal	Facilitating significant emissions reductions in the short term with clear decarbonization pathways and prescribed sunset dates	Incompatible with net-zero goals and unlikely to become compatible in the foreseeable future



# Sector prioritization across AMS taxonomies

The sectors covered by the ASEAN Taxonomy contribute to over 85% of the region's GHG emissions.<sup>30</sup> Some of the sectors are interconnected in supply chains, such as agriculture, manufacturing, and transportation. This allows for a holistic approach to reducing emissions along the supply chain.

Similarly, AMS taxonomies collectively cover a broad range of sectors. However, there are some variations in sector coverage across countries, as shown in Table 5:

- Generally, energy, transportation, manufacturing, and agriculture are the four sectors that receive the most attention.
- The Philippines and Singapore cover sectors almost identical to the ASEAN Taxonomy, while Indonesia focuses on several key sectors.
- Malaysia and the Philippines provide the possibility of assessing activities across all sectors, while the remaining AMS taxonomies have not yet covered some of the focus and/or enabling sectors identified in ASEAN Taxonomy.
- For some sectors, specific criteria are developed for some activities of concern. For instance, the ASEAN Taxonomy includes specific criteria for coal power phase-out based on international benchmarks, while Indonesia and Singapore have also proposed their own national criteria.<sup>31,32</sup>

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30 ATB. [ASEAN Taxonomy for Sustainable Finance—version 1](#), November 2021.

31 ATB 2024.

32 ADB Background Paper: Eugene Wong. [Channeling Sustainable Finance: The Role of Taxonomies](#), October 2024.

**Table 5:** Sectors prioritized in AMS taxonomies aligned with ASEAN Taxonomy sectors<sup>33</sup>

Taxonomy	Focus sectors						Enabling sectors			Added sectors covered
	Agriculture, forestry & fishing	Electricity, gas, steam and air conditioning supply	Manufacturing	Transportation & storage	Water supply, sewerage & waste management	Construction & real estate	Information & communication	Professional, scientific & technical	Carbon capture, storage & utilization	
ASEAN Taxonomy	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Indonesia	✓	✓ (Energy)	✓ (IPPU <sup>34</sup> )	✓	✓ (Waste)					
Malaysia—CCPT	Sector-agnostic									
Malaysia—SRI Taxonomy	Sector-agnostic									
Philippines	✓ (AFOLU <sup>35</sup> )	✓	✓ (Industry)	✓	✓ (Waste)	✓ (Industry)	✓	✓	✓	Coastal and marine resources
Singapore	✓	✓ (Energy)	✓ (Industry)	✓	✓	✓	✓		✓	
Thailand	✓ (Phase 2)	✓ (Energy)	✓ (Phase 2)	✓	✓ (Phase 2)	✓ (Phase 2)				

<sup>33</sup> ATB 2024; OJK 2024; BNM 2021; SCM 2022; BSP, SEC, and IC 2024; GFIT 2023; TTB 2023 and 2025.

<sup>34</sup> Industrial Processes and Production Use (IPPU).

<sup>35</sup> Agriculture, Forestry, and Other Land Use (AFOLU).

When it comes to activity classification, different eligibility criteria often apply when defining less ‘green’ activities. Take electric power generation as an example: Table 6 shows the different emission intensity thresholds applied in the ASEAN Taxonomy and AMS taxonomies under “Green” and “Amber”/ “Transition”<sup>36</sup> categories.

**Table 6:** Comparison of eligibility criteria for electric power generation in ASEAN Taxonomy and AMS taxonomies<sup>37</sup>

Category	ASEAN Taxonomy	Indonesia*	Malaysia	Philippines	Singapore	Thailand
<b>Green (lifecycle emissions)</b>	<100 gCO <sub>2</sub> e/kWh	<100 gCO <sub>2</sub> e/kWh	No TSC for both CCPT and SRI Taxonomy (assess contribution to EOs, DNSH, RMT and MSS)	No TSC (Check against a list of excluded activities; assess contribution to EOs, DNSH, RMT and MSS)	≤100 gCO <sub>2</sub> e/kWh	≤100 gCO <sub>2</sub> e/kWh
<b>Amber/ Transition (lifecycle emissions)</b>	≥100 and <425 gCO <sub>2</sub> e/kWh (Amber Tier 2) ≥425 and <510 gCO <sub>2</sub> e/kWh (Amber Tier 3)	<510 gCO <sub>2</sub> e/kWh			≤220 gCO <sub>2</sub> e/kWh (direct emissions)	≤381 gCO <sub>2</sub> e/kWh

\*The Indonesia Taxonomy allows emissions measurement using direct emissions until 2028 for users that are not able to measure lifecycle emissions.

36 As per Indonesia Taxonomy, “transition” activities is defined as “activities that are not currently in line with commitments to keep global temperature rise in check are not yet on the NZE pathway, however: • Are moving towards a “Green” classification within a specified timeframe; • Facilitate significant emissions reductions in the short or medium term by a specific deadline; or • Encourage other activities to be sustainable. and fulfilling social aspects”. [Otoritas Jasa Keuangan (OJK), [Indonesia Taxonomy for Sustainable Finance \(TKBI\)](#), February 2024].

37 ADB. Wong 2024.

# Outlook for future development

Moving forward, ASEAN taxonomies are likely to evolve by prioritizing flexibility, for instance, regular updates to align with scientific advancements and transparency, such as public disclosure of eligibility criteria. These features, combined with regional collaboration, could position ASEAN as a key player in shaping global sustainable finance standards.

For ASEAN members yet to establish national taxonomies, lessons from early adopters could accelerate their progress. For instance, Indonesia's dual approach (principles + TSC) offers a model for balancing comprehensiveness and practicality, while Singapore's Multi-jurisdiction Common Ground Taxonomy (M-CGT) enhances cross-border interoperability, demonstrating how global alignment can enhance local relevance.<sup>38</sup>

Among the ASEAN countries exploring the development of their own national taxonomies or the adoption of the regional taxonomy is Cambodia, whose National Bank signed a Cooperation Agreement with the International Finance Corporation (IFC) in late 2023 to develop the Cambodia Green Finance Taxonomy and Market.<sup>39</sup> Lao People's Democratic Republic is also seeking to develop its green finance taxonomy through the ongoing Laos Green Finance Project.<sup>40</sup> In addition, both the Brunei Darussalam Central Bank<sup>41</sup> and the State Securities Commission of Viet Nam<sup>42</sup> hosted workshops in 2024 to introduce local stakeholders to the ASEAN Taxonomy.

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38 The International Platform on Sustainable Finance (IPSF), Press release: "[The International Platform on Sustainable Finance presents the Multi-Jurisdiction Common Ground Taxonomy to enhance interoperability of taxonomies across EU, China and Singapore](#)". 14 November 2024.

39 National Bank of Cambodia, [Signing Ceremony on a Cooperation Agreement on the Development of the Cambodia Green Finance Taxonomy and Market](#), 19 December 2023.

40 Lao News Agency, "[Lao financial institutions enhance green finance capacity](#)", 15 October 2024.

41 Borneo Bulletin, "[Central bank organises workshop on ASEAN taxonomy](#)", 26 April 2024.

42 ACMF, "[ASEAN Taxonomy Board \(ATB\) conducts workshop on the ASEAN Taxonomy for sustainable finance \(ASEAN Taxonomy\) in Hanoi, Vietnam and announces forthcoming public frequently asked questions \(FAQ\) & use cases in response to stakeholder consultation feedback](#)", 3 December 2024.

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# Conclusion

This comparative analysis of current sustainable finance taxonomies across ASEAN demonstrates significant alignment among the five AMS taxonomies developed to date:

- Taxonomies share the objectives of climate change mitigation and adaptation, while some also list other priorities important for their respective national priorities, such as biodiversity protection, circular economy, and marine resource management.
- Currently, the principles-based assessment has been adopted by Malaysia and the Philippines as the foundational approach, while Singapore and Thailand focus on TSC, with only Indonesia adopting both principles- and TSC-based assessment like the ASEAN Taxonomy.
- There appears to be significant overlap in sector coverage among the national taxonomies despite different progresses in developing sector-specific criteria. As these taxonomies continue to develop and expand criteria to more sectors, they are gradually showing greater alignment with the ASEAN Taxonomy.

The analysis reveals a growing commitment to regional harmonization through alignment with the ASEAN Taxonomy. Such efforts address existing divergences in national frameworks while fostering cross-border coherence, a critical step for scaling green or sustainable investments. For the financial industry, consistent and interoperable taxonomies help mitigate risks linked to greenwashing and fragmented criteria, thereby enhancing investor confidence and unlocking capital flows into sustainable investments.<sup>43</sup> As other ASEAN countries develop or adopt domestic taxonomies, their efforts can continue to move the regional market towards greater cohesion and harmonization, driving the transition towards a sustainable and resilient economy.

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43 OECD, [Mobilising ASEAN Capital Markets for Sustainable Growth](#), 2 May 2024.



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programme**

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**finance  
initiative**

UNEP Finance Initiative (UNEP FI) brings together a large network of banks, insurers and investors that catalyses action across the financial system to deliver more sustainable global economies.

For more than 30 years the Initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda establishing the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance challenges.

Convened by a Geneva, Switzerland-based secretariat, more than 500 banks and insurers with assets exceeding USD 100 trillion are individually implementing UNEP FI's Principles

[unepfi.org](https://unepfi.org)

for Responsible Banking and Principles for Sustainable Insurance. Financial institutions work with UNEP FI on a voluntary basis to apply the sustainability frameworks within their industries using practical guidance and tools to position their businesses for the transition to a sustainable and inclusive economy.

Founded in 1992, UNEP FI was the first initiative to engage the finance sector on sustainability. Today, the Initiative cultivates leadership and advances sustainable market practice while supporting the implementation of global programmes at a regional level across Africa & the Middle East, Asia Pacific, Europe, Latin America & the Caribbean and North America.



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