

Sustainable Finance Taxonomy



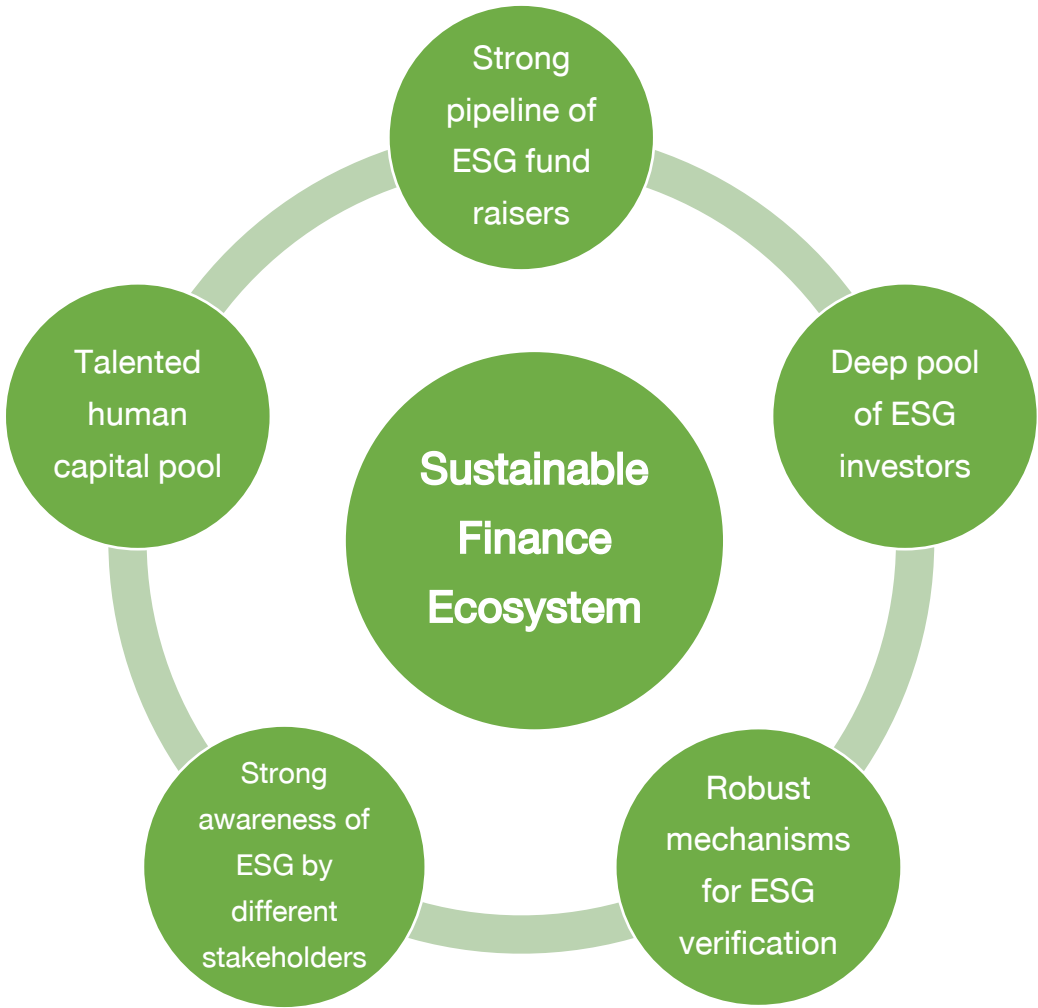
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Bank of Thailand





2 November 2022

1. Background of Thailand Taxonomy
2. Tentative Timeline for Taxonomy Development
3. Elements of Thailand Taxonomy (Approach, Objectives, Sectors)

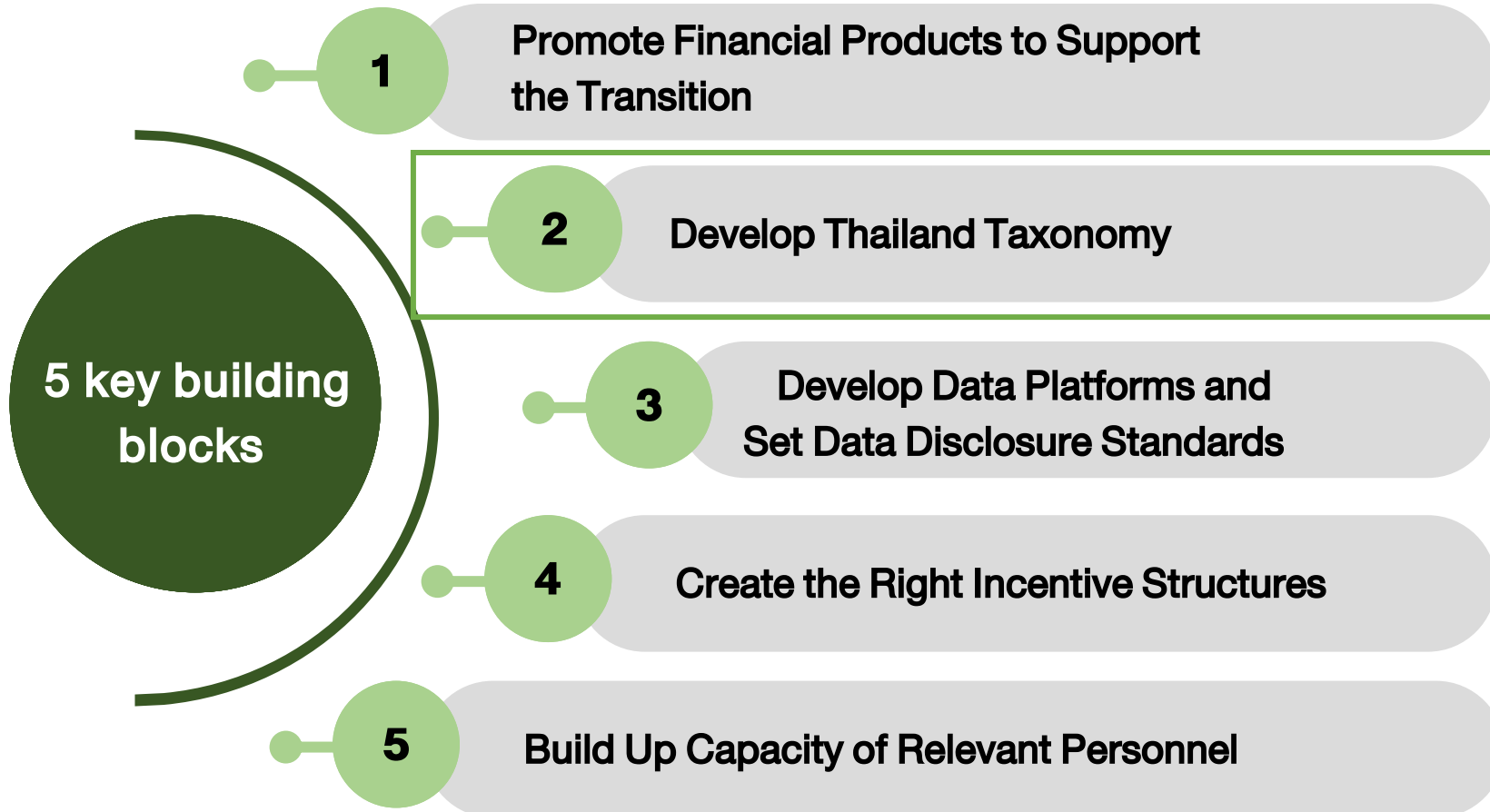
Working Group on Sustainable Finance (WG-SF): BOT and SEC take lead in taxonomy development...



5 Key Strategic Initiatives

-  **Developing a practical taxonomy**
-  **Improving the data environment**
-  **Creating demand-led sustainable finance products and services**
-  **Implementing effective incentives**
-  **Building human capital**

BOT has embedded taxonomy development in the key building blocks for transitioning towards environmental sustainability under Thai financial landscape...

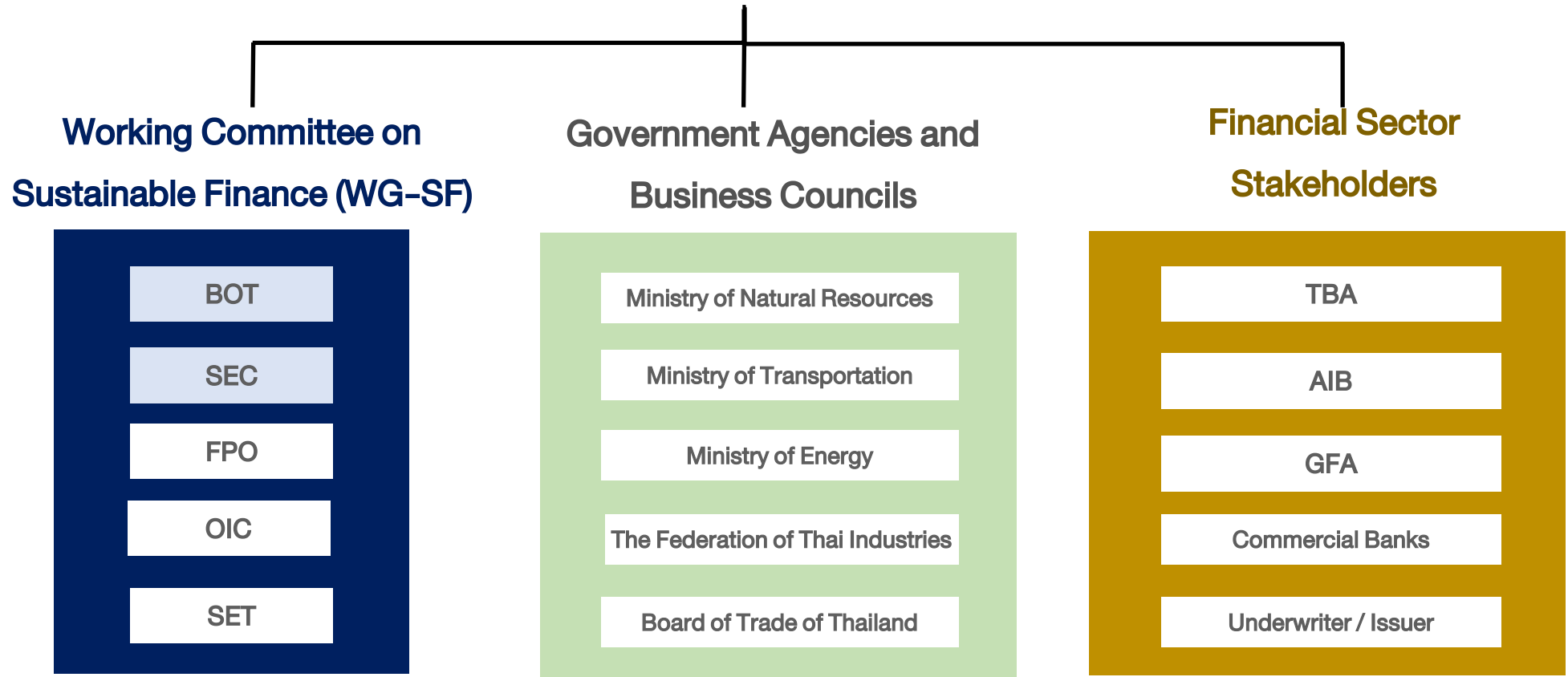


[BOT Directional Paper: Transitioning Towards Environmental Sustainability Under the New Thai Financial Landscape](#)



BOT as WG-SF invites public and private entities to join Thai taxonomy development...

Thailand Taxonomy Board (Phase I)





Tentative timeline and deliverables have been set. First version expected in 2023...

2022

2023

Q3

2024

2025



Thailand Taxonomy Board

#1 TH Taxonomy
Climate change mitigation
(1) Energy and (2) Transportation Sector



#2 TH Taxonomy
Climate change mitigation
(3) Agriculture and (4) Manufacturing



#3 TH Taxonomy
TBD

ASEAN Taxonomy Board



#2 ASEAN Taxonomy
Foundation Framework:
4 Objectives + 6 Sectors (Agriculture, manufacturing, energy, transportation, construction, waste water management)
Plus Standard: Climate Change mitigation + 1 sector










#3 ASEAN Taxonomy
Plus Standard: 5 remaining sectors

Note 4 environmental objectives are

- (1) Climate change mitigation
- (2) Climate change adaptation
- (3) Protection of biodiversity
- (4) Promotion of resource resilience



Key features of Thailand Taxonomy align with peers...

Key Features	EU 	ASEAN 	China 	Singapore 	Malaysia 	Indonesia 	Thailand (Plan) 
Main objectives	<ul style="list-style-type: none"> - Climate Mitigation - Climate Adaptation - Water and Marine Protection - Pollution Prevention and Control - Waste and recycling - Ecosystems and Biodiversity 	<ul style="list-style-type: none"> - Climate Mitigation - Climate Adaptation - Protect Biodiversity - Resource Resilience 	<ul style="list-style-type: none"> - Climate Mitigation - Water and Marine Protection - Pollution Prevention and Control - Waste and Recycling - Ecosystems and Biodiversity 	<ul style="list-style-type: none"> - Climate Mitigation - Climate Adaptation - Protect Biodiversity - Resource Resilience 	<ul style="list-style-type: none"> - Climate Mitigation - Climate Adaptation - Protect Biodiversity - Resource Resilience - Pollution Prevention 	<ul style="list-style-type: none"> - Climate Mitigation - Climate Adaptation 	<ul style="list-style-type: none"> - Climate Mitigation - Climate Adaptation - Protect Biodiversity - Resource Resilience - Pollution Prevention
Approach	Technical screening criteria-based	Principle-based with technical screening criteria	Whitelist-based	Technical screening criteria-based	Principle-based	Principle-based	Principle-based with technical screening criteria
Sectors	13	6	National classification	8	No specific with 8 example sectors	12	4
Application	Mandatory	Voluntary	Mandatory (Green bond and green credit)	Voluntary	Voluntary	Voluntary	Voluntary

Elements of Thailand Taxonomy

Approach: Principle-based + technical screening criteria

Elements:

Objective	Goals and ambitions: The selection of sectors, activities and criteria are focussed on achieving the defined objectives.
Sectors	Any sectors, except for those that are not climate compatible.
Activities	Eligible activities should be determined by their contribution towards achieving the objectives.
Screening Criteria	Should be based on science, in line with local context



2022-2023:
Focus on Climate change mitigation with 2 sectors (energy & transportation) by Jan 22 and 2 sectors more by Dec 22

Sector	%GHG	%GDP
Energy	69%	45%
Transportation		
Agriculture	15%	
Industry	9%	

Example:

	Sector and Activity	Description	Activity	Threshold	
ISIC Code	3510 Energy production from natural gas	Production of energy from natural gas	Green	Conversion of natural gas plants to use green hydrogen leading to an emission intensity of less than 100gCO₂e/kWh measured during the life cycle	Best practise
Sector activity			Amber	Retrofit of existing natural gas plants that leads to life cycle emission intensity meets declining amber thresholds for the Energy Sector	Local context
			Red	New natural gas-based power plants are excluded.	

Thailand taxonomy is a common language for wide area of applications and users.

Focus	<p>Align with local context</p> <p>In line with regional & international standards</p>	<p>Facilitate environment-related transitioning</p>	<p>Avoid greenwashing</p>
Applications	<p><u>Financing & Investments</u></p> <ul style="list-style-type: none"> • Green finance instruments: green bonds, loans, project finance • Green Financial market development • Channel green investments and avoid greenwashing • Structure incentives for green investments 		<p><u>Standard & Guidelines</u></p> <ul style="list-style-type: none"> • Disclosures standard: TCFD and standard disclosures of sustainable investments. • Guidance for regulations on climate change • Verification of green finance projects
Users	<p>Public Sector</p> <ul style="list-style-type: none"> ● Policymakers ● ESG Agencies 	<p>Private Sector</p> <ul style="list-style-type: none"> ● Companies ● Manufacturers 	<p>Financial Sector Players</p> <ul style="list-style-type: none"> ● Financial institutions ● Investors and asset managers ● Thematic bond issuers