SINGAPORE-ASIA TAXONOMY FOR SUSTAINABLE FINANCE

Desired outcomes

Credible green and "transition" definitions and interoperability with other global taxonomies to:
- Align and steer concerted private and government financing
- Reduce potential greenwashing and reputational risks
- Promote cross-border financing flows

TAXONOMY FEATURES

Environmental objectives

- Climate change adaptation
- Resource resilience
- Climate change mitigation (focus of this taxonomy version)
- Biodiversity protection
- Pollution prevention and control

Eight focus sectors

- Energy
- Industrial
- Carbon Capture & Sequestration
- Agriculture & Forestry
- Construction/Real Estate
- Waste/Circular Economy
- Information & Communications Technology
- Transportation

Traffic light system

- Green: Activities that are operating at near zero emissions or are on a 1.5°C-aligned pathway.
- Amber: Activities that are moving towards a green transition pathway within a defined time frame or are facilitating significant emissions reductions in the short term with a prescribed sunset date.
- Amber (measures): Decarbonisation measures that enable an activity to improve and align with ‘green/amber’ over a defined time period.
- Ineligible: Activities that do not align with ‘green/amber’ or are not yet assessed and beyond the scope of the taxonomy.
Taxonomy in practice

Collaborations with industry stakeholders and government agencies to explore use cases in:

- **Development of taxonomy-aligned financial instruments**: Green and transition debt instruments (including both public and private capital), thematic green and transition focused funds.

- **Taxonomy-aligned sovereign bond issuances**: Integration of taxonomy under the Singapore Green Bond Framework.

- **Financial decision-making**: Using taxonomy to accelerate the flow of capital into green and transition activities.

- **Client and corporate engagement**: Incorporation of taxonomy in client and corporate engagement strategy.

- **Taxonomy-aligned incentives schemes**: Integration of taxonomy under the MAS’ Sustainable Bond and Loans Grant Scheme.

- **Voluntary disclosures from corporate entities**: Encouraging companies to disclose transition plans and to use the taxonomy to support these disclosures.

Achieving global interoperability

Mapping of Singapore-Asia Taxonomy to the Common Ground Taxonomy developed by the International Platform for Sustainable Finance.

SPOTLIGHT:

**CREDIBLE STANDARD ON EARLY PHASE-OUT OF COAL FIRED POWER PLANTS (CFPPS)**

**Key features**

Plant and entity-level criteria to ensure managed phase-out transactions are credible, economically viable and socially inclusive:

- CFPPs phase-out by 2040 and operation duration less than 25 years, in line with International Energy Agency (IEA) 1.5°C- aligned decarbonisation pathway for global energy sector.

- CFPPs have positive fair economic value and demonstrate verifiable emissions savings.

- CFPP phase-out is replaced 1-for-1 with a portfolio of clean resources.

- Entity has just transition plan to mitigate impact on stakeholders and local community.

Criteria are consistent with global coal phase-out guidance, e.g. GFANZ; Climate Bonds Initiative, Climate Policy Initiative and Rocky Mountain Institute.