

SEC renews membership in ASEAN Taxonomy Board

The Securities and Exchange Commission (SEC) reaffirmed its commitment to sustainability initiatives in the ASEAN region as it renewed its membership in the ASEAN Taxonomy Board (ATB) until 2025.

The ATB is a dedicated body formed under the auspices of the ASEAN Finance Ministry and Central Bank Governor's Meeting, which aims to develop, maintain, and promote the ASEAN Taxonomy for Sustainable Finance (ASEAN Taxonomy). The ATB is currently chaired by the Brunei Darussalam Central Bank (BDCB), with the Monetary Authority of Singapore (MAS) as vice chair.

The ASEAN Taxonomy is a multi-tiered overarching guide and common language used to identify and classify sustainable projects and economic activities in the ASEAN. It is envisioned to attract investments and financial flows into sustainable projects and activities in the region.

SEC Commissioner Kelvin Lester K. Lee is the principal member representing the Philippines on the ATB, with Ms. Krizia Pauline Felice S. Ferrer of the SEC Markets and Securities Regulation Department as alternate.

Other board members include representatives from Non-Bank Financial Services Authority (NBFS) of Cambodia, Ministry of Economy and Finance Cambodia, Financial Services Authority of Indonesia, Bank of the Lao PDR, Bank Negara Malaysia, Securities Commission Malaysia, Ministry of Planning and Finance of Myanmar, Bank of Thailand, Office of Insurance Commission of Thailand, and State Securities Commission of Viet Nam.

Apart from its membership in the ATB, the SEC is also an active member of the ATB's Working Group on Market Facing and Resourcing (WG3).

The ATB published the first version of the ASEAN Taxonomy in November 2021, which laid out a broad framework for the living document. On March 27 this year, the ATB published the ASEAN Taxonomy Version 2, which includes more guidance on the two main methodologies that may be used to determine whether or not an activity is green - the Foundation Framework and the Plus Standards.

The second version also acknowledges coal phaseout efforts, or the transition efforts from coal energy to attract local and international investments.

The ATB continues to conduct socialization initiatives to promote awareness on the ASEAN Taxonomy, set targets for stakeholder consultation, and refine considerations in classifying sustainable projects and activities, among other things.

Before the renewal of its ATB membership this year, the SEC has been a consistent leader in promoting sustainability in the region. In 2018, the Commission adopted the ASEAN Green Bonds Standards, which provides guidelines in tapping green finance to support sustainable regional growth and meet investor interest for green investments.

The SEC subsequently adopted the ASEAN Social Bond Standards and the ASEAN Sustainability Bond Standards in 2019, which intend to enhance transparency, consistency, and uniformity of ASEAN Social Bonds.

Recently, the Commission adopted the ASEAN Sustainable and Responsible Fund Standards, which established new guidelines that will allow both local and ASEAN-member investment companies and collective investment scheme operators to offer sustainable and responsible funds locally and across the region.

As the SEC continues its membership in the ATB, so will it endeavor to improve on sustainability practices and regional cooperation.

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NOTE TO THE EDITOR

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