

DBS Bank

Institutional Banking Group

Sustainable & Transition Finance Framework &  
Taxonomy

March 2022





**Revision History**

<b>Version</b>	<b>Date of Issue</b>	<b>Document Details</b>
<b>1.0</b>	Jun 2020	Issuance of the Sustainable & Transition Finance Framework & Taxonomy
<b>1.1</b>	March 2022	The following edits were made: <ul style="list-style-type: none"><li>• Updated the process for project evaluation and selection process from a three-tier to two-tier structure.</li><li>• Updated the eligibility criteria for real estate assets certified under the Singapore Building and Construction Authority (BCA) Green Mark, to reflect the new BCA Green Mark (GM) Scheme – GM:2021.</li><li>• Updated the latest sustainable finance commitment from SGD20b to SGD50b by 2024</li></ul>



## 1. Introduction

DBS is a commercial bank headquartered and listed in Singapore. We provide a full range of services in consumer banking, wealth management and corporate banking. We are present in 18 markets globally, of which, six of them are in Asia and are considered our priority markets. These include Singapore, Mainland China, Hong Kong, Taiwan, India and Indonesia.

## 2. Responsible Finance at Institutional Banking Group

The impact of our financing depends on the activities of our customers. We have incorporated responsible financing into the decision-making process of our lending and capital markets business since 2017. The IBG Sustainability team is responsible for overseeing and implementing this agenda. Its main responsibilities include:

- **Environmental, Social and Governance (ESG) Risk Management:** Provide transaction advisory on ESG risks, recommend best-in-class measures to mitigate such risks, and monitor customers' adherence to our ESG standards.

**Sustainable Finance:** Facilitate green and social finance opportunities for corporate customers from multinational to small and medium sized enterprises. We have expanded our banking solutions, from structuring green loans and bonds to sustainability-linked loans and supply chain financing, to help our customers contribute to sustainable development. We are committed to financing SGD50 billion in this regard by 2024.



### 3. Objective

In support of the continued growth in sustainable finance, the Sustainable and Transition Finance Framework (hereinafter as the 'Framework') has been developed to facilitate the categorisation, monitoring and reporting of financing of sustainable activities, and to engage with customers to adapt in the face of climate change, resource scarcity and income inequality.

As such, this Framework includes a taxonomy of sustainable and transition economic activities (Appendix 1). It serves to:

- Make explicit about the potential trade-offs (e.g. where an activity that contributes to the United Nations Sustainable Development Goals (UN SDGs) may not be aligned with the Paris Agreement<sup>1</sup>);
- Provide a science-based approach to avoid greenwashing;
- Facilitate the examination of relationship between an asset or project's nature (green, brown, transition) and credit quality;
- Achieve scale in sustainable finance; and
- Pinpoint potential differences in how an economic activity intended as a transitional solution in Asia may differ from more developed markets.

This Framework, and the taxonomy, is an evolving document and is not exhaustive in its coverage of economic activities. The scope in Appendix 1 mirrors the type of activities IBG serves. It will be reviewed as new scientific evidence, technological advances, and policy changes emerge.

This document is primarily about the "what", rather than the "how". For instance, however efficient a thermal coal mine is operated, it will not be labelled "green" nor "transition".

Please refer to our Summary of Responsible Financing Framework (<https://www.dbs.com/sustainability/responsible-banking/responsible-financing>) which explains how we evaluate the ESG performance of customers.

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<sup>1</sup> United Nations Framework Convention on Climate Change (UNFCCC) The Paris Agreement. <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>



## 4. Scope

This Framework covers applicable instruments/services offered by IBG to our customers. These include but are not limited to the followings:

- Loans;
- Bonds (ESG advisory and underwriting services to issuers);
- Strategic advisory, include but not limited to mergers and acquisition advisory, advisory to clients to exit existing non-green operations;
- Trade Finance such as supply chain financing, bank guarantees; and
- Deposits

## 5. Use of Proceeds

The above instruments can be deployed/structured in two ways:

1. Use of proceeds specific financing for eligible green, sustainable or transition economic activities; or
2. Corporate level financing with an intent to aid corporate customers transition to a low carbon operation.

### 5.1 Use of Proceeds Specific Financing

For transactions with specific use of proceeds, 100% of proceeds should be directed to an earmarked activity which demonstrates alignment with at least one of the followings:

#### A. Green:

- i. *The European Union (EU) Taxonomy*<sup>2</sup>: An EU classification system for environmentally sustainable economic activities. The document sets out technical screening criteria for 67 activities across 8 sectors that can make a substantial contribution to climate change mitigation and adaptation.
- ii. *Climate Bonds Initiative (CBI) Taxonomy*<sup>3</sup>: A guide that delineates criteria for projects and assets to be aligned with the Paris Agreement, which aims to strengthen the global response to the threat of climate change by keeping a global temperature rise of this century to well below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.

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<sup>2</sup> EU (18 June 2019) Technical Expert Group on Sustainable Finance (TEG) Report on EU Taxonomy.

[https://ec.europa.eu/info/files/190618-sustainable-finance-teg-report-taxonomy\\_en](https://ec.europa.eu/info/files/190618-sustainable-finance-teg-report-taxonomy_en)

<sup>3</sup> CBI (October 2019) Taxonomy. <https://www.climatebonds.net/standard/taxonomy>



- iii. *International Capital Market Association (ICMA) Green Bond Principles*<sup>4</sup>: A set of voluntary process guidelines for issuing green bonds. It provides issuers guidance on the key components involved in launching a credible Green Bond; it aids investors by ensuring availability of information necessary to evaluate the environmental impact of their Green Bond investments; and it assists underwriters by moving the market towards standard disclosures which will facilitate transactions.
- iv. *Loan Market Association (LMA) Green Loan Principles*<sup>5</sup>: A high-level framework of market standards and guidelines, providing a consistent methodology for use across the green loan market, whilst allowing the loan product to retain its flexibility, and preserving the integrity of the green loan market while it develops.

When applying the “Green” label for a transaction or service where the underlying asset/economic activity has been identified as being aligned with the EU Taxonomy or CBI Taxonomy, DBS will carry out the necessary due diligence and evaluation to ensure that relevant thresholds/metrics (if any) prescribed within these documents are met. The “Green” label will only be granted upon confirmation that such underlying assets/economic activities are in full compliance with the thresholds/metrics.

The evaluation on the alignment with these documents will be done against the version in effect at the time. Where necessary, DBS will enlist an external consultant for the evaluation.

- B. **UN Sustainable Development Goals (SDGs)**: The 17 global goals are designed to provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. The goals are defined in a list of 169 targets addressing global challenges in relation to poverty, inequality, climate change, environmental degradation, peace and justice.
- C. **Transition**: A key measure of whether an activity can be considered “transitional” is the degree of decarbonisation<sup>6</sup> compared to industry norms. The time bound nature of transition is important to take into account the environmental impact throughout the lifespan of the activity.

In line with the principle of the EU Taxonomy, the nature of the transition in each country or region is influenced by the evolution of the entire system, including local strategies and policies<sup>7</sup>.

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<sup>4</sup> ICMA (June 2018) Green Bond Principles. <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Green-Bond-Principles---June-2018-140618-WEB.pdf>

<sup>5</sup> LMA (11 December 2018) Green Loan Principles. <https://www.lma.eu.com/documents-guidelines/documents/category/green--sustainable-finance>

<sup>6</sup> Other greenhouse gases (GHGs) will also be measured in carbon dioxide equivalent (CO<sub>2</sub>e)

<sup>7</sup> EU Technical Expert Group on Sustainable Finance (June 2019) Taxonomy Technical Report. [https://ec.europa.eu/info/publications/sustainable-finance-teg-taxonomy\\_en](https://ec.europa.eu/info/publications/sustainable-finance-teg-taxonomy_en)



The Sustainable Development Scenario (SDS) adopted by the International Energy Agency (IEA) for different regions of the world serves as a guide to evaluate when emissions need to peak and reduce rapidly thereafter<sup>8</sup>.

For the purpose of this framework, DBS will consider an activity “transitional” and thus earning the label, if it can meet the following conditions:

- Displace more carbon intensive options, document and independently verify the extent of greenhouse gas (GHG) emissions reduction (forecast or realised) compared to industry norms. We will consider contextual information as the activity should facilitate the graduation along the Paris Agreement-aligned trajectory, and not solely be less carbon intensive in isolation; or
- Enables the wider application or integration of less carbon intensive options.

DBS will approach the “Transition” label with caution considering its complicated nature. While DBS has identified several economic activities that can be labelled as “Transition” in Appendix 1, DBS will evaluate each transaction or service on a case by case basis, taking into account contextual information such as location of the economy activity, best availability technology, the time horizon and pace of change towards net zero carbon activities. DBS will also require proof demonstrating compliance with the two conditions mentioned above, and this can be in the form of counterfactual calculation of GHG emissions or any methods that are science-based. Where necessary, DBS will enlist an external consultant or an external subject matter expert to enhance technical competence.

## 5.2 Corporate-level Financing

For corporate-level financing with unspecified uses, we will tag them as “Corporate in Transition”. This transition differs from the transition labels used to describe individual economic activities under Use of Proceeds-Specific Financing.

The label “Corporate in Transition” will be applied when any of the three “Ds” criteria is satisfied, in the previous 12 months of any new transaction:

- **Divest:** Exiting or decommissioning carbon-intensive assets.
- **Diversify:** Decreasing the share of revenue derived from carbon intensive activities over time, diversification may be in the form of acquisition of green/socially positive business, R&D investment, etc.

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<sup>8</sup> IEA (2019) The SDS holds the temperature rise to below 1.8 °C with a 66% probability without reliance on global net-negative CO<sub>2</sub> emissions; this is equivalent to limiting the temperature rise to 1.65 °C with a 50% probability. <https://www.iea.org/reports/world-energy-model/sustainable-development-scenario>



- **Decarbonise:** Demonstrating an overall reduction in GHG emissions intensity with independent verification. This is especially relevant for sectors which are hard to decarbonise, but whose activities are critical to the economy. Customers must significantly enhance their performance i) beyond the industry average in the country or region; and ii) over time in terms of emissions intensity.

### 5.3 Our Labels of Sustainable Finance and Eligible Economic Activities/Assets

IBG will monitor the quantum of lending and capital market transactions from the following four labels for the purpose of making sustainable finance mainstream. A list of economic activities aligned with the use of proceeds specific labels is outlined in the taxonomy (Appendix 1).

#### Use of proceeds specific labels:

1. **Green:** Economic activities that are completely aligned with the EU and/or CBI Taxonomy, meeting the technical screening criteria; or in line with the categories prescribed in the ICMA Green Bond Principles and/or LMA Green Loan Principles.
2. **UN SDGs- aligned**
3. **Transition**

#### Corporate level financing label:

4. **Corporate in Transition**

## 6. Process for Project Evaluation and Selection

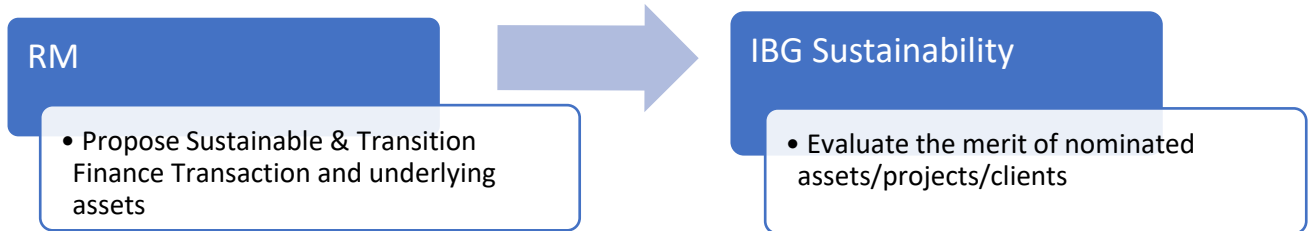
The selection as well as evaluation of transactions' alignment with the four labels is subject to a two-tier process involving IBG Relationship Managers (RMs) and IBG Sustainability.

The RMs will identify potential transactions qualifying for any of the four labels based on the taxonomy and liaise with their customers. The nominated transactions will be escalated for technical review and final approval by IBG Sustainability. The team will advise customers on the measurement of required data where needed.

As the last line of defence, Group Audit will carry out periodic review on the effectiveness as well as compliance on the project evaluation and selection process.

To promote transparency and enhance the quality of ESG data, and where commercially viable, IBG will consider providing incentives (e.g. a reduction in margin of loans, or other adjustment on terms) to encourage customers who are yet to measure and/or publicly report its carbon exposure, or to independently verify its GHG emissions reduction or other ESG data.





## 7. Monitoring & Management of Transactions

IBG Sustainability and IBG Finance will establish and maintain a centralised database that keeps tracks of all concerned transactions. The database will include information such as company identifier, transaction amount, tenor. The database will be monitored periodically to avoid double counting. For example, proceeds received from a newly issued green bond will not be allocated to a labelled transaction already earmarked by a previous green bond.

For Sustainable and Transition Finance loans, the use of proceeds will be documented in the facility agreements to ensure the integrity of the labelled loans. For loans labelled as “transition”, the agreement will include the requirement for independent verification of GHG emissions reduction (forecast or realised).

## 8. Reporting

The reporting requirement may vary depending on the instruments and the stakeholders involved. At a minimum, we will report, at a portfolio level, the aggregated data of individual transactions tagged under each of the labels and the associated details (e.g. the aggregated GHG emissions avoided, committed loan amount, sectoral breakdown, financial instrument breakdown) annually in our Sustainability Report, which is externally assured.

## 9. Update to this Framework

This document will be updated periodically when the market practice for sustainability evolves or as IBG business scope expands beyond the activities described in Appendix 1. At a minimum, this Framework will be reviewed every 18 months. In particular, when Appendix 1 is expanded with additional economic activities, DBS will seek a renewed second party opinion.

Where there are multiple versions of the Framework, the most recent version will be applicable to any sustainable financial instruments issued at that time. Should a new revision be introduced when sustainable financial products issued under the past version are still outstanding, the requirements



applied to existing sustainable financial products will not be affected by the changes in the new revision.

## **10. External Review**

The Framework has received a second party opinion by Cicero, an independent, research-based organisation which conducts reviews of green finance frameworks.



## Appendix 1 Taxonomy of Economic Activities Aligned with DBS' Sustainable and Transition Finance Labels

Please refer to Section 5.1 "Use of Proceeds Specific Financing" for the methodology used to determine the identification.

Industry	Sub-Industry	Asset Type	Asset Specifics	Use of Proceeds Specific Labels		
				Green <sup>9</sup>	Transition	UN SDGs
Automotive	Upstream	System design/ manufacturing/ integration	Related to electric, hydrogen, hybrid or alternative fuel vehicles	Yes (All)		Yes (UN SDG 9, Target 9.4)
			Energy-efficient engine (including for heavy duty vehicles) <sup>10</sup>		Yes	Yes (UN SDG 9, Target 9.4)
			Improved aerodynamics and tire design (especially for heavy duty vehicles) <sup>10</sup>		Yes	
	Midstream	Components/ equipment supply (include design/manufacturing/trading)	Related to electric, hydrogen, hybrid or alternative fuel vehicles	Yes (All)		Yes (UN SDG 9, Target 9.4)
				Yes (All)		
				Yes (All)		
				Yes (All)		
Downstream	Assembly and sale of automotive/brand owners <sup>11</sup>		Yes (All)			
	Distribution/ retail of automotive		Yes (All)			
Metals & Mining	Midstream	Iron or steel producers (excluding coal-fired iron or steel plants)	Decarbonisation technologies (e.g. scrap-based (recycled) steel, carbon capture and storage, electrolysis) <sup>12</sup>		Yes	Yes (UN SDG 12, Target 12.4)
			Energy efficiency of blast furnace (e.g. coke dry quenching, production gases reuse for power production) <sup>12</sup>		Yes	
		Cement producers	Recycling of un-hydrated cement and reuse of concrete <sup>13</sup>		Yes	Yes (UN SDG 12, Target 12.4)
			New cement chemistries or new concrete chemistries using less cement input <sup>13</sup>		Yes	Yes (UN SDG 12, Target 12.4)
			Decarbonisation technologies (e.g. use of biomass/waste as heat generation, carbon capture and storage, kiln electrification from renewable energy source) <sup>13</sup>		Yes	
Food & Agri-Business	Primary Production	Animal feed, animal protein, agribusiness	Avoidance of GHG emissions (e.g. animal management, storage and processing of manure and slurry, and management of permanent grasslands)		Yes	Yes (UN SDG 2, Targets 2.3 & 2.4; and

<sup>9</sup> The Green label refers to economic activities that are completely aligned with the EU and/or CBI Taxonomy, meeting the technical screening criteria; or in line with the categories prescribed in the ICMA Green Bond Principles (GBP) and/or LMA Green Loan Principles (GLP).

<sup>10</sup> Energy Transitions Commission (November 2018) *Mission Possible: Reaching net-zero carbon emissions from harder-to-abate sectors by mid-century: Heavy Road Transport*. Retrieved from: <http://www.energy-transitions.org/mission-possible>

<sup>11</sup> Majority-owned investments of such Original Equipment Manufacturers (OEMs) and which do not fall into either the Upstream or Downstream segments are included as well (e.g. investments into ride-sharing companies, charging infrastructure for electric vehicles).

<sup>12</sup> Energy Transitions Commission (November 2018) *Mission Possible: Reaching net-zero carbon emissions from harder-to-abate sectors by mid-century: Steel*. Retrieved from: <http://www.energy-transitions.org/mission-possible>

<sup>13</sup> Energy Transitions Commission (November 2018) *Mission Possible: Reaching net-zero carbon emissions from harder-to-abate sectors by mid-century: Cement*. Retrieved from: <http://www.energy-transitions.org/mission-possible>



Industry	Sub-Industry	Asset Type	Asset Specifics	Use of Proceeds Specific Labels		
				Green <sup>9</sup>	Transition	UN SDGs
						UN SDG 12, Target 12.3)
		Farming, cultivation, plantation and harvesting of fruits, vegetables and agri-commodities	Contribute to Climate Smart Agriculture (CSA), which is an integrative approach to address the interlinked challenges of food. CSA aims to improve the following <sup>14</sup> :	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 2, Targets 2.3 & 2.4; and UN SDG 12, Target 12.3)
		Milling, processing, crushing and refining of agri-commodities	<ul style="list-style-type: none"> <li>• <b>Food security:</b> Produce more food to improve food and nutrition security and boost the incomes in developing countries.</li> </ul>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 2, Targets 2.3 & 2.4; and UN SDG 12, Target 12.3)
	Trading	Agri-commodities traders, supply chain service providers and procurements arms	<ul style="list-style-type: none"> <li>• <b>Climate resilience:</b> Reduce vulnerability to drought, pests, disease and other shocks; and improve capacity to adapt and grow in the face of longer-term stresses like shortened seasons and erratic weather patterns.</li> </ul>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 2, Targets 2.3 & 2.4; and UN SDG 12, Target 12.3)
	F&B Manufacture	Conversion of bulk, un-branded outputs from primary production and turns them into products suitable for the end-consumer: processed food and alcoholic and non-alcoholic beverages.	<ul style="list-style-type: none"> <li>• <b>Impact on climate change:</b> Pursue lower emissions for each calorie or kilo of food produced, avoid deforestation from agriculture and identify ways to suck carbon out of the atmosphere.</li> </ul>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 2, Targets 2.3 & 2.4; and UN SDG 12, Target 12.3)
	F&B Distribution, Retail and Services	Wholesale distribution of F&B goods from the manufacturer up to and including the final point of sale	In addition to the above, financing of such an asset will not knowingly contribute to deforestation.	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 2, Targets 2.3 & 2.4; and UN SDG 12, Target 12.3)
<b>Real Estate</b>	<ul style="list-style-type: none"> <li>• Residential</li> <li>• Retail</li> <li>• Office</li> <li>• Industrial/ Logistics</li> <li>• Hospitality</li> <li>• Mixed</li> </ul>	<ul style="list-style-type: none"> <li>• Mass market, middle class &amp; luxury segment for residential use</li> <li>• Office properties</li> <li>• Retail malls and shops</li> <li>• Business park, high tech, multi-user factories, logistics and modern logistics properties</li> <li>• Hotels, serviced residences/apartments and student accommodation</li> </ul>	<p>Green buildings meeting the required certification rating:</p> <ul style="list-style-type: none"> <li>• Singapore Building and Construction Authority (BCA) Green Mark (GM) achieving one of the following: <ul style="list-style-type: none"> <li>○ Min Gold Plus and above for both new and existing/recertified buildings; or</li> <li>○ Min Super Low Energy (SLE) Certification and above</li> </ul> </li> <li>• Hong Kong BEAM (Gold and above)</li> <li>• LEED (Gold and above)</li> <li>• China Three Star Green Building Evaluation Standard (Three Star rating)</li> <li>• India Green Building Council Certification (Gold and above)</li> <li>• EDGE Green certification (EDGE Advance)</li> </ul>	Yes (EU Taxonomy, CBI Low Carbon Buildings Sector Criteria, ICMA GBP and LMA GLP)		

<sup>14</sup> Food and Agriculture Organization of the United Nations (2013) *Climate-Smart Agriculture Sourcebook*.



Industry	Sub-Industry	Asset Type	Asset Specifics	Use of Proceeds Specific Labels		
				Green <sup>9</sup>	Transition	UN SDGs
		<ul style="list-style-type: none"> <li>Combination of any of the asset classes listed above</li> <li>Any of the properties supported by oil-based heating, or dedicated for fossil industry and/or for production of fossil fuel equipment is excluded</li> </ul>	<p>A substantial reduction in GHG emissions or energy saving because of upgrade or retrofit, or an upgrade in certification rating of at least one notch higher</p> <p>Affordable housing for low income groups</p>	Yes (EU Taxonomy, CBI Low Carbon Buildings Sector Criteria, ICMA GBP and LMA GLP)		Yes (UN SDG 9, Target 9.4)
Oil & Gas (including Offshore)	Oil & Gas Shipyards	Oil & gas shipyards involved in building specialised oil & gas vessels (e.g. drilling rigs, vessels, FPSO, ESO) and related components used in the exploration and production phase	Electric engines driven either by batteries or hydrogen/ammonia fuel cells <sup>15</sup>		Yes	
			Use of low GHG (e.g. biofuel, bio-methanol, LNG, hydrogen, ammonia) <sup>15</sup> or less pollutive (e.g. low sulphur) fuels		Yes	
			Improved ship design, hull and propulsion efficiency <sup>15</sup>		Yes	
Chemicals	Petrochemicals	Olefins, polyolefins, aromatics, polymers, copolymers, intermediates and derivatives	Alternative feedstocks (e.g. natural gas, shale gas, biofuels and other unconventional feedstocks) <sup>16</sup>		Yes	
			Energy-efficient production/innovation (e.g. catalytic olefin technologies using naphtha, etc or use of hydrogen from renewable energy sources to produce ammonia or methanol) <sup>16</sup>		Yes	
			Carbon capture and storage <sup>16</sup>		Yes	
			Production of biodegradable polymers and composites		Yes	
	Agrichemicals	Crop protection chemicals i.e. pesticides, fungicides and herbicides	Energy-efficient production/innovation (e.g. use of hydrogen from renewable energy sources to produce ammonia) <sup>16</sup>		Yes	
			Carbon capture and storage <sup>16</sup>		Yes	
	Specialty Chemicals	Construction chemicals, electronic chemicals, lubricating oil additives/synthetic lubricants, plastics additives, water management chemicals, adhesive and sealants, flavour and fragrances, specialty coatings, specialty polymers and surfactants	Alternative feedstocks (such as natural gas, shale gas, biofuels and other unconventional feedstocks) <sup>16</sup>		Yes	
			Energy-efficient production/innovation (e.g. use of hydrogen from renewable energy sources to produce ammonia or methanol) <sup>16</sup>		Yes	
			Carbon capture and storage <sup>16</sup>		Yes	
			Production of plastic related products	Decarbonization technologies (e.g. carbon capture of exhaust gas from pyrolysis furnaces, biomass/waste for heat generation, finance electrification from renewable sources) <sup>17</sup>		Yes
Power	Power Original Equipment	Solar	Manufacturing facilities wholly dedicated to onshore solar energy development such as photovoltaic (PV) cells and components,	Yes (CBI Taxonomy, ICMA CBP and LMA GLP)		Yes (UN SDG 7, Targets 7.1 & 7.2)

<sup>15</sup> Energy Transitions Commission (November 2018) *Mission Possible: Reaching net-zero carbon emissions from harder-to-abate sectors by mid-century: Shipping*. Retrieved from: <http://www.energy-transitions.org/mission-possible>

<sup>16</sup> International Energy Agency (IEA), International Council of Chemical Associations (ICCA) and DECHEMA (2013) *Technology Roadmap "Energy and GHG Reductions in the Chemical Industry via Catalytic Processes"*. Retrieved from: <https://dechema.de/en/industrialcatalysis.html>

<sup>17</sup> Energy Transitions Commission (November 2018) *Mission Possible: Reaching net-zero carbon emissions from harder-to-abate sectors by mid-century: Plastics*. Retrieved from: <http://www.energy-transitions.org/mission-possible>



Industry	Sub-Industry	Asset Type	Asset Specifics	Use of Proceeds Specific Labels			
				Green <sup>9</sup>	Transition	UN SDGs	
	Manufacturers (OEMs)		concentrating solar power (CSP) dishes, troughs and components, inverters				
		Wind	Manufacturing facilities wholly dedicated to onshore wind energy development such as wind turbines	Yes (All)		Yes (UN SDG 7, Targets 7.1 & 7.2)	
		Geothermal	Manufacturing facilities wholly dedicated to geothermal energy development such as geothermal turbines	Yes (All)		Yes (UN SDG 7, Targets 7.1 & 7.2)	
		Bioenergy	Manufacturing facilities wholly dedicated to bioenergy development	Yes (All)		Yes (UN SDG 7, Targets 7.1 & 7.2)	
		Hydropower	Manufacturing facilities wholly dedicated to hydropower development such as hydro turbines and components	Yes (All)		Yes (UN SDG 7, Targets 7.1 & 7.2)	
		Marine Renewables	Manufacturing facilities wholly dedicated to marine renewable energy development such as wind turbines platforms, vertical and horizontal axis turbines, in-stream generators, etc.	Yes (All)		Yes (UN SDG 7, Targets 7.1 & 7.2)	
	Power Generation (Conventional)	Fossil fuels including oil and/or gas (excluding coal)	Carbon capture and storage		Yes		
			Conversion from coal to gas as part of realistic medium- and long-term strategy to continue transitioning to zero emissions energy generation, substantial emission reductions and conducted screening for zero emission alternatives		Yes	Yes (UNSDG 12, Target 12.4)	
	Power Generation Facilities (Renewable)	Solar	Onshore PV generation facilities		Yes (All)	Yes (UN SDG 7, Targets 7.1 & 7.2)	
			Onshore concentrated solar power facilities		Yes (All)	Yes (UN SDG 7, Targets 7.1 & 7.2)	
		Wind	Onshore wind farms		Yes (All)	Yes (UN SDG 7, Targets 7.1 & 7.2)	
		Geothermal	Electricity generation facilities		Yes (All)	Yes (UN SDG 7, Targets 7.1 & 7.2)	
		Bio-Energy	Facility producing biofuel, biomass, biogas including fuel preparation process facilities, pre-treatment facilities and biorefinery facilities for various purposes (e.g. heating, cogeneration, electricity production and transport)			Yes	Yes (UN SDG 7, Targets 7.1 & 7.2)
			Generation facilities (e.g. power, heat, cooling and combined heat and cooling)			Yes	Yes (UN SDG 7, Targets 7.1 & 7.2)
		Hydropower	Run of river			Yes	Yes (UN SDG 7, Targets 7.1 & 7.2)
			Impoundment			Yes	Yes (UN SDG 7, Targets 7.1 & 7.2)
			Pumped Storage			Yes	Yes (UN SDG 7, Targets 7.1 & 7.2)
		Marine Renewables	Offshore wind farms		Yes (All)	Yes (UN SDG 7, Targets 7.1 & 7.2)	



Industry	Sub-Industry	Asset Type	Asset Specifics	Use of Proceeds Specific Labels		
				Green <sup>9</sup>	Transition	UN SDGs
			Offshore solar farms	Yes (All)		Yes (UN SDG 7, Targets 7.1 & 7.2)
			Tidal and wave energy generation facilities	Yes (All)		Yes (UN SDG 7, Targets 7.1 & 7.2)
			Other marine electricity generation facilities using ocean thermals, salinity, gradients, etc.	Yes (All)		Yes (UN SDG 7, Targets 7.1 & 7.2)
			Heating or cooling facilities using ocean thermals		Yes	Yes (UN SDG 7, Targets 7.1 & 7.2)
			Waste to Energy	Facilities for solid waste treatment with production of electricity or heat as a by-product	Yes (CBI Taxonomy, ICMA GBP and LMA GLP)	
	Transmission & Distribution	All renewable energy sources	Businesses which own and/or operate cable/wire networks that carry electricity from generator to the suppliers/retailers and eventually the end-user	Yes (All)		Yes (UN SDG 7, Targets 7.1 & 7.2)
	Energy Storage Solution Providers	All energy sources	Businesses which supply energy storage equipment or solutions	Yes (EU Taxonomy, ICMA GBP and LMA GLP)		Yes (UN SDG 7, Targets 7.1 & 7.2)
	Demand Response Solution Providers	All energy sources	Businesses which supply demand response and smart meter equipment or solutions	Yes (EU Taxonomy, ICMA GBP and LMA GLP)		Yes (UN SDG 7, Targets 7.1 & 7.2)
	Independent Electricity Retailers	All renewable energy sources	Independent electricity retailers with no generation assets	Yes (All)		Yes (UN SDG 7, Targets 7.1 & 7.2)
	Infrastructure	Waste Management	Facilities for collection, sorting and material recovery	Facilities and assets with high recovery rates of reusable or recyclable material	Yes (All)	
Facilities for the re-use of materials			Facilities refurbishing or repairing products or cleaning components or products for reuse in their original function	Yes (All)		Yes (UNSDG 12, Target 12.2)
Facilities for the recycling of materials			Facilities for recycling of metals, plastics, glass (except aggregate) and paper	Yes (All)		Yes (UNSDG 12, Target 12.2)
Biological treatment facilities			Anaerobic digestion facilities that produce biogas from green waste	Yes (All)		Yes (UNSDG 12, Target 12.2)
			Composting facilities that produces compost from residual waste	Yes (All)		Yes (UNSDG 12, Target 12.2)
Landfill with gas capture			Use of gas capture for electricity generation	Yes (All)		Yes (UN SDG 7, Target 7.2)
Water Infrastructure		Water treatment including but not limited to drinking water treatment, desalination plants,	Shift from anaerobic to aerobic wastewater treatment or separate solids from wastewater management systems	Yes (All)		Yes (UN SDG 6, Target 6.3)



Industry	Sub-Industry	Asset Type	Asset Specifics	Use of Proceeds Specific Labels		
				Green <sup>9</sup>	Transition	UN SDGs
		water recycling systems, wastewater treatment facilities and manure/slurry treatment facilities/	Energy efficiency or shift to low carbon fuel sources	Yes (All)		Yes (UN SDG 6, Target 6.3)
Healthcare	Healthcare Providers	<ul style="list-style-type: none"> <li>Private &amp; public hospitals</li> <li>Clinical chains</li> <li>Specialty: Dental, Dialysis Services, Radiation, Oncology, etc</li> <li>Nursing homes &amp; elderly care</li> </ul>	Recruitment, development, training and retention of the health workforce in developing countries			Yes (UN SDG 3, Target 3.c)
			Access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all			Yes (UN SDG3, Target 3.8)
			Invest in telehealth and telecare to reduce patient travel and improve quality of care <sup>18</sup>			Yes (UN SDG3, Target 3.8)
			Build hospitals, primary healthcare centres <sup>18</sup>			Yes (UN SDG3, Target 3.8)
		Laboratory and diagnostics centres	Research and development (R&D) of vaccines and medicines for the communicable and non-communicable diseases			Yes (UN SDG 3, Target 3.b)
			R&D that ends epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases			Yes (UN SDG 3, Target 3.3)
			R&D that improves early diagnostic techniques <sup>18</sup>			Yes (UN SDG 3, Target 3.d)
			R&D that improves solutions to protect animals from infectious disease <sup>18</sup>			Yes (UN SDG3, Target 3.8)
	Medical Devices	Companies that develop and manufacture medical, surgical and dental devices and instruments	Low-cost medical devices for low income countries which are easy to operate and maintain <sup>18</sup>			Yes (UN SDG3, Target 3.8)
			Design medical devices with lower power consumption or/and improved end of product lifecycle recycling <sup>18</sup>			Yes (UN SDG 12, Targets 12.4 & 12.5)
Pharmaceuticals	<ul style="list-style-type: none"> <li>Patented Drugs</li> <li>Generic Drugs &amp; Contract Service Organisations</li> </ul>	<ul style="list-style-type: none"> <li>Patented manufacturer (exclude pure R&amp;D companies)</li> <li>Generic drugs manufacturer, contract service organisations (generic finished products, active pharmaceutical ingredient (API) and vitamins and supplements)</li> </ul>	Access to quality, safety and efficacious medicines and vaccines (e.g. enable pharmaceutical companies in low- and medium-income countries to produce generic drugs, by permitting exemptions to patents in these countries) <sup>18</sup>			Yes (UN SDG3, Target 3.8)
			Build environmentally-friendly manufacturing plants <sup>18</sup>			Yes (UN SDG3, Target 3.9)
			Develop and implement improved processes to reduce, reuse and recycle water, raw materials, non-renewable minerals, energy, other inputs, by-products, hazardous waste, non-hazardous waste and packaging <sup>18</sup>			Yes (UN SDG 12, Target 12.5)
Shipping & Coastal Vessels		Companies that own/ charter in/ operate vessels. Examples include owners/operators	Fleet management and voyage plan optimisation <sup>15</sup>		Yes	

<sup>18</sup> United Nations Global Compact (2015) SDG Industry Matrix: Healthcare & Life Sciences. Retrieved from: [https://www.unglobalcompact.org/docs/issues\\_doc/development/SDGMatrix-Healthcare.pdf](https://www.unglobalcompact.org/docs/issues_doc/development/SDGMatrix-Healthcare.pdf)





Industry	Sub-Industry	Asset Type	Asset Specifics	Use of Proceeds Specific Labels		
				Green <sup>9</sup>	Transition	UN SDGs
	• Vessels Owners/ Operators	of container vessels/ tankers/ bulkers/ harbour tugs that support port & terminals/ LNG/ LPG carriers and dredgers.	Use of vessels with electric engines driven either by batteries or hydrogen/ammonia fuel cells <sup>15</sup>		Yes	
			Use of vessels powered by low GHG fuel (e.g. biofuel, bio-methanol, LNG, hydrogen, ammonia) <sup>15</sup>		Yes	
	• Coastal Vessel Owners/ Operators	• Companies that principally own/ charter in/ operate vessels in the coastal water regions/	Use of open-loop scrubbers for treatment of pollutants, mainly, sulphur dioxide SO <sub>2</sub> , released from the vessel's exhaust.		Yes	
			Open-loop scrubbers use seawater as the scrubbing medium. Used seawater will be treated and discharged back to the sea.			
		Use of closed-loop scrubbers for treatment of sulphur dioxide SO <sub>2</sub> , released from the vessel's exhaust.		Yes		
		Closed-loop scrubbers use freshwater with a chemical, usually sodium hydroxide, as the scrubbing medium. Used scrubbing medium will be stored in a holding tank, as there will be no discharge to the sea.				
<b>Aviation</b>	Airlines & Leasing Companies	Prime credit quality airlines, alliances and companies which provide operating lease and fleet financing services for airlines	Use of aircrafts with electric engines or hydrogen fuel cells <sup>19</sup>		Yes	
			Use of aircrafts powered by low GHG fuel (e.g. biofuel, synthetic fuels) <sup>19</sup>		Yes	
	Manufacturers	Research, development and manufacture of airframes and aircraft engines for all sectors of airlines and corporate jet market	Energy efficient aircraft design such as thermodynamic efficiency of new engines or improved airframes <sup>19</sup> . This should demonstrate significant efficiency improvements that go significantly beyond historical improvements.		Yes	
	Airport Operators/ Owners	Operators/ Owners of commercial airports, providing a location that facilitates aircrafts and helicopters in the provision of commercial air transport	Improved infrastructure such as deployment of fixed electrical ground power units (i.e. equipping airport gates with power and pre-conditioned air, which the aircrafts can use while on the ground instead of running those functions on jet fuel) <sup>19</sup>		Yes	
Better air traffic management such as optimising routing, air traffic flow management, minimising flight distances, cutting aircraft waiting times and more flexible routing <sup>19</sup>				Yes		

<sup>19</sup> Energy Transitions Commission (November 2018) *Mission Possible: Reaching net-zero carbon emissions from harder-to-abate sectors by mid-century: Aviation*. Retrieved from: <http://www.energy-transitions.org/mission-possible>



Industry	Sub-Industry	Asset Type	Asset Specifics	Use of Proceeds Specific Labels		
				Green <sup>9</sup>	Transition	UN SDGs
			Airports with Airport Carbon Accreditation (ACA) <sup>20</sup> at Optimisation and Neutrality Levels	Yes (All)		
Telecommunication	Wireless Operator	Involved in the provision of wireless telecommunication services i.e. voice, data, etc	Broadband networks and supporting infrastructure	Yes (CBI Taxonomy)		Yes (UN SDG 9, Target 9.C)
	Integrated Operator	Communication Services Provider covering both wireless and wire telecommunications services. i.e. voice, data, etc.		Yes (CBI Taxonomy)		Yes (UN SDG 9, Target 9.C)
	Subsea Cable Operator	Involved in the construction and operation of subsea communication cable infrastructure		Yes (CBI Taxonomy)		Yes (UN SDG 9, Target 9.C)
	Mobile Virtual Network Operator (MVNO)	A wireless communications services provider that does not own the wireless network infrastructure over which the MVNO provides services to its customers.	Teleconferencing and telecommuting service	Yes (CBI Taxonomy)		Yes (UN SDG 9, Target 9.C)
	Telecom Tower Operator	Involved in the construction and operation of telecommunication sites (for which towers is the primary example) for telecommunication operators		Yes (CBI Taxonomy)		Yes (UN SDG 9, Target 9.C)
	Telecom Infrastructure & Equipment Vendor	Involved in the manufacturing / provision of telecommunication infrastructure and equipment such as carrier network infrastructure, enterprise networking, telecom operations systems, mobile devices, etc		Yes (CBI Taxonomy)		Yes (UN SDG 9, Target 9.C)
	Fixed Line Operator	Involved in the provision of wired telecommunication services i.e. voice, data, etc.		Yes (CBI Taxonomy)		Yes (UN SDG 9, Target 9.C)
	Data Centre Operator	Facilities that house computer systems and associated components related to telecommunications and digital storage systems	-		Yes	
Technology	Software Product & Development	Involved in the provision of software related Research & development services. Such services cover all that is involved between the conceptions of the desired software through to the final manifestation of the software. Thus, it includes research, new development, prototyping, modification, reuse, re-	Teleconferencing and telecommuting software or power management software (e.g. remote solutions for appliance power management, and load-balancing of renewables)	Yes (CBI Taxonomy)		

<sup>20</sup> Airport Carbon Accreditation is an independent, voluntary programme administered by WSP, an international consultancy appointed by ACI EUROPE to enforce the accreditation criteria for airports on an annual basis. <https://www.airportcarbonaccreditation.org/>



Industry	Sub-Industry	Asset Type	Asset Specifics	Use of Proceeds Specific Labels		
				Green <sup>9</sup>	Transition	UN SDGs
		engineering, maintenance, or any other activities that result in software products				
Apparel, Footwear & Textile	Production, processing and trading of raw materials, fabric / textiles and clothing components	Raw materials (synthetic and natural) used in the production of yarn	Use of raw materials from renewable resources such as recycled plastic-based fibres and regenerative agriculture <sup>21,22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.2)
			Effective and efficient production processes that generate less waste (such as offcuts); need fewer inputs of resources, such as fossil fuels and chemicals; reduce water use in water-scarce regions; are energy efficient; and run on renewable energy <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 6, Targets 6.3 & 6.6; and UN SDG 12, Targets 12.5 & 12.6)
			Technologies enabling yarn recycling such as increased automation and 3D knitting <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.5 )
		Fabric/Textiles, including both knitted and woven fabrics using yarn as well as leather	Technologies and/or production processes that reduce microfibre release <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.5)
			Solutions to avoid the use of substances of concern. This could include developing alternatives to replace substances of concern as well as innovative processes that dramatically reduce or avoid the use of harmful chemicals e.g. waterless dyeing solutions, chemical-free technologies <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.4)
		Clothing components, including zips, buttons, labels, printing services and belts, etc.	Technologies to ensure recyclability and/or durability <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.5)
		Made of recycled materials <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.5)	
	Manufacture of apparel and footwear	• Garments, including apparel, underwear, socks, stockings, scarves and gloves and industrial clothing including uniforms	Fabric recycling of production offcuts i.e. use leftover materials from factories to make clothes, as these fabrics are high quality and do not have complicated trimmings such as buttons or seams to remove <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.5)
			• Footwear, including casual, formal, sports and industrial	Fabric recycling of materials after use such as used clothing etc. <sup>22</sup>	Yes (ICMA GBP and LMA GLP)	Yes (UN SDG 12, Target 12.5)
			Use of new materials suitable for a circular system e.g. waste products <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.5)
			Technologies to ensure recyclability and/or durability of output products <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.5)
			Solutions to avoid the use of substances of concern. This could include developing alternatives to replace substances of concern as well as innovative processes that dramatically reduce or avoid	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.4)

<sup>21</sup> Regenerative Agriculture Initiative and The Caron Underground (16 February 2017) *What is Regenerative Agriculture?* Regenerative Farming is “farming and grazing practices that, among other benefits, reverse climate change by rebuilding soil organic matter and restoring degraded soil biodiversity – resulting in both carbon drawdown and improving the water cycle”. Retrieved from: [https://regenerationinternational.org/why-regenerative-agriculture/?fireglass\\_rsn=true](https://regenerationinternational.org/why-regenerative-agriculture/?fireglass_rsn=true)

<sup>22</sup> Ellen MacArthur Foundation (2017) *A New Textiles Economy: Redesigning Fashion’s Future*. Retrieved from: <http://www.ellenmacarthurfoundation.org/publications>



Industry	Sub-Industry	Asset Type	Asset Specifics	Use of Proceeds Specific Labels			
				Green <sup>9</sup>	Transition	UN SDGs	
			the use of harmful chemicals e.g. waterless dyeing solutions, chemical-free technologies <sup>22</sup>				
			Effective and efficient production processes that generate less waste (such as offcuts); need fewer inputs of resources, such as fossil fuels and chemicals; reduce water use in water-scarce regions; are energy efficient; and run on renewable energy <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 6, Targets 6.3 & 6.6; and UN SDG 12, Target 12.5)	
		Business to Business and Business to Consumer retail of apparel, footwear and textiles	Speciality/single brand and multi-brand retail	Short-term/long-term clothing rental <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.5)
		Online and physical retail	Technologies that adapt clothing to individual body shapes and styles allowing custom-made clothing to increase clothing utilisation <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.5)	
			Clothing resale businesses <sup>22</sup>	Yes (ICMA GBP and LMA GLP)		Yes (UN SDG 12, Target 12.5)	
<b>Logistics</b>	<ul style="list-style-type: none"> <li>• Third-Party Logistics (3PL) Providers</li> <li>• Fourth-Party Logistics (4PL) Providers</li> <li>• Integrated Logistics Providers (ISP)</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses that provide outsourced logistics services including but not limited to distribution, warehousing (including cold chain logistics) and fulfilment services</li> <li>• Businesses that provide end-to-end solutions applying new technologies and advanced methodologies, including but not limited to Artificial Intelligence (AI), Internet of Things (IoT), Big Data &amp; Blockchain, etc.</li> <li>• Businesses that perform a variety of end-to-end solutions logistic-related services such as multi-modal transportation, warehousing and value-added services</li> <li>• Logistic services related to transportation of fossil fuels are excluded.</li> </ul>	Shift long-haul road freight to more carbon-efficient rail or inland/coastal shipping <sup>10</sup>		Yes		
			Logistics and operations efficiency improvement: Fleet optimization and route management (e.g. eliminating backhauls and consolidating loads) <sup>10</sup>		Yes		
			Use of alternative fuels for heavy-duty road transport <sup>10</sup>		Yes		

