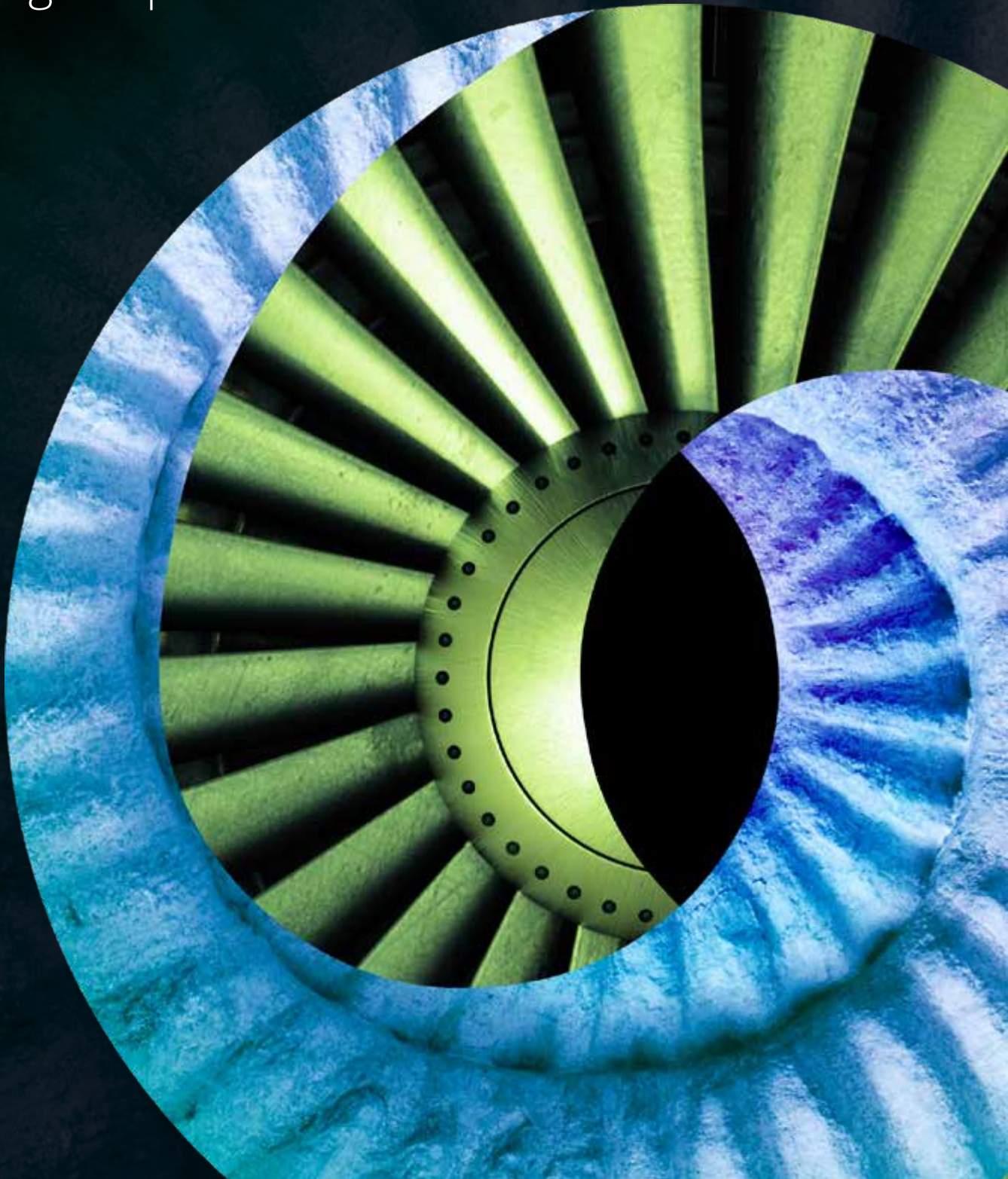


Harnessing taxonomies to help deliver sustainable development

Paper 1: Leveraging the potential of
sustainability taxonomies and
avoiding the pitfalls

July 2024







Helping ensure
sustainability
taxonomies can
deliver value
for economies,
markets and
the planet.

Foreword

Sustainability taxonomies are emerging as a regulatory centerpiece for defining and classifying what activities are deemed sustainable. Getting this right will be pivotal to realizing the world's sustainable development ambitions.

This paper is prepared by Deloitte in collaboration with the World Business Council for Sustainable Development (WBCSD). It is in direct response to an increasing need among many companies to understand sustainability taxonomies, their emergence, implementation requirements and challenges, and areas for improvement, specifically in light of the concern around the proliferation of taxonomies leading to counterproductive fragmentation and friction. As two global organizations committed to supporting the world's shift towards a sustainable future, both Deloitte and WBCSD agree that more work is needed to ensure we collectively realize the benefit of sustainability taxonomies globally.

This paper is the first in a three-part *Harnessing sustainability taxonomies* series led by GreenCompass by Deloitte, the organization's global center for sustainability and climate regulation, on how to ensure taxonomies can help realize global sustainable development objectives. The series specifically focuses on the critical role companies play in helping deliver the sustainable economic outcomes sought by sustainability taxonomies, drawing from collective insights on the emerging sustainability taxonomy landscape and implications for sustainable development.

The *Harnessing sustainability taxonomies* series aims to unpack the market challenges, opportunities and actions needed to realize the objectives of sustainability taxonomies. In doing so, the series will draw strategic and practical insights from key specialists, company leaders and regulators. Guiding these insights are three fundamental questions about the efficacy of sustainability taxonomies to define and deliver sustainable economic outcomes.

01. What are some of the main challenges and opportunities companies face throughout implementation?
02. What are some of the key areas of enablement and capability uplift needed to ensure companies can successfully deliver the value sought by sustainability taxonomies?
03. What are some of the most impactful sustainability actions that taxonomies should elevate?

Deloitte and WBCSD aim to contribute to the ongoing development of sustainability taxonomies, recognizing that successful implementation is a collaborative effort involving various stakeholders. By providing valuable insights and knowledge, we strive to play a meaningful role in supporting the transition of market-based economies towards a sustainable future. We invite you to connect with us and participate throughout this series.

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Glossary

Association of Southeast Asian Nations (ASEAN)—a regional intergovernmental organization comprising ten Southeast Asian countries, which promotes intergovernmental cooperation and facilitates economic, political, security, military, educational, and sociocultural integration among its members and other Asian states.

Bioenergy—a renewable energy source produced by converting biomass into various forms, including heat, electricity, biogas, and liquid fuels; biomass, derived from forestry, agriculture, or renewable waste streams, serves as the primary material.

Climate Bonds Initiative (CBI)—an international organization dedicated to mobilizing global capital for climate action; they accomplish this goal by establishing the Climate Bonds Standard and Certification Scheme, engaging in policy advocacy, and providing market intelligence.

Climate change mitigation—actions taken to help prevent and reduce the release of heat-trapping greenhouse gases into the atmosphere; the aim is to prevent the planet from reaching more extreme temperatures.

Climate change adaptation—adjustments in processes, practices, and structures aimed at lessening potential damages or seizing opportunities arising from climate change.

CO₂e (carbon dioxide equivalent)—a measure of the total greenhouse gases emitted, expressed in units equivalent to the amount of carbon dioxide that would produce the same warming effect.

Do No Significant Harm (DNSH)—the principal that entails assessing whether an investment in an economic activity that significantly contributes to environmental or social objectives avoids causing significant harm to any other environmental or social objectives.

Environmental, Social, and Governance (ESG)—a set of criteria used to evaluate the ethical and sustainability performance of companies and investments.

Europe, Middle East, and Africa (EMEA)—a common acronym used by global corporations to refer to this geographical region when discussing regional business operations.

Fossil fuels—natural resources formed from the remains of ancient plants and animals over millions of years that include coal, oil, and natural gas, and are burned to produce energy for various purposes, such as electricity generation, transportation, and heating.

G20—the G20, or Group of Twenty, comprises 19 countries, two unions: the European Union and the African Union, representing the world's major economies; they come together to discuss and help address global economic issues, financial stability, and sustainable development.

Gross Domestic Product (GDP)—a measure of the total value of goods and services produced within a country's borders over a specific period, typically annually or quarterly, and is used as an indicator of a country's economic health and productivity.

Greenhouse gases (GHG)—gases in the earth's atmosphere that trap heat, including carbon dioxide, methane, ozone, nitrous oxide, chlorofluorocarbons, and water vapor.

Greenwashing—a process when a company or entity misleads the public into thinking it's prioritizing environmental protection more than it actually is.

Low-carbon economy—an economy that generates minimal greenhouse gas (GHG) emissions compared to the current carbon-intensive economy; it's considered a transitional phase toward achieving a zero-carbon economy, where GHG emissions are virtually eliminated.

Mandatory sustainability taxonomy—a regulatory framework that requires companies or financial institutions to classify and disclose the environmental and social sustainability of their investments or activities according to predefined criteria.

Minimum safeguards (MS)—fundamental standards or criteria established to ensure that certain activities or investments meet essential environmental, social, or ethical requirements; they serve as a baseline to prevent harm and promote responsible practices in various sectors.

Nationally determined contributions (NDCs)—climate action plans to cut emissions and adapt to climate impacts, established by each Party of the Paris Agreement.

United Nations Framework Convention on Climate Change (UNFCCC)—the United Nations entity tasked with supporting the global response to the threat of climate change.

Resilience—the ability of individuals, communities, systems, or organizations to withstand, adapt to, and recover from various challenges, crises, or disruptions.

Social taxonomy—a classification system or framework that categorizes economic activities based on their social impact or contribution to social objectives.

Sustainable development—development that satisfies current requirements without compromising the capacity of future generations to fulfill their own needs.

Sustainable economic activity—any economic activity or practice that promotes long-term environmental, social, and economic well-being; sustainable economic activities aim to create a more resilient and prosperous society while preserving the health of the planet.

Sustainable finance—financial activities that integrate environmental, social, and governance (ESG) criteria into investment decision-making processes; its goal is to support sustainable development by directing capital toward projects and initiatives that have positive impacts on society and the environment, while also considering long-term financial returns.

Sustainability taxonomy—a classification system that provides clarity on what is considered a sustainable economic activity.

Taxonomy—a methodology that involves systematically classifying elements in a defined hierarchical form, in which things are organized into groups or types.

Principles for Responsible Investment (PRI)—a UN-supported network that encourages investors to incorporate environmental, social, and governance (ESG) factors into their investment decision-making processes.

Voluntary sustainability taxonomy—a framework or set of guidelines that organizations or investors can choose to adopt voluntarily to classify and disclose the environmental and social sustainability of their activities or investments.

We Mean Business Coalition—a global coalition of nonprofit organizations working with businesses to accelerate the transition to a low-carbon economy; it brings together companies, investors, and other stakeholders to advocate for ambitious climate action and support the implementation of sustainable business practices.

World Business Council for Sustainable Development (WBCSD)—a global community of over 225 of the world's leading businesses driving systems transformation for a better world in which 9+ billion people can live well, within planetary boundaries, by mid-century.



Executive summary

Set amongst a rapidly emerging global landscape of sustainability taxonomies, there is an increasing need to understand and maximize the potential of sustainability taxonomies, while avoiding the pitfalls.

In just a matter of years, the global landscape of sustainability taxonomies has gone from zero to over 50 instruments (finalized and emerging).¹ This rapid emergence of sustainability taxonomies has been primarily driven by a growing need for clarity and consistency in what is considered a sustainable economic activity.

While the sheer volume of sustainability taxonomies emerging globally is daunting, most taxonomies are consistent in how they provide a clear scope, approach, objectives, eligibility and performance criteria. Understanding these five components of a given sustainability taxonomy helps to clarify purpose and expectations, which is a critical first step for companies seeking to align their operations with taxonomy requirements. Further underpinning this, it is critical for companies to understand that sustainability taxonomies are enabling tools for supporting sustainability reporting. Sustainability taxonomies are not standalone instruments or in the case of mandatory taxonomies, additional regulatory burdens. They are seeking to enhance market conditions and confidence within a broader regulatory framework by helping to reduce greenwashing and increasing transparency.

To help make sense of the current global landscape of sustainability regulations, there are some key observations for companies to consider:

- **Inception phase:** Although things are moving fast, it is still early days in terms of implementation. The majority of sustainability taxonomies examined here are either less than 24 months old or still in development.
- **Mandatory shift:** While mandatory sustainability taxonomies are the minority in the current global landscape, both new instruments and existing voluntary instruments are moving towards mandatory.
- **Economic significance:** The widespread distribution of sustainability taxonomies across the world is economically significant. Deloitte's and WBCSD's analysis estimates that 15 of the G20 members² now have sustainability taxonomies (existing or emerging), which represent US\$53 trillion³ or more than 50% of global GDP based on 2023 figures.⁴
- **Social considerations:** While environmentally sustainable objectives remain the focus of sustainability taxonomies, greater consideration is being given to social objectives and principles.
- **Main target group:** The primary audience for most sustainability taxonomies are those operating in finance or capital markets.

As the global landscape of sustainability taxonomies continues to evolve and take shape, Deloitte have identified seven emerging trends that companies should keep watch of:

01. **Narrowing of scope:** The scope of sustainability taxonomies is increasingly narrowing to target high impact sectors, particularly heavy emitting sectors.
02. **Divergence in approach:** There is a global divergence in approach based on being prescriptive versus principles-based taxonomies, which will have ramifications for how companies align.
03. **Broadening of objectives:** The inclusion of social objectives into taxonomies will likely increase globally, particularly in emerging markets.
04. **Transition integrity challenges:** Tensions in aligning eligible transition activities with long-term targets, and how these can help deliver national commitments.
05. **Global fragmentation concerns:** In the absence of a coordinated approach or global baseline, a proliferation of sustainability taxonomies is likely. This makes it increasingly difficult to draw global alignment or interoperability among sustainability taxonomies.
06. **Increasing mandatory status:** There is a global shift towards mandatory sustainability taxonomies.

07. Implementation deficit: Companies are struggling to align with sustainability taxonomies.

While it is still early in the roll-out process of many first phase sustainability taxonomies, market implementation challenges (issue and opportunity based) are becoming increasingly evident. Key issues identified include non-interoperability, data collection and reporting, adaptability in market, limited clarity on interpretations, narrow focus on some of the most challenging sectors and difficulty to align with qualitative principles. What is clear however, is that there are many financial, reputational and operational benefits on offer to companies if the market conditions for implementation are right. There are several practical actions discussed later in the paper that companies can consider now to help prepare for sustainability taxonomy alignment or improve current implementation. These practical actions include using relevant sustainability taxonomy frameworks to get alignment with company sustainability strategies, product and service development, risk management, compliance, reporting, research and development agenda, alliances and supply chain innovation.

GUIDING PRINCIPLES

Making sure sustainability taxonomies deliver collective value for economies, planet and society overall is no small task. Enabling companies to deliver the desired outcomes of sustainability taxonomies will be critical for taxonomy implementation (at all scales) and a key step forward for sustainable development. Deloitte and WBCSD have identified seven guiding principles to focus this endeavor (see pull out box). Working collaboratively with companies and regulators on how to help deliver on these principles will be the focus of the *Harnessing sustainability taxonomies* series moving forward.

Guiding Principles

- 01. Market applicability:** The scope and policy objectives of sustainability taxonomies should be able to be applied in and driven by markets.
- 02. Market confidence:** Companies should have confidence that aligning with sustainability taxonomies can deliver both real commercial and evidence-based sustainability outcomes.
- 03. Corporate capability:** Companies need sufficient guidance on how to interpret and respond to sustainability taxonomies, along with a clear expectation of the capability required to align.
- 04. Prioritization of actions:** To the extent possible, sustainability taxonomies should clarify some of the most impactful economic actions for companies to prioritize.
- 05. Global operating certainty:** Multinational companies need operational certainty around how sustainability taxonomies are at least interoperable and ideally aligned.
- 06. Performance-based concessions:** Companies need scope to propose alternative sustainability actions to an equal or greater value, where a clear commercial, economic or sustainability imperative exists.
- 07. Perception of value:** Framing sustainability taxonomies as another area of risk and opportunity management in a way that is consistent with what's already being reported within the organization can minimize perceptions of sustainability taxonomy alignment as an additional reporting requirement.

1. Understanding sustainability taxonomies and their global emergence

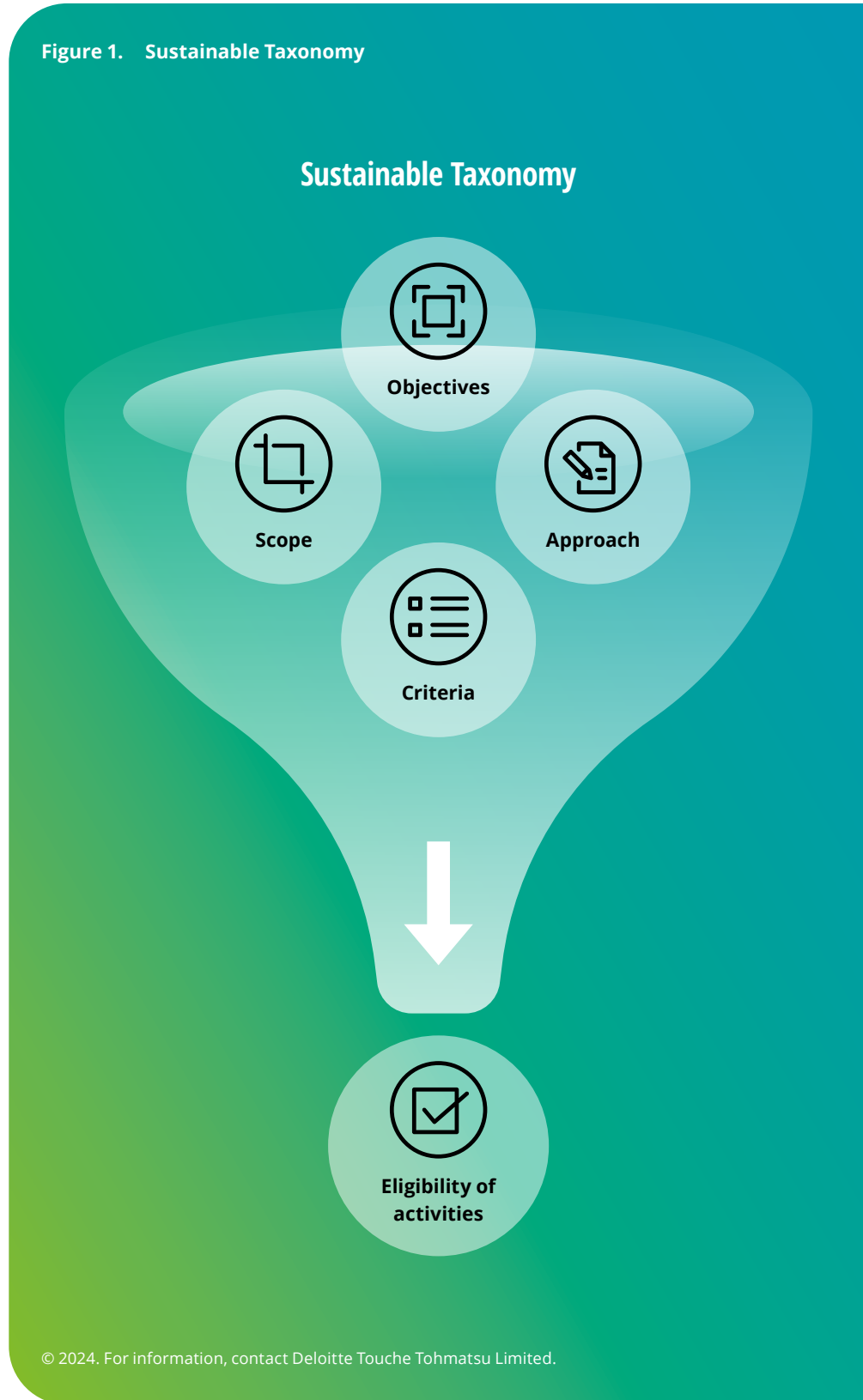
1.1. What is a sustainability taxonomy?

A sustainability taxonomy is a classification system that provides clarity on what is considered a sustainable economic activity.⁵ While it may lead to additional reporting requirements, it should not be considered as an additional reporting obligation, but rather an enabling instrument aimed at supporting companies in their existing sustainability reporting obligations. A sustainability taxonomy therefore seeks to provide markets with the confidence needed to invest in, deliver and report on credible sustainable economic activities.⁶ While the geographic scale of sustainability taxonomies can vary, they typically have a framework that contains the following five components:

- **Scope:** Sets a clear scope, which can vary from being economy-wide to more industry or sector specific.
- **Approach:** Clarifies the intent and any guiding principles, which can vary from being prescriptive to principles-based.
- **Objectives:** Provides objectives that can specify scope and intent, and aligned sustainability outcomes.
- **Eligibility:** Specifies how an objective aligned activity is deemed eligible or ineligible.
- **Criteria:** Outlines any performance criteria for meeting eligibility.

To better understand sustainable taxonomy frameworks, the scope, approach, and objectives of five different sustainability taxonomies have been documented (table 1). The sustainability taxonomies compared in table 1 represent different regions (EMEA, Asia-Pacific, the Americas) and one framework taxonomy not representing a specific region, regulatory guidelines (mandatory and voluntary). From table 1, it is clear that while technical differences exist among sustainability taxonomies, there is a standard framework from which sustainability taxonomies can be understood.

Figure 1. Sustainable Taxonomy



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Table 1. Example scope, approach, and objectives of five sustainability taxonomies

EU taxonomy for sustainable activities (EU taxonomy)⁷			Mandatory
Scope Economy-wide classification system on sustainability actions	Approach A prescriptive framework that includes technical screening criteria that companies need to meet in order to be considered as conducting environmentally sustainable activities.	Objectives The taxonomy sets six environmental objectives. 01. Climate change mitigation 02. Climate change adaptation 03. Transition to a circular economy 04. Pollution prevention and control 05. Sustainable use and protection of water and marine resources 06. Protection and restoration of biodiversity and ecosystems	
Climate Bonds Taxonomy⁸			Voluntary
Scope Wide-spanning, sector-specific guidance and criteria on determining climate aligned assets and projects.	Approach Climate Bonds Taxonomy is a guidance-based framework, which provides specific guidelines and criteria for issuers, investors, and regulators to identify investments that will deliver a low-carbon economy or climate-resilient growth.	Objectives Clarify the assets, activities and projects needed to deliver a low-carbon economy. Targets the adaptation and mitigation goals of the Paris Agreement.	
ASEAN Taxonomy for Sustainable Finance (ASEAN taxonomy)⁹			Voluntary
Scope Economy-wide framework that targets six focus sectors and two enabling sectors important for the sustainability journey of the region.	Approach Principles-based common framework for sustainable finance and a reference document for the member states in case they develop their own national taxonomies. It seeks to help harmonize the classification of sustainable activities and assets across ASEAN.	Objectives The ASEAN taxonomy is based on four environmental objectives: 01. Climate change mitigation 02. Climate change adaptation 03. Protection of healthy ecosystems and biodiversity 04. Resource resilience and the transition to a circular economy	
Australian Taxonomy¹⁰			Under development
Scope Economy-wide framework that initially targets the nations six high-emitting sectors.	Approach Still being determined. Consultation papers to date suggest a prescriptive framework that provides guidance on performance criteria, data requirements and methodology for sustainable finance activities.	Objectives The Australian Taxonomy aims to enable: 01. Transitional activities 02. Minimum social safeguards 03. A 'Do No Significant Harm' framework	
Sustainable taxonomy of Mexico (Mexican taxonomy)¹¹			Voluntary
Scope Economy-wide with a specific target towards the six sectors that contribute to climate change and are necessary to form sustainable cities.	Approach A prescriptive framework that identifies the economic activities and screening criteria for ensuring sustainable investments and actions.	Objectives The Mexico taxonomy covers both environmental and social objectives: 01. Climate change adaptation and mitigation 02. Sustainable cities 03. Gender equality 04. A 'Do No Significant Harm' framework 05. Minimum safeguards	

1.2. Why are sustainability taxonomies emerging?

The rapid emergence of sustainability taxonomies over recent years is a direct response to the need for the global economy to shift towards a sustainable development trajectory. As governments continue to seek ways to enable the necessary market conditions to both drive this shift and help avoid market fragmentation, there is an increasing need for sustainability taxonomies to clarify what is and isn't considered a sustainable economic activity. Sustainability taxonomies are therefore becoming central regulatory instruments for enabling and assuring sustainable development efforts.

Although the specific reasons for establishing a sustainability taxonomy will vary across jurisdictions and entity types, some of the common desired benefits sought by sustainability taxonomies include:¹²

- Enhanced market conditions for sustainable economic activity;
- Better informed investment decisions;
- Reduced greenwashing;
- Better transparency of company activities;
- Resilience of businesses and their operations;
- Transition to low-carbon and more equitable economy; and
- Shared reference point and collaboration between policy makers, investors and companies.

Public investment will likely not suffice and private investors may have to step in to finance climate-friendly projects. This requires clear criteria on what exactly is sustainable and eco-friendly; otherwise, some funding might be directed to "greenwashing" projects that claim to be environmentally sustainable, but in reality, are not.

Figure 2. Common desired benefits sought by sustainability taxonomies



1.3. Where are sustainability taxonomies emerging?

Map 1. A global bird's-eye view of the established and emerging sustainability taxonomies

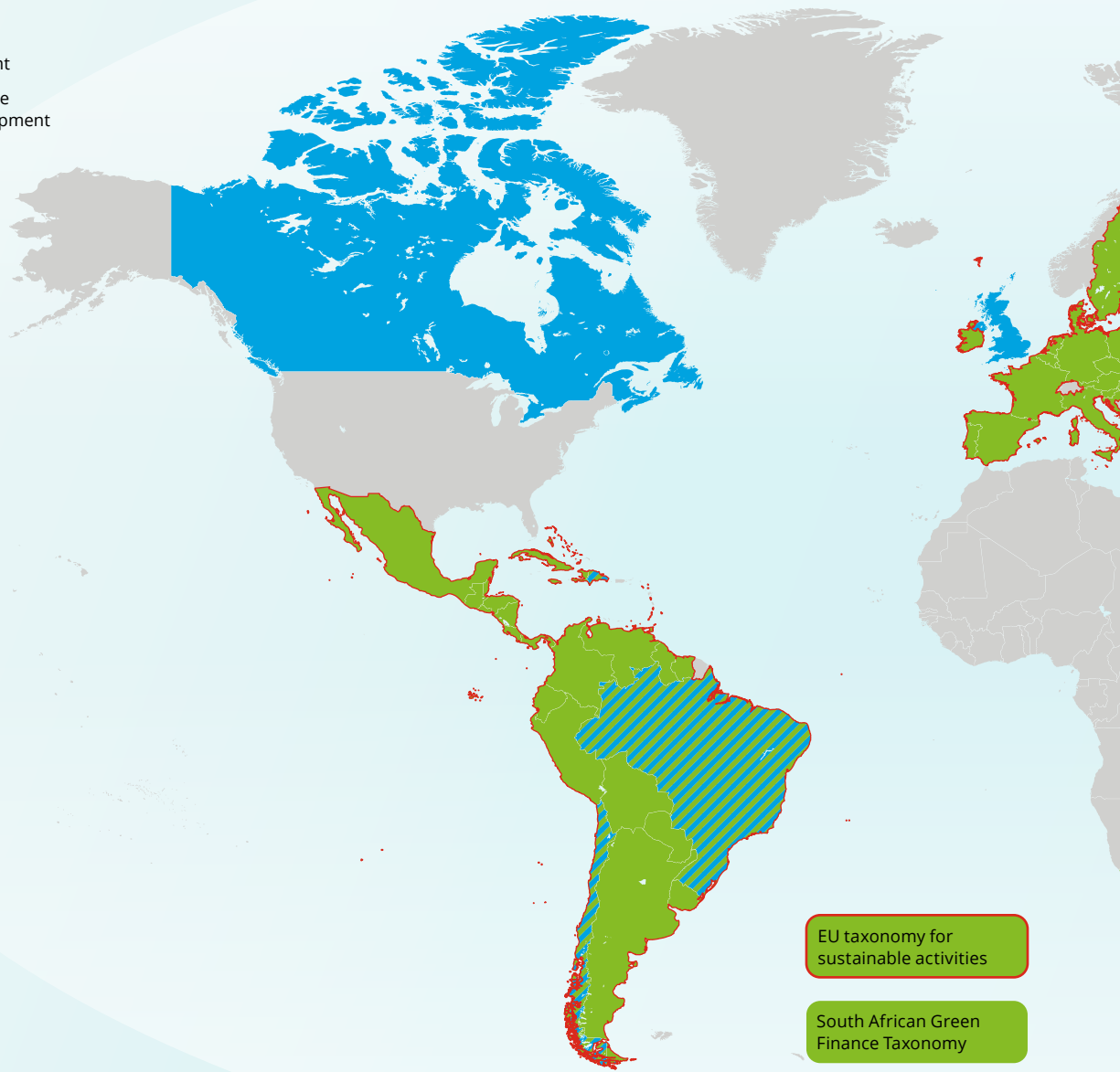
(Based on the analysis of 30 sustainability taxonomies from around the world)

Legend:

- Taxonomies released
- Taxonomies in development
- Taxonomies released on the regional level but in development on the country level
- Regional taxonomies released

Two taxonomies are not marked on the map, as they are international voluntary frameworks or analytical tools:

- [CBI \(Climate bonds\) Taxonomy](#)
- [Common Ground Taxonomy \(CGT\)](#)



Sustainable Taxonomy of Brazil

Canadian green and transition finance taxonomy

Colombian green taxonomy

Common Framework of Sustainable Finance Taxonomies for Latin America and the Caribbean

Dominican Republic green taxonomy

Sustainable taxonomy of Mexico

Taxonomy Roadmap for Chile

EU taxonomy for sustainable activities

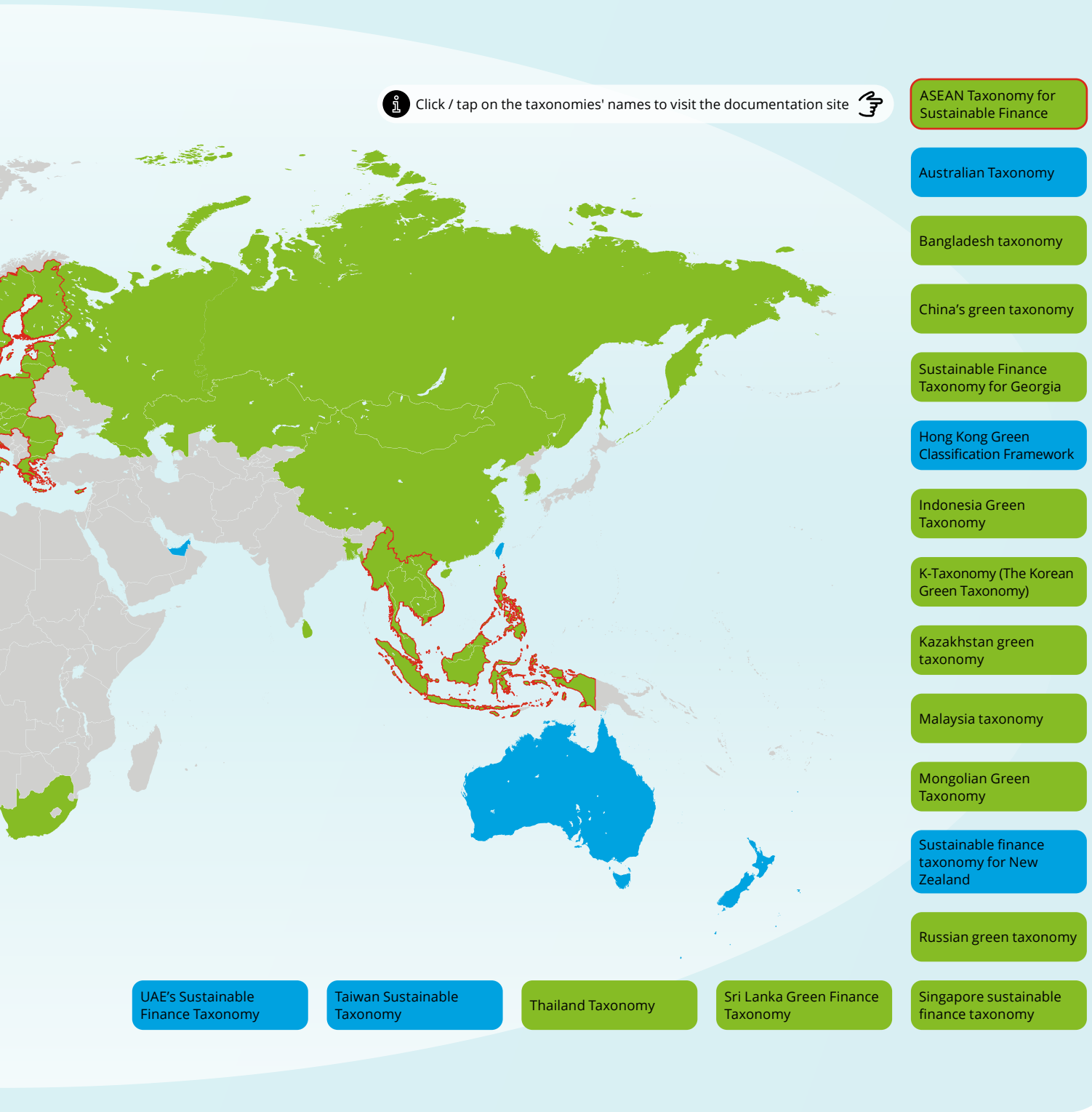
South African Green Finance Taxonomy

UK Green Taxonomy

The number of sustainability taxonomies either in existence or emerging worldwide is rapidly increasing. While it is difficult to put an exact global figure on this evolving landscape, there are indications it exceeds 50 (existing and emerging)

when considering both public and private frameworks.¹³ What is clear is that this figure is evenly distributed around the world and includes a combination of national, regional, and organizational led sustainability taxonomies. Map 1

provides a global bird’s-eye view of where sustainability taxonomies are in place or emerging, the extent of their distribution across the world and places to watch in the coming year (due to discussions about possible development).



2. Making sense of the evolving global sustainability taxonomy landscape

2.1. Scope of the landscape analysis

Based on availability of information, Deloitte and WBCSD examined 30 sustainability taxonomies from around the world to help provide clarity on how the global landscape of sustainability taxonomies is taking shape (see Annex for list). The analysis took place in the period from November 2023 to January 2024. This involved documenting and comparing each sustainability taxonomy in terms of:

- **Status:** The stage of development or implementation
- **Obligation:** Whether it is mandatory or not
- **Geographic coverage:** The geographic scale in which the taxonomy is applicable
- **Focus and function:** The primary topics of focus and implementation function for the taxonomy

- **Audience:** The key market actor(s) the taxonomy is seeking to influence

From this, we were able to make several key observations regarding the current state of the global landscape of sustainability taxonomies and subsequently identify emerging global trends now and into the future.

2.2. Key observations

The key observations that follow provide high-level statistical and comparative (commonalities and differences) information about the current global landscape of sustainability taxonomies at the time this report was published.



STATUS OBSERVATIONS

While the emergence of sustainability taxonomies globally is moving fast, it is still very early days in terms of implementation.


Of the 20 sustainability taxonomies Deloitte and WBCSD identified as finalized as of the date of the analysis, a significant majority of these are less than 24 months old. Where finalized sustainability taxonomies are more than 24 months old, implementation remains very much in its infancy. For example, the EU taxonomy entered into force in 2020, however the first

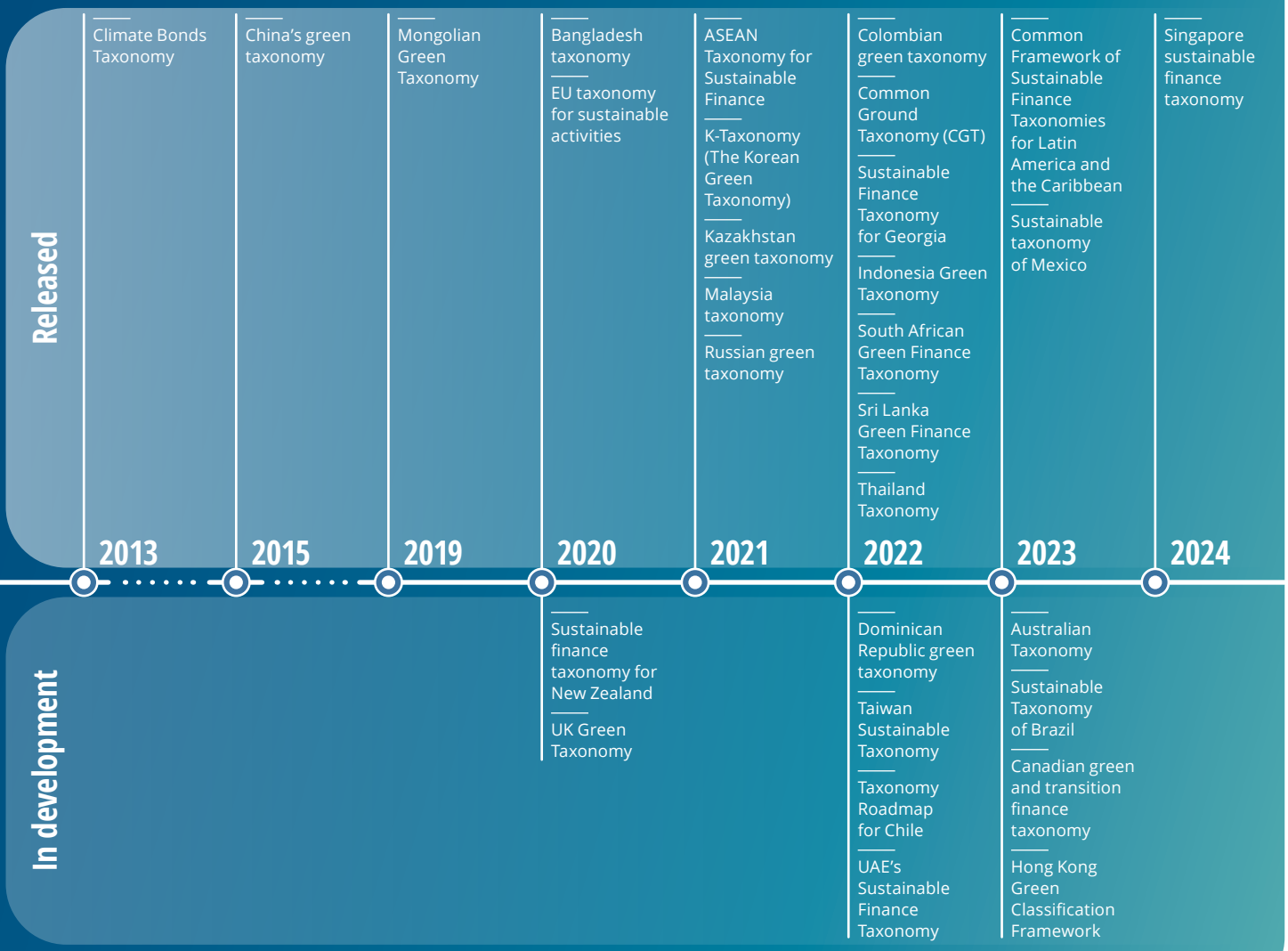
alignment reports for large companies and financial institutions weren't due until 2023 and 2024 respectively.¹⁴ This timeframe and cadence of implementation is similar with the other finalized taxonomies which have mandatory reporting obligations.

There are a further 10 sustainability taxonomies emerging, either in

development or undergoing public consultation. Of these, four are being driven by G20 members¹⁵ (Australia, Brazil, Canada and the UK) and two by jurisdictions which house global financial centres (Hong Kong and UAE).¹⁶ A majority of the 10 emerging sustainability taxonomies are expected to be published by 2025.

Figure 3. Timeline of sustainability taxonomies

 Click / tap on the taxonomies' names to visit the documentation site



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OBLIGATION OBSERVATIONS

Mandatory taxonomies remain the minority, but a greater number are expected to come in the form of both new instruments and existing voluntary instruments transitioning to mandatory.

Of the 20 finalized sustainability taxonomies examined, five are mandatory. These are the Bangladesh taxonomy, EU taxonomy, Georgia taxonomy, Mongolia taxonomy and Sri Lanka Green Finance Taxonomy. This means that 15 of the finalized sustainability taxonomies Deloitte and WBCSD examined are voluntary. These include eleven state-developed sustainability taxonomies (China, Colombia, Indonesia, South Korea, Kazakhstan, Malaysia, Mexico, Russia, Singapore, Thailand and South Africa) and four non-state-developed sustainability taxonomies. Of the state-developed sustainability taxonomies that are currently voluntary, there is an increasing anticipation that some of these could transition to mandatory at some point, however no definitive commitments to this exist.

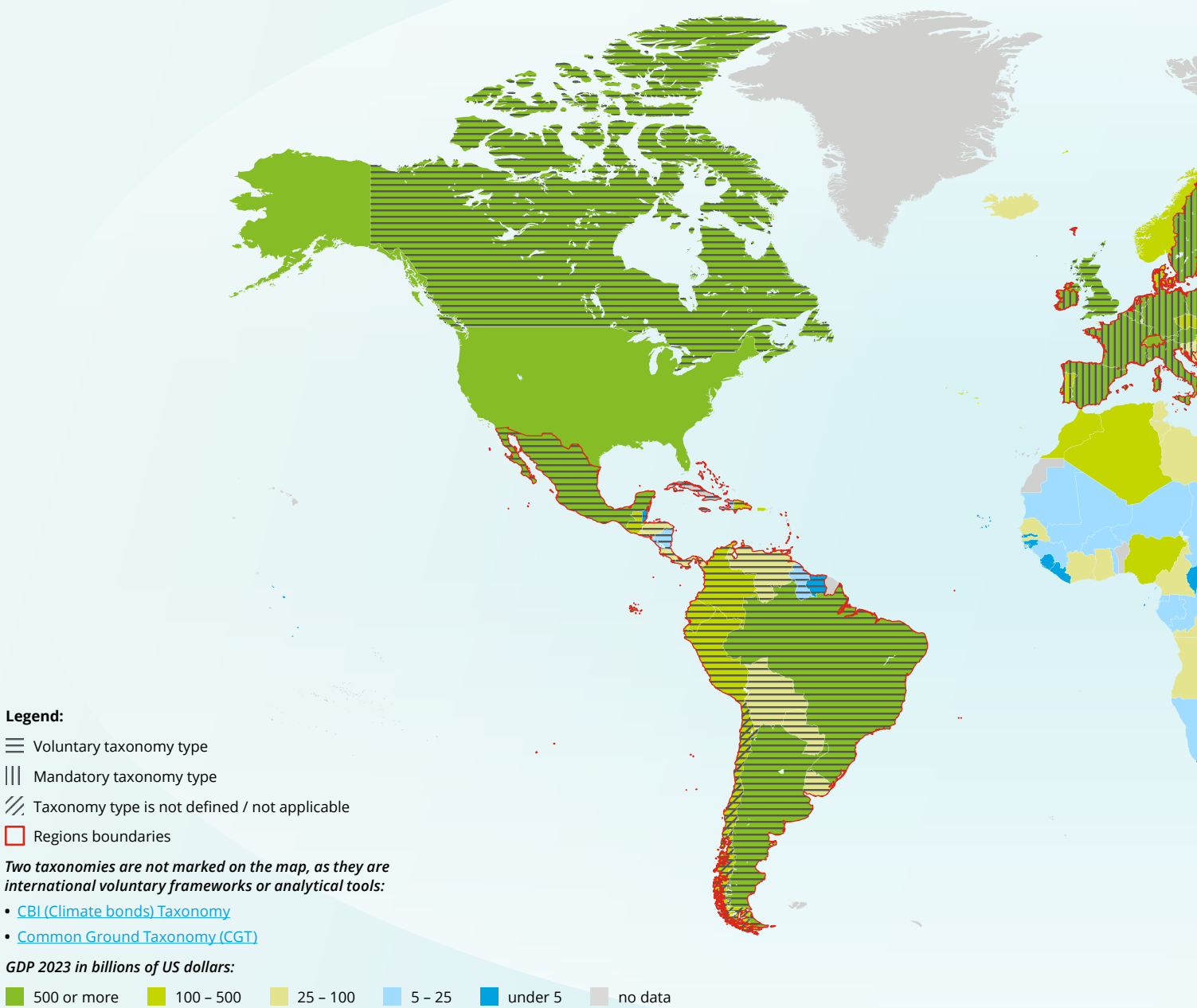
All 10 sustainability taxonomies that are still emerging globally are state-developed instruments. The 10 governments developing these have indicated an intention for their sustainability taxonomy to form part of or intersect with their jurisdiction's regulatory environment. Although the approach, timeframe and implementation process for these will likely vary, the common approach emerging is a period of voluntary or trial alignment, followed by a staged transition towards mandatory alignment based on entity types. For example, once the UK Green Taxonomy is finalized, it is anticipated that a two-year voluntary reporting requirement will be established before being replaced with a mandatory one.¹⁷

The common approach emerging is a period of voluntary or trial alignment, followed by a staged transition towards mandatory alignment based on entity types.

GEOGRAPHIC COVERAGE OBSERVATIONS

There is widespread distribution of sustainability taxonomies around the globe, which is now economically significant in terms of representation of global GDP.

Map 2. Correlation between Global GDP in 2023 and the analysis of 30 sustainability taxonomies from around the world



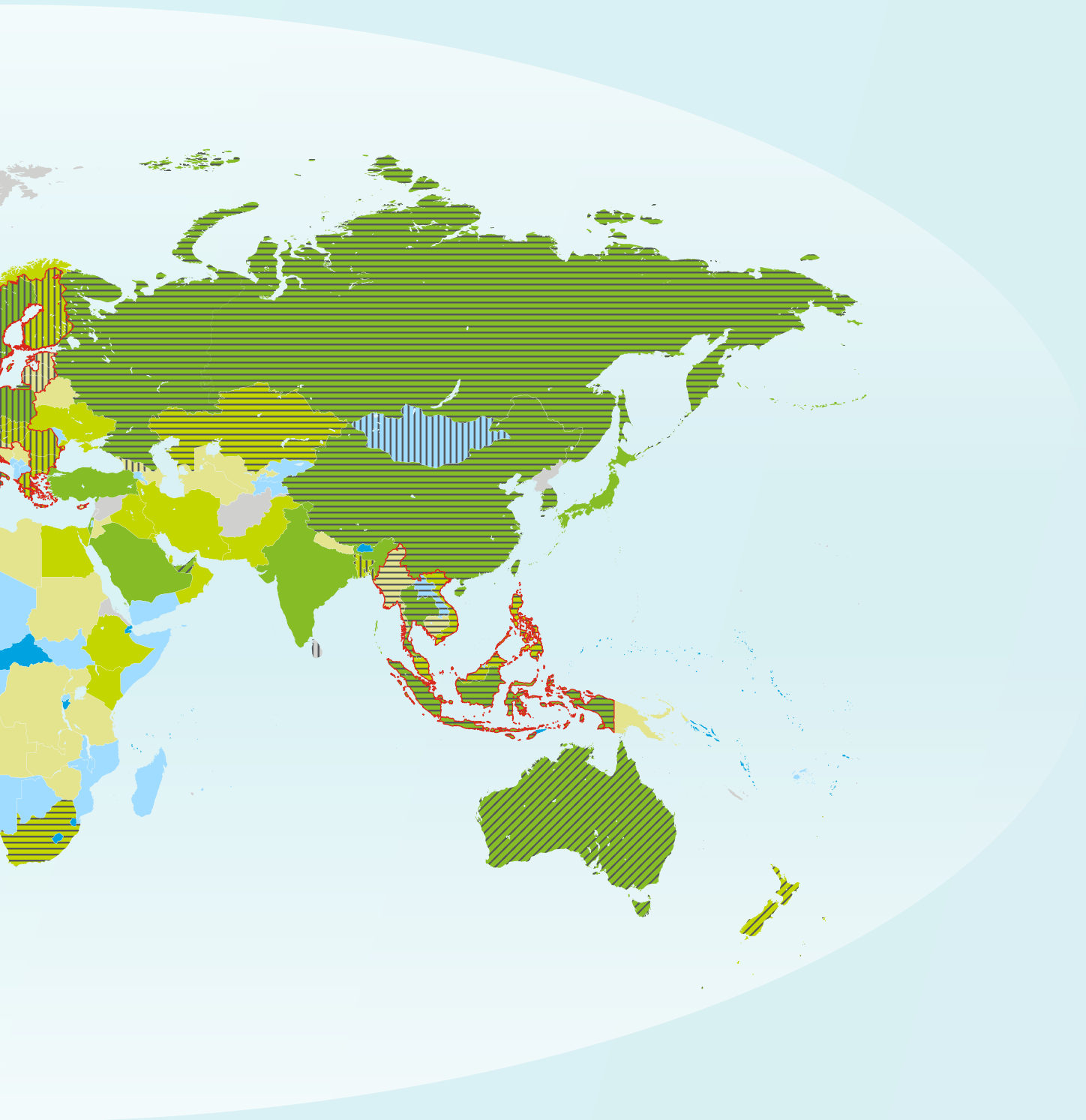
Source: https://www.imf.org/external/datamapper/NGDPD@WEO/WEO_WORLD?year=2023

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Twenty-five of the **30 sustainability taxonomies Deloitte and WBCSD examined** were national in their scale. Of the remaining five, three were regional in scale (EU taxonomy, ASEAN taxonomy, Latin America and the Caribbean

Common Framework) and two global. In terms of global perspective, 15 of the G20 members¹⁸ now have sustainability taxonomies (either finalized or emerging), which Deloitte and WBCSD estimate to represent **US\$53 trillion**¹⁹ or more

than 50% of global GDP based on 2023 figures.²⁰ At the time of our analysis, the only G20 members without a sustainability taxonomy **finalized, in development or publicly committed to** are Japan, Saudi Arabia, Turkey and the United States.



FOCUS AND FUNCTION OBSERVATIONS

While environmentally sustainable outcomes are a primary focus, social objectives and transition requirements are emerging.

Each of the 30 sustainability taxonomies examined had a primary focus on green outcomes, underpinned by objectives that target climate action (adaptation and mitigation) and environmental integrity. Only five of the 30 examined sustainability taxonomies also focused on social outcomes, with specific objectives targeting challenges of equality (particularly gender) and labor rights. Jurisdictions with social objectives embedded in their sustainability taxonomy include Brazil, Latin America and the Caribbean, Georgia, Mexico and Mongolia. The EU intended to develop a social taxonomy, however it was put on hold until mid-2024.²¹

Many of the 30 sustainability taxonomies examined also contain underlying principles for guiding implementation. A majority of the 30 developed taxonomies

include the underlying environmentally sustainable principle of 'Do No Significant Harm' (DNSH), ensuring that delivering on one green objective cannot cause significant harm to other green objectives. More than half of them also contain an underlying principle of meeting minimum safeguards in addition to DNSH, ensuring that green objectives are not achieved at the expense of human or labor rights, corruption, anti-competitive or non-compliant taxation practices.

In terms of function, some of the sustainability taxonomies examined had specific provisions for transitional activities. These include ASEAN taxonomy, Australian Taxonomy, Climate Bonds Taxonomy, Indonesia Green Taxonomy, K-Taxonomy and Singapore sustainable finance taxonomy. The transition alignment

function within these sustainability taxonomies is primarily focused on climate mitigation efforts and acceptable energy sources and limits over time in the transition to net zero. The main transitional energy sources included in sustainability taxonomies are natural gas, bioenergy and nuclear, however, the criteria for transition alignment are strict (e.g., transition alignment criteria for gas-related activities) in order to help avoid real or perceived integrity issues. There are also certain issues regarding the misalignment and challenges in meeting the DNSH criteria with regards to these industries that spur multiple discussions across corporate and regulatory actors across the EU.²²

Only **five of the 30** examined sustainability taxonomies also focused on **social outcomes**, with specific objectives targeting challenges of equality (particularly gender) and labor rights.

Figure 4. Taxonomies objectives and transition criteria

Transition alignment criteria in sustainability taxonomies

The main transitional energy sources included in sustainability taxonomies are natural gas, bioenergy and nuclear.

Criteria for transition alignment serve as points to ensure the integrity of transition activities. An example can be found in the EU taxonomy, which outlines criteria for gas-related activities.

- 1 Substantial Contribution to Climate Change Mitigation:**

 - Avoidance or reduction of greenhouse gas emissions is essential.
- 2 Phasing Out Greenhouse Gas Emissions:**

 - Particularly targeting emissions from solid fossil fuels.
- 3 Technical Screening Criteria for Gas-Based Activities:**

 - New gas-based power/heat plants have to:
 - Be below the technology-neutral 100g CO₂/kWh life-cycle emission threshold, or
 - Meet stringent conditions and obtain a construction permit by 2030.
 - Gas usage should replace more polluting solid and liquid fossil fuels (e.g., coal).
- 4 Co-Generation of Heat and Power Activities:**

 - For every new natural gas-fired plant, a coal-fired plant with the same capacity has to be removed.
 - Capacity of the gas-fired plant cannot exceed the capacity of the coal-fired plant by more than 15%.
- 5 Rapid Conversion Towards Renewables:**

 - Facilities have to integrate a rapid conversion towards renewables.
 - Clear commitment for a full switch to renewables by 2035 is required.

Source: https://ec.europa.eu/commission/presscorner/detail/en/qanda_22_712
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AUDIENCE OBSERVATIONS

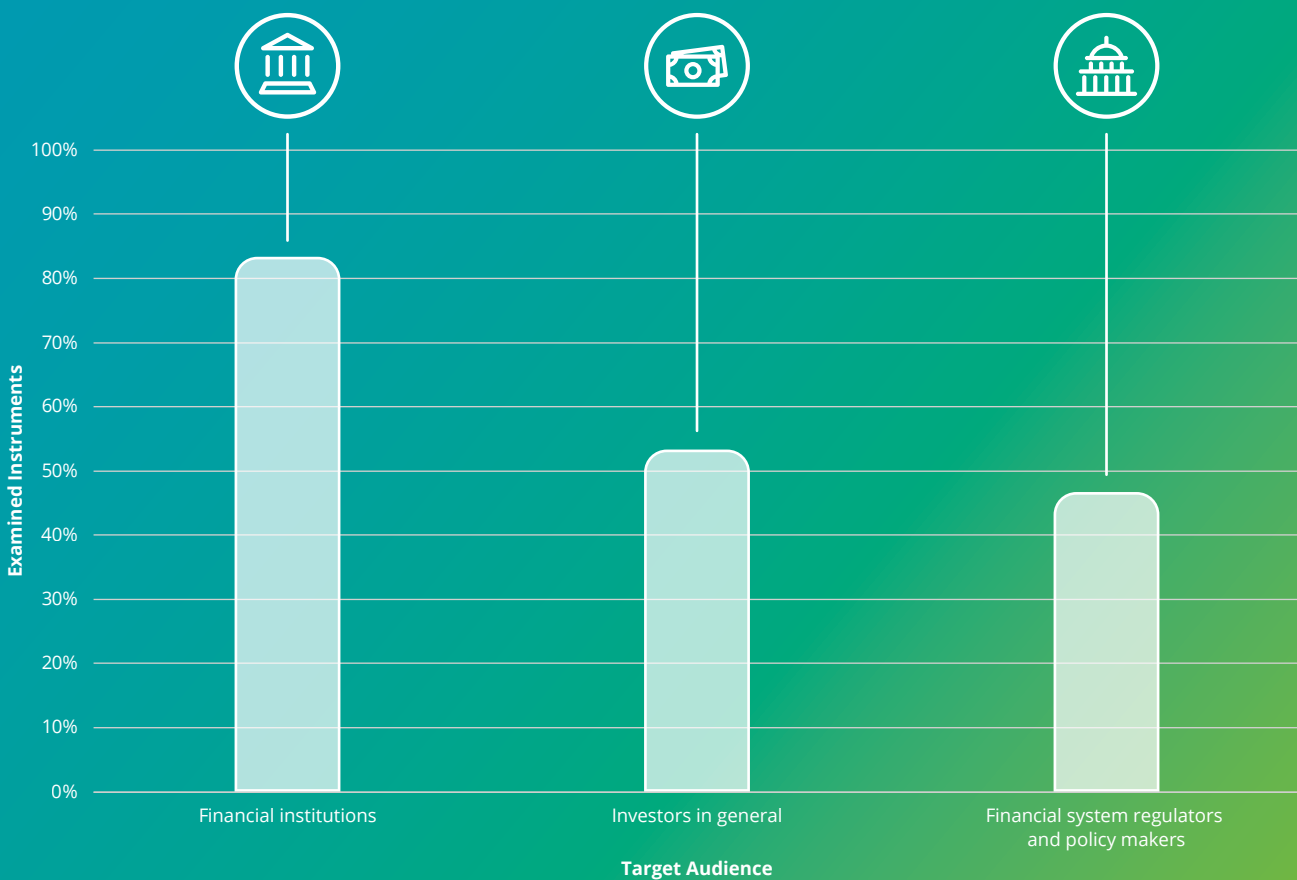
Sustainable finance is the clear target of most sustainability taxonomies, with the primary audience being those operating in finance or capital markets.

While each of the 30 sustainability taxonomies examined vary slightly in how they describe the intended audience, the overwhelming majority specifically target entities and/or functions within entities involved in finance and capital related decision-making and services. Emphasising this point, nine of the 30 sustainability taxonomies examined are specifically described in title as sustainable finance taxonomies.

In terms of market actors highlighted in the context of target audience, in particular, the following common groupings were mentioned the most in examination of the 30 available sustainability taxonomies:

- Financial institutions, including banks, investment funds, bond issuers, asset owners and managers, are specified in 25 (83%) of the examined instruments.
- Investors in general are specified in 16 (53%) of the examined instruments.
- Financial system regulators and policy makers are specified in 14 (47%) of the examined instruments.

Figure 5. Target audience of taxonomies based on number of times actor is mentioned



2.3. Seven global trends emerging among sustainability taxonomies

The emerging global trends outlined in table 2 are based on high-level observations of 30 sustainability taxonomies and how these have been evolving over time. For each proposed emerging trend, some key context is provided based on what was observed and some forward-looking key insights on how the trend could possibly play out over time.

Table 2. Unpacking these trends based on key observations and forward-looking insights

<p>Trend 1: Narrowing of scope <i>The scope of sustainability taxonomies seems to be increasingly targeting high impact sectors.</i></p>	
<p>Key context</p> <p>Even when taking an economy-wide scope, a majority of sustainability taxonomies examined focus on high impact sectors, particularly the heavy emitting industries and sectors. The common justification for this is that these sectors are where some of the biggest economic transformation (green and social) will need to occur. They typically include:</p> <ul style="list-style-type: none"> • Construction • Energy • Agriculture • Transportation 	<p>Key insights</p> <p>It is foreseeable that global guidance could emerge that helps bring clarity and consistency to the scope of sustainability taxonomies, particularly in relation to the clarifying prioritization and pathways for heavy-emitting sectors. This could follow a similar process to the International Sustainability Standards Board (ISSB) and its effort to enable global consistency in sustainability reporting. The legitimacy of any global effort to bring consistency in guidance on scope of sustainability taxonomies would likely need to align with existing global commitments (e.g., United Nations Framework Convention on Climate Change (UNFCCC) agreements and Nationally Determined Contributions (NDCs)).</p>
<p>Trend 2: Divergence in approach <i>There appears to be a global divergence in approach between being prescriptive versus principles-based.</i></p>	
<p>Key context</p> <p>There are differing views globally on the extent to which sustainability taxonomies should be prescriptive or principles-based. The early establishment of the EU taxonomy has been influential globally and elevated prescriptive criteria for determining eligibility and credibility of alignment. However, principles-based taxonomies that focus more on guidance criteria also exist and continue to emerge (e.g., Malaysia and Singapore²³). The absence of any indication that the United States or Japan even intend to develop a sustainability taxonomy is not only notable, but highlights that even non-taxonomy market-guidance approaches are being pursued in major economies (these countries have non-taxonomy market-guidance approaches in place).</p>	<p>Key insights</p> <p>It is unlikely that a single global approach to sustainability taxonomies will emerge or generate much global support if advocated for. Different jurisdictions need the flexibility to work within their unique regulatory environments to help ensure ideal outcomes. It is possible that a diversity in approaches with regards to sustainability objectives and priorities across various jurisdictions may in fact result in greater global impact of taxonomies in aggregate. As long as the metrics across taxonomies are globally consistent and there is confidence in associated reporting and assurance practices, differences in approach should not be seen as problematic.</p>

Trend 3: Broadening of objectives

Environmentally sustainable objectives are generally the norm, but there is a push to include more social objectives.

Key context

While the objectives of most sustainability taxonomies focus primarily on environmentally sustainable outcomes, there is an evolution occurring with a push to incorporate social issues. This is materializing in two ways:

- 01. Underpinning social principles:** These are in the form of minimum safeguards to help ensure that activities put in place to achieve environmental objectives do not have a negative social impact.
- 02. Simultaneously environmentally sustainable and social objectives:** These are social objectives aimed at ensuring economic activities address specific social issues or opportunities.

Attention toward both social principles and objectives in taxonomies has increased significantly over the past 12-24 months, particularly in emerging markets.

Key insights

The inclusion of social principles such as minimum safeguards underpinning sustainability taxonomies is sound, widely accepted globally and likely to continue if not increase. It is foreseeable over time, that an absence of, or poorly constructed social principles could become a factor in determining whether sustainability taxonomies could be mutually recognized.

Notwithstanding their merits, specific social objectives tend to be more complicated, with the process of agreeing upon, measuring and assuring these often being complex and reliant in part on qualitative data. Global supply chains may undoubtedly be a forum where evolving stances on social objectives play out.

Trend 4: Transition integrity challenges

Tensions exist in aligning eligible transition activities with long-term targets.

Key context

Both established and emerging sustainability taxonomies have experienced timeline and implementation setbacks due to the challenging nature of how to deal with transition. For example, the EU taxonomy introduced the Complementary Climate Delegated Act²⁴ to address criteria for inclusion of natural gas and bioenergy in relation to transition. Both Australia and Canada have similar challenges still playing out now in the case of natural gas as they develop their respective taxonomies.²⁵ This emerging tension is based on concerns about integrity of transition pathways versus targets and the need to enable a realistic economic pathway for transition.

Key insights

The transition integrity challenge is real and about finding the right equilibrium or middle ground in the transition towards a sustainable future. Where the global economy lands on this could well be a definitive factor for success or failure in achieving a sustainable future. If the global transition goes too hard and too fast, disruption to economies and societies could be significant and likely make an already challenging time more complicated. If the transition lags or lacks integrity in its outcomes, the world will likely pay a much higher cost over time and live with the lasting impacts.

At economic and environmental levels, countries are going to be accounting for and reporting on their progress towards transition targets based on actual data. This will occur regardless of what a sustainability taxonomy says today is an acceptable transition activity or not. Actual data is likely to keep pressure on countries to help ensure any transition criteria in sustainability taxonomies is balanced and aligned with their domestic targets and globally accepted commitments. Therefore, it is conceivable that sustainability taxonomies may require future adjustments to align with the actual data reporting over time, reflecting what is deemed acceptable as transition activities evolve.

Trend 5: Global fragmentation concerns

There appears increasing difficulty to draw global alignment or interoperability among sustainability taxonomies.

Key context

With over 50 sustainability taxonomies either finalized or emerging, the global landscape appears to be increasingly diverse in terms of scope, approach and objectives. Although varying attempts to align or find common ground among sustainability taxonomies are occurring, no universally recognized global framework or standard for defining sustainable economic activities exists. Concerns about the possible extent of global fragmentation that could occur and how to help navigate this are starting to emerge among specialists, regulators and companies.

Key insights

Given the sheer volume of sustainability taxonomies emerging globally over a very short period, it seems likely the world could experience a period of increasing global fragmentation in the coming year(s). Fragmentation is generally not good for markets, confidence, investment or returns, so it is reasonable to expect that both governments and companies will likely seek to minimize the risks of fragmentation as swiftly as possible. A critical issue that may emerge in the harmonization process is tension between jurisdictional policy objectives and market implementation practicalities. For example, at a policy level, a government still needs to ensure that their sustainability taxonomy works effectively within their unique economic, legal, and regulatory systems. Whereas companies, and in particular multi-national companies, will benefit most from a streamlined global approach.

Mutual recognition of sustainable taxonomies is one of the strategies that could eventually acquire more momentum in terms of balanced solutions to help address fragmentation. Mutual recognition could make it possible to co-endorse taxonomies simply rather than going into detail about the technical alignment and interoperability of taxonomy-specific criteria. Balanced solutions like mutual recognition are a clear prospect for resolving fragmentation concerns if the sustainability targets, measurements, reporting, and certification methods across taxonomies have integrity and are generally consistent internationally.

Trend 6: Increasing mandatory status

There appears to be a global shift towards mandatory sustainability taxonomies.

Key context

Mandatory sustainability taxonomies are very much the minority among the current group of finalized taxonomies. However, the global portion of mandatory sustainability taxonomies is set to increase in the coming years due to:

01. Several existing state-based taxonomies that are currently voluntary transitioning to mandatory.
02. Many of the second phase taxonomies emerging having greater clarity on their intention for mandatory status.

Key insights

Although the number of mandatory sustainability taxonomies is set to increase globally, voluntary sustainability taxonomies may still have an important role to play. As regulatory agendas like sustainability reporting become more embedded throughout an economy, it is common for specific interest groups to come together and help address the more granular and targeted issues they face. It is possible that credible industry or organizational-led sustainability taxonomies focused on specific products, sectors or industries could become equally important in the future. A key question for regulators over time will be whether they are willing to allow more granular market-based sustainability taxonomies to be recognised by mandatory state-developed taxonomies.

In terms of market perception, there does appear to be a lagging misconception among some industry groups and companies that sustainability taxonomies are solely an additional reporting burden. While they do create reporting requirements, this is a more strategic and value-adding exercise and it does highlight that awareness on understanding of the purpose of sustainability taxonomies may still be low, which should be addressed as the number of mandatory taxonomies increase. The more the market views sustainability taxonomies as an enabler for mandatory sustainability reporting requirements, the greater chance for positive uptake and alignment.

Trend 7: Implementation deficit

Companies seem to be struggling to align with sustainability taxonomies.

Key context

While it's still early days, emerging data on the implementation of sustainability taxonomies shows that companies are struggling with alignment. For example, comprehensive analysis of how 42 large German companies aligned to the EU taxonomy in the 2023 reporting period found:

- Low levels of turnover, CapEx and OpEx alignment;
- A need to tackle clear implementation issues; and
- A need to bolster the commercial applicability.²⁶

These implementation issues have been syndicated in other EU countries and are also starting to emerge in relation to other existing and developing taxonomies.

Key insights

Challenges with implementation are to be expected in the first 12-24 months of any complex, regulatory instrument, and sustainability taxonomies are no different.

There is however a growing angst among some industries, sectors and companies that the implementation challenge starting to emerge is not merely a fledgling obstacle. Examples of the type of concerns often raised by corporations include:

- It is too difficult to implement the policy objectives of the taxonomy in their market.
- The corporations were not fully aware or prepared for the scale of what is now expected of them.
- Aligning with taxonomies may not deliver the most ideal sustainability outcomes for their customers.
- Globally, it is unclear how all this comes together.

These concerns are likely a reasonable mix of genuine issues, perception and uncertainty. The extent to which these continue will be dependent on a range of critical design, review and market factors. For instance, greater market involvement in the design can only strengthen the initial baseline alignment and therefore implementation. Ensuring sensible market implementation review and feedback intervals can accelerate practicality and therefore growth of alignment above initial baselines. Early recognition and deployment of support (enablers and assurances) to strengthen market capabilities to align can enhance activation. There is an urgency to address the implementation deficit.

3. Key challenges

facing companies throughout implementation



3.1. Scope of the implementation challenges analysis

In recognition of emerging implementation issues associated with sustainability taxonomies, Deloitte and WBCSD consulted with more than 30 specialists on this topic to better understand and clarify how companies are engaging with and aligning to sustainability taxonomies. The contributions made by the experts consulted varied from insights on what they're seeing and hearing on this topic—through to helping clarify the key emerging concepts, issues and opportunities. Guiding each of the consultations were the following four questions:

01. What are some of the emerging issues companies face in aligning with sustainability taxonomies?
02. What are some of the benefits offered as another option to companies to align with sustainability taxonomies?
03. What is the sense among companies on whether aligning with sustainability taxonomies can deliver the desired economic outcomes, and what are some of the key areas for improvement?
04. What can companies be doing now to help prepare for or improve their sustainability taxonomy alignment?

Drawing from these consultations, key observations and emerging trends, key implementation challenges (issues and opportunities) facing companies have been captured and summarized along with some high-level guidance on what companies can be doing now to help progress implementation.

3.2. Emerging issues companies face with alignment

While it is reasonable to expect early adoption issues among sustainability taxonomies, the emerging data on low levels of alignment highlights that companies are generally facing implementation issues. Based on the analysis, we have identified and summarized some initial high-level implementation issues that companies face. We recognize that further detailed engagement with companies is necessary for a more comprehensive understanding.

- **Non-interoperability:** Different countries may have varying definitions and criteria for what constitutes a sustainable investment. This can lead to difficulties in investment decisions. Investors often lack understanding of taxonomy implications, which reduces companies' motivation to align with the requirements.²⁷ Navigating these inconsistencies can be challenging for companies, as they need to adapt their operations and reporting approach to meet the specific requirements of each taxonomy. It can also create difficulties in driving **sustainable growth—as the requirements may vary from region-to-region**, companies may face issues in driving sustainable growth globally and/or in the 'right regions.'
- **Data collection and reporting:** Compliance with sustainability taxonomies tends to require robust data collection and reporting mechanisms. Companies should gather data on various environmental, social, and governance



(ESG) factors and ensure the accuracy and transparency of this information. Managing these data requirements across regions can be resource intensive as they differ per jurisdiction (for instance, assessing environmental criteria at an asset level, without having clarity on these exact criteria). The reporting process itself is quite new and yet to be fully tested, especially in the context of taxonomies that consider notions like 'Do No Significant Harm', which has proven to be the most challenging when it comes to EU taxonomy implementation.²⁸

– **Adaptability:** Sustainability taxonomies are continually evolving as governments and regulatory bodies refine their standards. Companies should remain adaptable and

responsive to changes in taxonomies, ensuring that their strategies remain aligned with evolving sustainability criteria.

- **Lack of clarity:** Most taxonomies are formulated as text-heavy guidance, which might be complicated to interpret and to apply to one's business holistically. The taxonomy requirements are incorporated partially, starting with the minimal requirements before expanding compliance. Companies are seeking a step-by-step user case approach which should be more convenient to follow.
- **Narrow industrial focus:** Taxonomies tend to target some of the most polluting industries: typically, for example, agriculture, construction,

waste management, energy. Due to this, other companies from less polluting industries (that do not fall under taxonomy requirements) may not see added value of complying with taxonomies.

- **Difficulty to align with Do No Significant Harm (DNSH) and minimum safeguards (MS):** Collecting data on these principles can be time and resource consuming. For instance, the DNSH principles within the EU taxonomy are stringent, meaning that if even one of the DNSH requirements is not met, the activity is considered eligible but not fully aligned. This complexity further complicates the integration of DNSH and MS into emerging taxonomies.

3.3. Benefits available to companies that are front-runners in aligning with sustainability taxonomies

Given the potential benefits that companies could experience if sustainability taxonomies are implemented correctly, it is vital that implementation concerns be addressed. Through the analysis, some of the potential opportunities available to companies by aligning with sustainability taxonomies have been identified and summarized:

A. Financial opportunities:

- **Access to capital from banks, government funds, sustainable and impact investors:** Alignment with sustainability taxonomies can make the business more transparent and credible, which increases trust from investors and other entities.
- **Cost savings through operational efficiency and innovation:** Better understanding of taxonomy requirements can lead to increased awareness of a company's own product and investment priorities. This can lead to improved financial decisions, e.g., whether to invest in solar panels or more energy-efficient equipment.

B. Reputational opportunities:

- **Enhanced corporate reputation and brand loyalty:** Showing the level of sustainability of company's action, product and/or service can demonstrate its commitment to becoming more responsible and thus strengthen its reputation and brand loyalty.²⁹
- **Competitive advantage in the market:** Companies that use taxonomies to better understand and manage risks and opportunities as well as guide transitions may have a competitive advantage over their peers. When they reach a point where they are fully informed about their suppliers and their product, they will likely be able to back up any claims they make about it. Companies should increase their awareness regarding frameworks emerging in different geographies where they have their business established, as the number of sustainability taxonomies appears to be expanding globally.

C. Operational opportunities:

- **Innovation in sustainable products and processes:** Understanding taxonomy requirements can lead to a better decision-making process within a company in directing finance and investments to certain processes.
- **Mitigation of regulatory risks through compliance:** This allows companies to present data related to their products, if asked by consumers, investors or other stakeholders.
- **Reduction of operational risks through ESG integration:** Compliance with taxonomies generally leads to a review of operational processes across the whole value chain, which, in turn, can allow for identification of blind spots and help mitigate operational risks.

3.4. What can companies do now to help prepare for alignment or improve implementation?

If not already, companies should be preparing now for the challenges and opportunities that sustainability taxonomies present. In addition to embracing taxonomies on a voluntary basis or throughout non-mandatory periods, Deloitte and WBCSD have identified five areas where companies can prepare for sustainability taxonomy alignment or help improve current implementation:

A. Strategic alignment:

- Utilize taxonomies to identify opportunities for sustainable practices and investments, ensuring that business strategies align with environmental, social, and governance (ESG) criteria.
- Make informed decisions by prioritizing sustainable initiatives and resource allocation based on taxonomy-defined criteria.

B. Product and service development:

- Tailor products and services to meet sustainability demands and market preferences, thereby expanding market share and revenue.
- Innovate with sustainability in mind, leveraging taxonomies to guide the development of environmentally friendly and socially responsible offerings.

C. Risk management and compliance:

- Use taxonomies to assess and mitigate sustainability-related risks, safeguarding long-term growth prospects.
- Derive strategic advantage by compliance with evolving sustainability taxonomies.

D. Access to capital and innovation:

- Use taxonomies to support investor relation activities, and therefore, improve access to capital.
- Drive sustainable innovation by aligning research and development efforts with taxonomy-defined sustainability criteria, gaining a competitive edge and fostering growth through innovative products and services.

E. Supply chain and partnerships:

- Evaluate and improve supplier sustainability performance using taxonomies to create resilient and sustainable supply chains, reducing operational risks and supporting growth. For companies aligning with sustainability taxonomies, this remains a challenging endeavor. Regulators, companies and other actors can engage in joint dialogues and collaboration to contribute to success of such an important endeavor.

If not already, companies should be preparing now for the challenges and opportunities that sustainability taxonomies present.

4. Next steps

for consideration by companies and regulators

4.1. Guiding principles for improving sustainability taxonomy implementation

The process of defining sustainable activities across economies and markets is still very much in its infancy. As the global proliferation of sustainability taxonomies seeking to do this scales up, so too will the need for strong market conditions that can unlock sustainable investment and drive greater sustainability actions among companies. Supporting companies in navigating the implementation challenges and opportunities identified in this paper will be a critical first step toward building strong market conditions.

To assist regulators and companies on this journey, seven guiding principles that should be considered throughout the design and ongoing implementation of sustainability taxonomies have been identified. If adequately considered and addressed, these guiding principles can provide a strong foundation from which companies can deliver the sustainable economic outcomes sought by sustainability taxonomies.

- 01. Market applicability:** The scope and policy objectives of sustainability taxonomies should be able to be applied in and driven by markets and reported on in line with corporate-level cost-benefit analysis.
- 02. Market confidence:** Companies should have confidence that aligning with sustainability taxonomies can deliver both real commercial and evidence-based sustainability outcomes.
- 03. Corporate capability:** Companies need sufficient guidance on how to interpret and respond to sustainability taxonomies, along with a clear expectation of the capability required to align.

- 04. Prioritization of actions:** To the extent possible, sustainability taxonomies need to clarify the most impactful economic actions for companies to prioritize.
- 05. Global operating certainty:** Multinational companies need operational certainty around how sustainability taxonomies are at least interoperable and ideally aligned.
- 06. Performance-based concessions:** Companies need scope to propose alternative sustainability actions to an equal or greater value, where a clear commercial, economic or sustainability imperative exists.
- 07. Perception of value:** Framing taxonomy alignment as another area of risk and opportunity in a way that is consistent with what's already being reported within the organization will be a key enabler to perceive sustainability taxonomy alignment not as a burden or additional reporting requirement.

4.2. Join the discussion

Deloitte will be holding a global dialogues series across multiple areas, with an emphasis on how to fully utilize sustainable taxonomies, in response to the implementation challenges and opportunities and guiding principles noted in this primer paper. Companies, regulators, and experts will get together to discuss what should be set up for markets and businesses to provide the value that sustainability taxonomies seek.

Please reach out to our authors or key contacts (Sam Mackay, sammackay@deloitte.com.au and Fiona Watson, watson@wbcsd.org) if you would like to participate in the upcoming global dialogues series or have any questions on the topic of sustainability taxonomies.

Annex

List of sustainability taxonomies analyzed with economic and social data

Taxonomy	GDP 2023, billions \$US ³⁰	GDP per capita 2023, \$US ³¹	Social Progress Index, 2023 (SPI) ³²	Taxonomy	GDP 2023, billions \$US ³⁰	GDP per capita 2023, \$US ³¹	Social Progress Index, 2023 (SPI) ³²
01. ASEAN Taxonomy for Sustainable Finance ³³	N/A	N/A	N/A	16. K-Taxonomy (The Korean Green Taxonomy) ⁴⁸	1,780	45,467	85
02. Australian Taxonomy ³⁴	1,690	50,998	88	17. Kazakhstan green taxonomy ⁴⁹	291	26,093	70
03. Bangladesh taxonomy ³⁵	455	6,263	55	18. Malaysia taxonomy ⁵⁰	466	28,315	74
04. Sustainable Taxonomy of Brazil ³⁶	2,270	15,093	69	19. Sustainable taxonomy of Mexico ⁵¹	1,990	19,547	68
05. Canadian green and transition finance taxonomy ³⁷	2,240	48,955	86	20. Mongolian Green Taxonomy ⁵²	20	12,052	66
06. Climate Bonds Taxonomy ³⁸	N/A	N/A	N/A	21. Sustainable finance taxonomy for New Zealand ⁵³	248	44,880	86
07. China's green taxonomy ³⁹	18,560	18,188	68	22. Russian green taxonomy ⁵⁴	1,900	27,584	68
08. Colombian green taxonomy ⁴⁰	373	17,175	63	23. Singapore sustainable finance taxonomy ⁵⁵	521	108,036	84
09. Common Ground Taxonomy (CGT) ⁴¹	N/A	N/A	N/A	24. South African Green Finance Taxonomy ⁵⁶	401	13,470	67
10. Common Framework of Sustainable Finance Taxonomies for Latin America and the Caribbean ⁴²	N/A	N/A	N/A	25. Sri Lanka Green Finance Taxonomy ⁵⁷	No data	12,200	67
11. Dominican Republic green taxonomy ⁴³	128	19,338	68	26. Thailand Taxonomy ⁵⁸	549	17,507	71
12. EU taxonomy for sustainable activities ⁴⁴	N/A	N/A	N/A	27. Taiwan Sustainable Taxonomy ⁵⁹	792	34,050	N/A
13. Sustainable Finance Taxonomy for Georgia ⁴⁵	31	17,034	73	28. Taxonomy Roadmap for Chile ⁶⁰	354	25,886	78
14. Hong Kong Green Classification Framework ⁴⁶	410	54,080	N/A	29. UAE's Sustainable Finance Taxonomy ⁶¹	537	74,299	73
15. Indonesia Green Taxonomy ⁴⁷	1,540	12,410	67	30. UK Green Taxonomy ⁶²	3,590	46,831	84

Endnotes

1. https://cdn.cdp.net/cdp-production/cms/reports/documents/000/007/463/original/2023_EU_Taxonomy_Report.pdf?21701693546
2. The African Union countries were not included in the analysis, Argentina was included as it is covered by the Common Framework of Sustainable Finance Taxonomies for Latin America and The Caribbean.
3. For the purpose of the calculation, Italy, Germany and France were included as a part of the EU GDP to avoid double counting.
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