2021 Annual Report

A Year of Reunion, Reflection and Renewal

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ASFI ASIA SUSTAINABLE FINANCE INITIATIVE

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2021

FOREWORD

The Asia Sustainable Finance Initiative (ASFI) is an initiative launched by WWF-Singapore in 2019 which serves as a forum for discussion, best practices, knowledge sharing, advocacy, training and capacity building of the finance sector in Asia, aligning decisions with science-based pathways that lead to positive outcomes for people and planet.

WWF is one of the world's largest and most experienced independent conservation organizations, with over 5 million supporters and a global network active in more than 100 countries. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption.

We encourage you to share this report with your network and colleagues. You can sign up for our quarterly newsletter to receive updates on the latest developments via www.asfi.asia or contact@asfi.asia. To follow us on LinkedIn, click here.

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Message from the CEO

At Word Wide Fund For Nature (WWF) Singapore, we have proudly continued our focused work on nature conservation, bringing attention to the pressing issues that threaten the diversity of life on our planet. In 2021 aligned with the Singapore Green Plan 2030, we piloted a new programme called Closer to Home. The programme focused on projects in Singapore and five key conservation areas - climate change, forests, freshwater, oceans and wildlife.

Our sustainable finance practice, in particular, plays an important role in ensuring that the finance sector is mobilising its power to create climate-resilient and nature-positive economies.

As a financial hub for the region, Singapore has a responsibility to serve as an example for green and sustainable finance best practices. Through the Asia Sustainable Finance Initiative (ASFI), we hope to channel valuable contributions to this mission, providing the finance sector with the most relevant, science-based sustainable finance resources and tools. ASFI is a multi-stakeholder formation which brings together representatives of industry (private sector), government and policy makers, academia, and civil society.

On this note, I am happy to share and congratulate the ASFI team for the launch of ASFI Academy. This marked an important milestone in joint collaboration on building out capacity for the finance sector, as well as a natural progression, and a testament of the strong cooperation between WWF-Singapore and key finance industry stakeholders. As we progress to develop this e-learning tool further, we value the contribution and input of all ASFI Partners in working together to ensure that the entire finance sector in Singapore is able to access the tools and resources they need to align finance with the Paris Agreement and net zero goals.

I look forward to the important year ahead, and the opportunity to work collectively towards positive impact, resilience and building back better together through WWF-Singapore and ASFI.

R. RAGHUNATHAN

CHIEF EXECUTIVE OFFICER,
WWF-SINGAPORE

EXECUTIVE SUMMARY

2021 was a year of reunion, with many nations coming together six years after the landmark Paris Agreement in 2015. COP26 saw many encouraging developments, including the return of the United States, the passing of the Paris Agreement's last outstanding article on voluntary carbon markets, and the designation of finance as one of the four overarching goals of climate action. Ahead of COP26, several high-level gatherings of world leaders had also put climate at the forefront, including at the G7 Summit and the G20 Rome Summit.

2021 was also a year of reflection, in which science-based data reiterated the urgent need for action beyond commitments. The year also welcomed an important but previously overlooked topic - the one on biodiversity and nature loss. CBD COP15 and the IUCN World Conservation Congress, both emphasised the deep interconnection between climate and nature. This was also formally recognised at COP26 and other climate discussion forums. In addition, adaptation finance was brought into the limelight, with calls and commitments made to rebalance mitigation and adaptation financing as part of efforts to support the most vulnerable countries.

Lastly, 2021 was a year of renewal, not only with countries renewing their Paris Agreement NDCs and other commitments but also with the revival of cautious hope and momentum. At the conclusion of COP26, president Alok Sharma said, "We have kept 1.5 degrees alive. But its pulse is weak, and it will only survive if we keep our promises and translate commitments into rapid action."

Alongside these global developments, ASFI and its knowledge partners have continued to work hard on delivering science-based resources which assist the transition of the finance sector in Asia. September marked the launch of ASFI Academy, a multi-stakeholder-backed, e-learning platform for the finance sector. 2021 also marks a year that ASFI expands its work in sustainable infrastructure finance, with the completion of WWF-Singapore and ADFIAP's joint study on development finance institutions and the EDHECinfra study on the demand for ESG data. In addition to publishing another year of assessments for banks and asset managers under its SUSBA and RESPOND reports, WWF-Singapore launched a similar tool, assessing central banks and regulators for the first time under the new SUSREG framework. WWF-Singapore also collaborated with Knowledge Partner 2DII in a study titled Barriers to Impact, which explores the barriers faced by Asian financial institutions in driving tangible, real world change. ASFI's Knowledge Partners have continued to produce various reports on pressing topics in sustainable finance which can be found on the ASFI Knowledge Hub.

2022 will be a critical year for nature and climate. Many major events are lined up, including The World Economic Forum Annual meeting, the IMF/World Bank Spring meetings and the second phase of COP15, as well as the Stockholm+50 meeting. These events provide many opportunities to advocate for change and influence important decisions. ASFI will focus efforts to work together to make finance and the real economy truly sustainable.

101 GUIDE TO SUSTAINABLE FINANCE DEVELOPMENTS IN 2021

IMPORTANCE OF SUSTAINABLE FINANCE

Lending and investment decisions made by financial institutions drive forward projects, businesses and the economy at large. The finance sector thus holds enormous power in funding and drawing attention to issues of sustainability, be it by enabling innovation in clean energy, supporting businesses that adopt fair and sustainable practices or transforming the way risks are understood and measured. Sustainable finance, defined as "the practice of integrating ESG criteria into financial services to bring about sustainable development outcomes", is thus critical to amplifying the effectiveness of government climate policies, corporate sustainability plans and accelerating the green transition.

Moreover, the financial sector is faced with significant material risks from environmental degradation. Natural capital is a fundamental driver of our economy. From regulating our climate, to purifying our water, to pollinating our crops, assets such as forests, soil and water, provide an annual US$125 trillion worth of vital ecosystem services that businesses depend on. But decades of underpricing and overusing our natural capital have led to widespread degradation of our natural resources, posing systemic risks – from climate change to water scarcity – which threaten the long-term viability and profitability of businesses across all sectors. The value of global manageable assets at risk due to climate change is estimated at US$4.2-43 trillion. FIs are particularly exposed to these risks. As they lend to, invest in and insure companies across all sectors and geographies, they are only as successful as the economies in which they invest.

But with these risks come huge opportunities for FIs. The value of shifting to a low-carbon economy globally is predicted to be $26 trillion by 2030, and investment opportunities abound. Over the next thirty years, the energy sector alone will require $3.5 trillion per year worth of investments, while carbon capture and biofuel technology will demand an additional $50-135 billion per year. Urbanisation will create even more opportunities: over 6 billion people will reside in urban areas and 400 million homes will be built in the next decade, which will call for extensive investments in green technology and infrastructure. These present not only enticing opportunities for investors, but also viable solutions for nature and climate as well as a way to build back more resilient economies in parallel with COVID-19 recovery efforts. In this process, FIs and investors have the power to influence those recovery efforts such that they are climate-aligned, nature-positive and socially just.

$26 T

VALUE OF SHIFTING TO LOW-CARBON ECONOMY GLOBALLY BY 2030

However, the level of sustainable finance today remains far from where we need it to be. For instance, every asset class in the portfolio of Japan's Government Pension Investment Fund, the world's largest pension fund, is still far from achieving the 2˚C Paris Agreement target. Their warming potentials are closer to 3 ℃ from pre-industrial levels instead. Within the Association of Southeast Asian Nations (ASEAN), only 11 out of the 38 banks included in WWF's annual Sustainable Banking Assessment (SUSBA) have committed to prohibit financing of new coal-fired power plant projects, and only four of the 16 banks that recognise palm oil as a key sector require clients to obtain sustainable palm oil certification. In addition, almost all ASEAN banks scored 0 on SUSBA's new indicator, assessing whether a bank has committed to achieving net-zero greenhouse emissions in its lending portfolio by 2050. Only Maybank scored 0.5, having committed to net zero by 2025, but with no interim targets. Every financial decision, be it by countries and international FIs, or by companies and financial firms, must take climate and nature into account for economic, social and environmental sustainability.

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OFFICIAL INCLUSION INTO GLOBAL CLIMATE AGENDA

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On 13 November 2021, after over two weeks of intense negotiations at the 2021 United Nations Climate Change Conference (COP26), all 197 nations signed the Glasgow Climate Pact. Agreements were made to advance the three cornerstones of collective climate action -- mitigation, adaptation, and finance.

Adaptation received much more attention this time compared to in earlier COPs. Parties launched a two-year work programme to set out the global goal on adaptation. They also agreed to fund the Santiago Network, an organisation which seeks to improve the access of vulnerable developing countries to technical assistance in avoiding, reducing and responding to loss and damage. COP26 had "finally put the critical issue of loss and damage squarely on the main stage", according to World Resources Institute president Ani Dasgupta.

Finance was extensively discussed. The COP26 Presidency declared that to deliver on the first two goals of mitigation and adaptation, the world will need all sources of finance: public finance for the development of green and climate-resilient infrastructure; private finance for technological innovation, and to turn the billions of public funds into trillions of total climate investment. In their revised Nationally Determined Contributions (NDC), almost all Parties pitched finance as a means to implement their commitments, with most calling for international support. The pledge for developed countries to provide $100 billion annually to developing countries was reiterated, and a process to determine the new global goal on finance was kickstarted.

A concrete target was also set for adaptation finance, which presently makes up only a quarter of international climate finance. The Pact called on developed

countries to "urgently and significantly scale up" their adaptation finance and to at least double it from 2019 levels by 2025. At the conference, the Adaptation Fund received a record-breaking $356 million in new pledges from governments of developed countries, thrice the $116 million raised last year. It also saw the highest number of donors, with a few contributing for the first time. Nonetheless, this amount remains far behind the $70 billion that developing countries need yearly, which could reach $300 billion by 2030 according to the United Nations (UN). Launched at COP26, the Informal Champion Group for Adaptation Finance continues to pursue a practical approach to increasing adaptation funding. It strives to raise the total portion of climate finance dedicated to adaptation, spur more developed countries to contribute and advocate for improved access to adaptation finance.

Public finance picking up, but private finance yet to keep pace

In 2019, developed countries released a Roadmap to meet the $100 billion goal by 2020, with public finance accounting for $67 billion and private finance providing the remaining $33 billion. Having reached $62.9 billion in 2019, public finance was largely in line with the Roadmap projections. However, private finance remained flat throughout 2017-2019 at just over $14 billion, $19 billion less than Roadmap projections. Much more needs to be done to raise the efficiency of public interventions in mobilising private finance.

PUBLIC FINANCE RAISED

$62.9 B

$67 B target

PRIVATE FINANCE RAISED

$14 B

$33 B target

Developed countries continue to raise their public finance commitments to help meet the $100 billion goal as soon as possible. As of November 2021, 21 Organisation for Economic Co-operation and Development (OECD) countries and the European Commission have increased their climate finance commitments. Many will double their commitments over the next 5 years (2021-2025), such as Australia, Canada, Norway, Sweden, the United Kingdom (UK) and the United States (US). Whereas Italy will nearly triple its climate financial commitment to $1.4 billion a year over the same period. An OECD analysis suggests that developed countries will make notable headway towards $100 billion in 2022 and reach the target in 2023.

Separately, the Asian Development Bank (ADB) aims to provide its developing member countries with $100 billion of climate finance in 2019–2030, including $34 billion dedicated to climate adaptation and resilience. ASEAN is estimated to require $200 billion of green finance each year until 2030. Given current annual flows of $40 billion, the financing gap is substantial. Four partners -- the UK Government, Italian state lender Cassa Depositi e Prestiti, the European Union (EU),

and the Green Climate Fund -- have collectively pledged $665 million toward ADB's ASEAN Catalytic Green Finance (ACGF) facility. The new funding will add to the $1.4 billion already pledged to the facility since 2019, bringing total pledges to $2 billion.

Despite private finance lagging behind, recent public-private partnerships suggest that more innovative ways to rope in private finance are underway. Singapore state-owned investment company Temasek and global bank HSBC have jointly launched a debt financing platform to help fund sustainable infrastructure projects in areas such as clean energy, waste treatment and transportation. Focusing initially on Southeast Asia, they are committed to de-risking target sectors by supporting marginally bankable projects with development know-how, technical support and blended finance solutions. The initial equity investment of $150 million from HSBC and Temasek is a seed amount meant to catalyse other commercial lending and "crowd in" more sources of private capital, with the goal of reaching over $1 billion in loans within five years.

Temasek and BlackRock have also established a partnership to launch a series of late stage venture capital and early growth private equity investment funds focusing on advancing decarbonization solutions. Both firms have committed a total of US$600 million in initial capital, with the intention of attracting third-party capital to raise US$1 billion for its first fund. Neither the private nor the public sector can close the financing gap alone. Such private-public partnerships could deploy significant amounts of blended finance for projects that would otherwise go unfunded.

Are carbon markets the magical solution to curbing emissions?

Another notable achievement of COP26 was the advancement of Article 6 of the Paris Agreement. Article 6, which covers the rules for the global carbon market, was left unresolved since COP21, and was the only outstanding item of the Paris Agreement. The final deal at COP26 will allow countries to fulfil some of their NDCs by buying offset credits generated by others. The offsets would be issued by a centralised body, which would channel 5% of the proceeds to an adaptation fund. In addition, to ensure an overall net reduction in emissions as stipulated by Article 6.4, 2% of the offsets would be automatically nullified each time they are transferred. This 2% of offset emissions would not be counted by any country, and thus would be the additional mitigation created by the carbon market.

To avoid double counting, a solution proposed by Japan was adopted. The country that creates a credit decides whether to put it up for sale or to use it to meet their own targets. In the case of the former, it will add an emission unit to its national tally while the buying country subtracts one, so that the emissions cut is recorded only once. Nonetheless, sceptics fear that offsetting could allow wealthy countries to meet their targets too easily without contributing to overall emission cuts, on top of concerns about greenwashing and misuse.

In voluntary carbon markets (VCM), companies can buy carbon offsets to meet voluntary corporate climate targets. The demand for such offsets in a market with

restricted supply creates economic value. Emissions sequestered and turned into carbon credits is therefore an evolving asset class, which may appeal to long-term investors for their liquidity and prospective risk premium. VCMs can help raise the profile of climate action in places where compliance markets have not yet been established. Together with other policies, VCMs can put a purposeful price on carbon, allowing market participants to effectively direct capital towards low-carbon solutions. VCMs can also encourage greater financial flows to the Global South, where offsetting activities are lower in cost and carbon credits are more cost-effective to buyers in the Global North.

While the value of VCMs is small compared to compliance markets, they have grown rapidly in recent years, including in ASEAN where VCMs exceeded $100 million in value in 2020 from less than $5 million in 2010. Growing global demand for offsets presents a significant economic opportunity for nature-based project developers and associated communities within ASEAN. ASEAN players are likely to actively participate in VCMs as an investment opportunity as well as a long-dated hedge.

In particular, Singapore has set its eyes on establishing itself as a premium carbon offset trading hub, as part of its green recovery plans. Temasek, the Singapore Exchange and banks DBS and Standard Chartered announced the launch of Climate Impact X (CIX) in May 2021, a global exchange and marketplace for carbon credits traded in the voluntary offsetting market. CIX will focus on credits generated through nature-based solutions such as the protection and restoration of mangroves or wetlands. By forming a coalition of buyers and sellers committed to trading high quality credits, CIX could fill the gaps of fragmented carbon credit markets characterised by thin liquidity and unverifiable credits. The deployment of advanced technology like satellite monitoring and blockchain would make the burgeoning VCM more transparent, verifiable and scalable.

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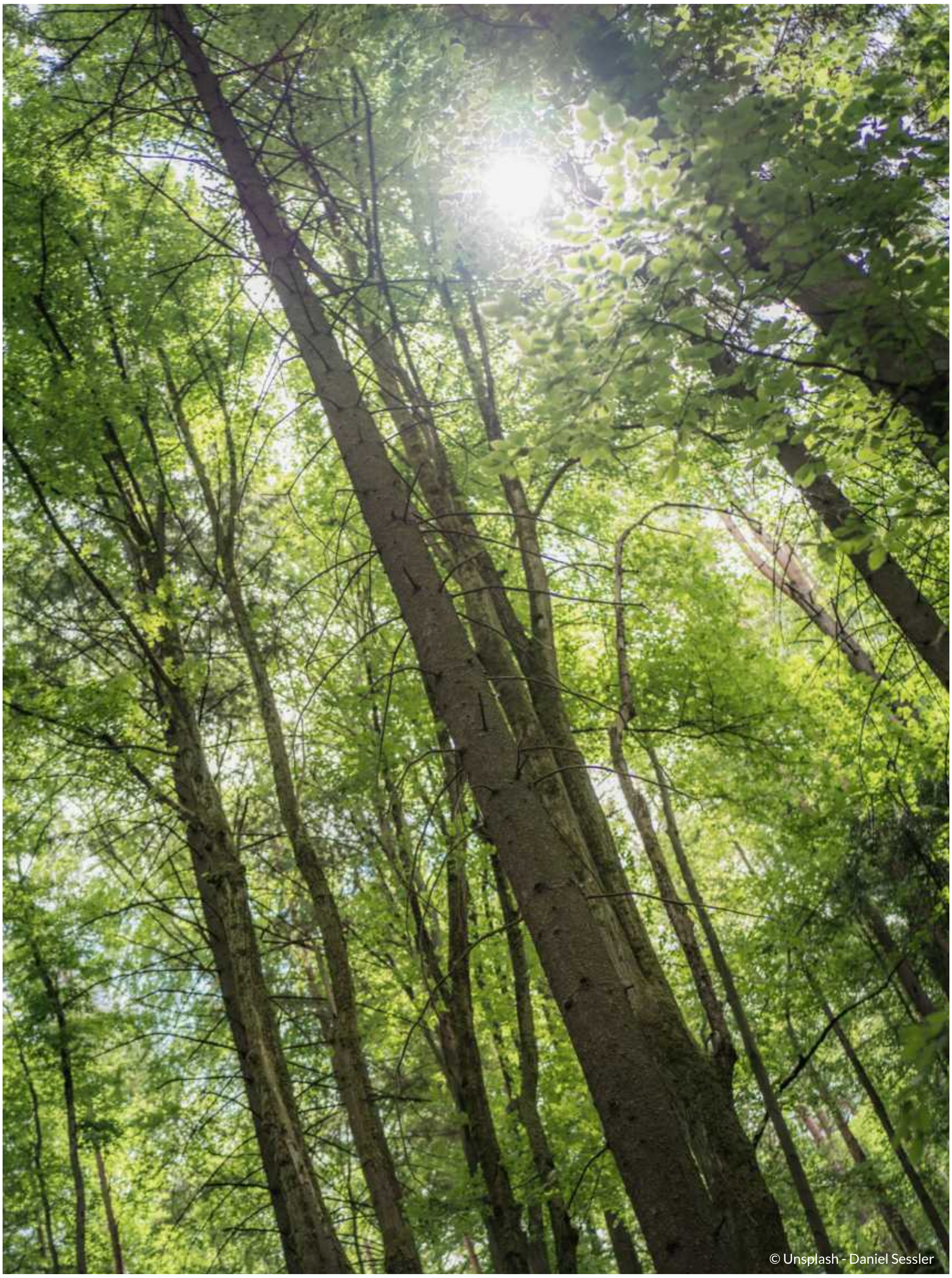
In Asia, South Korea is home to the oldest carbon market. Launched in 2015, the Korea Emissions Trading Scheme now covers 73.5% of domestic emissions. Since 2020, financial intermediaries have been able to participate in the secondary market, where they can trade allowances and converted carbon offsets on the Korea Exchange. This switch from 'over-the-counter' markets to exchange trading improves market liquidity and attracts a diverse group of market players. In April 2021, responding to the continued fall in prices, the Korean government enforced a temporary minimum price which lasted for a month.

But similar to concerns around Article 6, VCMs also face the problems of greenwashing, lack of transparency, and unclear taxonomies and guidelines. Nor have consistent accounting procedures been created to ascertain the balance sheet

value of underlying assets producing or using carbon credits. Carbon credits are also severely underpriced, with current forest carbon credits standing at about $5 per ton of carbon dioxide equivalent. This encourages corporations to rely on offsetting to meet their own emission targets, with little incentive to cut their own emissions. Moreover, some countries lack the market readiness needed for VCMs to operate. In such cases, public-private partnerships and direct investments that immediately address the drivers of deforestation and degradation are often much more effective. Hence, while carbon markets can be an important tool to catalyse climate action, they should only come as a last resort after all other transitional measures have been taken by organisations.



RISE IN COORDINATION & COLLECTIVE ACTION

Progress in standards alignment

Days before COP26, the UK government announced a new legislation mandating climate risk disclosures by large companies and FIs, which would take effect from April 2022. Reporting would have to abide by guidelines prescribed by the Task Force on Climate-Related Financial Disclosures (TCFD), making the UK the first Group of Twenty (G20) country to require by law TCFD-aligned reporting. With this announcement, the UK joins a small but growing group of jurisdictions that demand such disclosures. However, the plethora of standards available can cause confusion and encourage greenwashing. Global coordination is needed to decide on the key frameworks for assessing and reporting climate risks, opportunities, and impact consistently.

In October 2021, the Science Based Targets initiative (SBTi) launched the Net-Zero Corporate Standard, the world's pioneering science-based certification of companies' net-zero targets. Developed through a balanced, transparent, and inclusive stakeholder engagement process, the Standard provides a common and robust understanding of net-zero. More than 2,000 businesses and FIs are working with the SBTi to cut their emissions. 1006 of them have gotten their science-based targets approved, while 965 have made commitments to 1.5˚C.

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At COP26, the International Financial Reporting Standards (IFRS) announced the consolidation of the Value Reporting Foundation and the Climate Disclosure Standards Board to form the International Sustainability Standards Board (ISSB). To address the fragmented landscape of sustainability reporting, ISSB will build on existing frameworks, including the TCFD, to develop comprehensive global baseline reporting standards for capital markets. The Standards will be subject to full public consultation and can be considered for adoption by jurisdictions on a voluntary basis.

Growth of net-zero alliances

Governments are not the only ones making net-zero commitments. The Race to Zero campaign, involving 733 cities, 31 regions, 3,067 businesses, 173 of the biggest investors, and 622 Higher Education Institutions, is the biggest coalition to date committed to achieving net zero by 2050. Together, they cover almost 25% of global carbon emissions and over 50% of GDP.

In particular, collective action amongst FIs is crucial. Investors doing climate-related engagements with asset managers and portfolio companies have found that

they are more likely to be effective when their approach is in collaboration with other shareholders. Launched in December 2017, the Climate Action 100+ initiative comprises over 615 investors, representing over $60 trillion in assets under management (AUM), which are engaging companies on issues of climate change governance, emissions reduction and climate-related financial disclosures. 167 focus companies have been selected for engagement, accounting for over four-fifths of industrial carbon emissions. The Asia Advisory Group was formed in early 2019 to provide localised guidance on Asian markets.

Meanwhile, the Principles for Responsible Investment (PRI) has gathered 4,375 signatories as of end 2021, while the much younger Principles for Responsible Banking (PRB) has garnered a total of 265 signatories. Prior to COP26, 733 investors with over $52 trillion in AUM issued the 2021 Global Investor Statement to Governments on the Climate Crisis, the most powerful appeal to date calling for governments to stop subsidising fossil fuels, phase out coal, and mandate climate risk disclosures.

The UN-convened Net-Zero Asset Owner Alliance and the Net Zero Asset Managers initiative, launched in 2019 and 2020 respectively, have seen extensive uptake from signatories of all sizes, representing trillions in AUM. In 2021, new alliances were launched covering the banking and insurance sectors, as well as investment consultants (e.g. the Net Zero Investment Consultants Initiative) and financial service providers. Firms throughout the financial ecosystem now have access to a relevant platform where they can participate in collective action towards net zero, presenting a unified front with other like-minded firms and motivating more firms to join.

The Glasgow Financial Alliance for Net Zero (GFANZ), inaugurated in April 2021, gathers existing and new net-zero finance initiatives under one roof. It now comprises more than 450 major FIs representing the entire value chain, including asset owners, insurers, asset managers, banks and exchanges. They commit to making their $130 trillion worth of assets net-zero by 2050, setting interim targets, establishing board accountability, and reporting their progress annually. In addition to expanding its membership and ensuring its members commit to robust transition plans, GFANZ also intends to serve as a sector-wide strategic forum, coordinating efforts to support a whole-of-sector transition.

RACE TO ZERO

Biggest net-zero coalition to date representing ~25% of global carbon emissions and >50% of GDP

GFANZ

>450 major FIs representing $130 trillion worth of assets across entire value chain

PRI

4,375 signatories since 2006

PRB

265 signatories since 2019

INVESTOR STATEMENT

733 investors (>$52 trillion AUM) made collective appeal to governments on the climate crisis

CLIMATE ACTION 100+

615 investors (>$60 trillion AUM) engaging 167 focus companies (>80% of industrial carbon emissions)

NATURE MAKES HEADWAY

COVID-19 highlights importance of harmony with nature

COVID-19 has given the world a glimpse into what a potential global catastrophe like a climate emergency could look like. The speed and extent of its spread, the unpredictability of its rapidly evolving nature, and the cascading damages it is inflicting upon societies and economies are what the climate crisis is foreseen to hit us with as well.

It has also shone light on the tight link between nature and infectious diseases. The destruction of ecosystems triggers a domino effect where natural habitats are diminished, wildlife is forced to be in closer proximity with one another and with humans, and the likelihood of infectious diseases spreading from wildlife to humans increases multifold. In fact, 70% of emerging infectious diseases come from wildlife, with COVID-19 likely taking the same path. The World Economic Forum (WEF) labelled climate change, biodiversity and nature loss, and infectious diseases as the three greatest risks to humanity in the next decade.

3 greatest risks to humanity

NATURE & BIODIVERSITY LOSS

CLIMATE CHANGE

INFECTIOUS DISEASES

On the other hand, the combination of lower revenues as a result of the pandemic and higher spending to fight it have left many countries fiscally exhausted, and struggling even more to dedicate funding to countering climate change and biodiversity loss. Emerging markets and developing countries are the hardest hit, having been distressed by outsized capital outflows in March-April 2020, and the sharpest credit rating downgrades in the past four decades. The OECD estimates that the financing gap for developing countries to meet Sustainable Development Goals (SDGs) has widened from $2.5 trillion to $4.2 trillion due to the pandemic, a 70% increase.

But the need for nature-positive investments is more urgent than ever. Nature loss is speeding up, with Asia Pacific being the epicentre of the crisis. This region has the highest concentration of hotspots with depleted natural capital, as well as the highest number of threatened species in the world. In Southeast Asia alone, up to 42% of all species could be gone by the turn of the century, about half of which would be globally extinct.

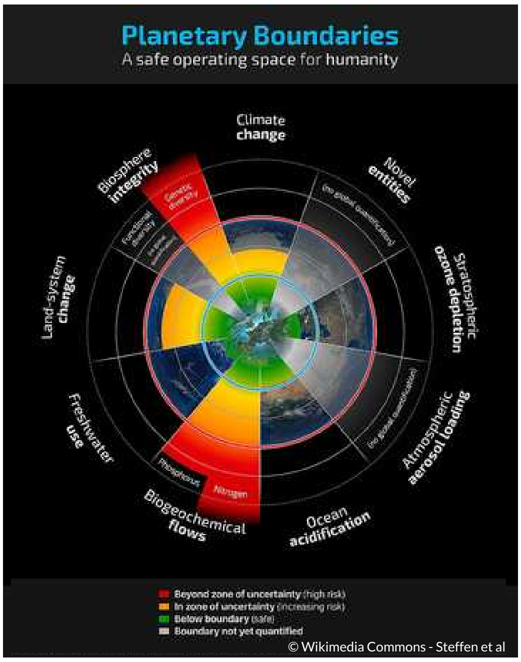
42%

of all species at risk of extinction in Southeast Asia

63%

of GDP in Asia Pacific at risk from biodiversity and nature loss

63% of GDP in Asia Pacific ($19.5 trillion) could be at risk from biodiversity and nature loss – higher than the global average due to the heavy economic dependence on sectors like food and agriculture that rely on nature. It is thus imperative that Asia's COVID-19 recovery efforts also contribute to the recovery of nature and biodiversity.



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Moreover, nature loss and climate change are inextricably linked. The Earth has nine planetary boundaries, the crossing of which could trigger non-linear, abrupt and irreversible environmental changes, bringing catastrophic consequences on a planetary scale. We have already exceeded four of them, namely climate change, biodiversity loss, land-system change, and biogeochemical flows. What is even more worrying is that these planetary boundaries are highly interconnected, and could reinforce each other in unpredictable ways. A recent analysis found that five of the Earth's subsystems -- the West Antarctic Ice Sheet, the Greenland Ice Sheet, the Atlantic Meridional Overturning Circulation, the El Niño–Southern Oscillation (ENSO) and the Amazon Rainforest --are at risk of destabilising each other in a "domino effect." The tipping points of these boundaries could be reached even without exceeding the 2° Celsius limit in temperature rise prescribed by the Paris Agreement.

Nature loss is as great a threat to humankind as climate change. Yet, policies so far tend to address environmental problems in silos, with climate change eclipsing the rest. Climate change has received the most attention as its impacts on people's lives have been the most direct, and its cause and effect can be most easily measured, such as in parts per million of carbon dioxide, or degrees above pre-industrial average temperatures. In comparison, biodiversity loss cannot be neatly quantified. The webs of life within and across ecosystems are much more intricate than the processes behind climate change. But complexity and unfamiliarity are no excuses for inaction.

Nature-based solutions (NBS), as defined by the IUCN, are "actions to protect, sustainably manage, and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits". While nature-related risks are becoming more material for our economies, investing in NBS to address societal challenges can support human, animal and planetary health, improve living standards, and create employment opportunities. NBS such as preserving natural forests and mangroves provide co-benefits like protection against climate-induced storms and floods, water filtration, and provision of food and timber to coastal communities. Nature is also a powerful carbon sink -- its plants, soil, and the ocean have helped to absorb around 25% of all anthropogenic carbon emissions. Hence, nature provides cost-effective solutions to build resilience to climate shocks and mitigate climate change.

For Southeast Asia especially, protecting and restoring the various terrestrial habitats and peatlands would have pronounced paybacks. Emissions could be reduced by up to 1.35 $GtCO_2$ per year, which makes up 20% of all tropical NBS, generating around $19.6 billion of ecosystem services per year. Moreover, since the region has the highest geographic density of carbon assets globally, companies investing in NBS projects could see a return on investment of $27.5 billion per year. Despite these vast opportunities, fewer than 20 carbon offsets projects are currently operating in the region, reducing emission by only ~0.03 $GtCO_2$ per year.

$19.6 B

ECOSYSTEM SERVICES AVAILABLE PER YEAR

Nature-positive investments making headway

Fortunately, concerns for nature loss are growing across all sectors of society. In 2021, several high-level events saw encouraging commitments from world leaders to reverse nature loss this decade. At the Group of Seven (G7) Summit in June, G7 leaders announced that "Our world must not only become net zero, but also nature positive, for the benefit of people and the planet", showing greater political will to include nature loss in their sustainability strategies.

In March, the International Union for Conservation of Nature (IUCN) launched its Nature-based Recovery initiative to help make at least 10% of government funding in stimulus packages directed to NBS. Currently, only 2.5% of projected economic stimulus spending is dedicated to investment in nature. Under the initiative, IUCN is exploring ways to spur economic activity, protect nature and support sustainable development all at once. In September, the IUCN World Conservation Congress brought together 100 States, 150 governmental agencies, 1,200 non-governmental organisations (NGOs) and 25 indigenous peoples' organisations. It urged its members to implement nature-positive policies and measures, and adopted the motion to reverse biodiversity loss by 2030 -- the Global Goal for Nature.

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These efforts created momentum for the United Nations Biodiversity Conference (COP15), whose first phase took place in October 2021. Ministers and other heads of delegation adopted the Kunming Declaration, which commits to "Ensure the development, adoption and implementation of an effective post-2020 global biodiversity framework…to reverse the current loss of biodiversity and ensure that biodiversity is put on a path to recovery by 2030 at the latest". Financing was front and centre, with Parties stressing the need to ensure adequate financing for nature. The Leader's Summit at COP15 featured Chinese President Xi Jinping's announcement of the Kunming Biodiversity Fund, an RMB 1.5 billion fund pledged by China to support biodiversity protection in developing countries. The second

phase of the Conference, scheduled to take place in April-May 2022, will see the adoption and approval of the new 2030 Global Biodiversity Framework. The next few months are crucial to ensure that the Framework is as ambitious and transformational as the Paris Agreement, with a clear nature-positive global goal, a set of measurable targets, and strong implementation mechanisms that drive action and accountability.

The G20 Rome Leaders' Declaration, adopted right before COP26, reaffirmed a few nature commitments, including to "strengthen actions to halt and reverse biodiversity loss by 2030", "scale up and encourage the implementation of Nature-based Solutions or Ecosystem-based Approaches" and to "[m]ake progress toward ensuring that 30% of land, oceans and seas are conserved or protected by 2030, in accordance with national circumstances." At COP26, the ADB and other development finance institutions issued a high-level joint statement declaring their commitment to integrating nature into their work. Recognising that at least 28% of the $11.2 trillion in investments are highly exposed to nature-relate5d risks, they will collaborate more closely to study these risks and develop nature-positive solutions together. The preamble of the Glasgow Pact underscores "the importance of ensuring the integrity of all ecosystems". Paragraph 21 then reiterates "the importance of protecting, conserving and restoring nature and ecosystems to achieve the Paris Agreement temperature goal, including through forests and other terrestrial and marine ecosystems acting as sinks and reservoirs of greenhouse gases and by protecting biodiversity, while ensuring social and environmental safeguard." The importance of protecting nature and biodiversity to achieve the 1.5° target is thus recognised in a COP deal for the first time.

Besides governments, the private sector and NGOs are also getting more involved. 78 FIs with $10 trillion in AUM released a statement two months before COP15 calling for governments to adopt solid policies to tackle biodiversity loss and shift towards a nature-positive economy. WWF, HSBC and the World Resource Institute have come together under the Climate Solutions Partnership to create a marketplace that lowers transaction costs and spurs higher volumes of NBS. Whereas the Dutch Fund for Climate and Development has been crowding in private investment in areas like water management, forestry and agriculture in developing countries.

In June 2021, the Taskforce on Nature-related Financial Disclosures (TNFD) was officially launched, after ten months of preparation involving 49 FIs and corporates, 8 governments and 18 consortiums. To help redirect global financial flows toward nature-positive outcomes, it aims to develop and encourage the adoption of an integrated risk management and disclosure framework on evolving nature-related risks. Instead of creating a new disclosure standard, it will aggregate the best tools and materials, encouraging global consistency on nature-related reporting. The TNFD will build upon the work accomplished by the TCFD to avoid duplicated efforts and accelerate market adoption. For instance, the TNFD framework will adopt the same four-pillar approach based on how organizations function: governance, strategy, risk management, metrics and targets. But it will broaden the definition of the term "risks and opportunities" to include longer-term nature-related risks. It is hoped that the two frameworks will comprehensively cover climate and nature-related financial risks, and complement each other when used by market participants.

However, knowledge gaps on the effectiveness of various NBS, which is highly context-dependent, make it difficult to quantify their financial values accurately.

Currently, a carbon credit derived from a hectare of palm oil plantation is valued the same as a hectare of dense primary rainforest, even though the rainforest credit holds far more biodiversity benefits and other co-benefits. A data vendor survey conducted by Irish Funds also suggests that data vendors have sketchy coverage of key indicators for biodiversity, water emission, and hazardous waste in comparison to greenhouse gas emissions. But rigorous project-specific quality verification processes are labour- and resource-intensive. The long-term nature of restoration -- which requires regular maintenance and protection against threats, and takes more effort to track results -- pose further risks to financing. Long-term collaboration and relationship-building with local communities also remain critical factors for the success of NBS.

With these challenges, it is thus no surprise that according to a Credit Suisse survey, 70% of investors perceive a dearth of available data to be a key barrier to making nature-based investments. Finance for NBS remains a small portion of overall climate finance. It needs to close a $4.1 trillion financing gap in nature by 2050, representing $536 billion per year. The current amount stands at $133 billion, and only 14% of which comes from private capital.

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REGULATORS IN ASIA STEPPING UP

Governments and regulators across Asia are accelerating the market infrastructure for sustainable finance. China, an early adopter of green finance along with Hong Kong, is now cementing its position in the global central bank initiative, the Network for Greening the Financial System, and the G20's sustainable finance study group. Meanwhile, South Korea, Taiwan and India are drawing up roadmaps towards mandatory sustainability reporting.

ASEAN countries are also collaborating on a regional green taxonomy, which aims to take international goals into account while factoring in the ASEAN region's specific circumstances. The importance of sustainable finance was acknowledged by the ASEAN Finance Ministers' and Central Bank Governors' Meeting in 2019. While each ASEAN member state may develop its own taxonomy to meet its individual needs, having a common language and an overarching guide that can be applied to all sectors across ASEAN will give stakeholders much-needed clarity and certainty. As such, the ASEAN Taxonomy Board was established in March 2021 to develop the ASEAN Taxonomy for Sustainable Finance, which will serve as a map to help guide capital towards activities that can promote a green transition of the real economy.

The first version of the Taxonomy, released in November, provides a basis for discussion with stakeholders. Designed to be rigorous and science-based while being sensitive to the wide-ranging stages of development of member states, it adopts a tiered structure that reflects their differing capabilities and starting points. It comprises two core elements: the Foundation Framework which features sector-agnostic screening criteria that all member states can use to assess activities in any sector, and the Plus Standard which complements the former by providing activity-level technical screening criteria for use in a few focus sectors deemed of greatest economic and environmental significance to the region. The Taxonomy uses colour coding (green, amber or red) to classify activities based on their degree of alignment with the Taxonomy's sustainability goals. It will be regularly revised to be in tune with global goals and latest technological developments, and to include more environmental objectives beyond climate change mitigation.

Law experts are also raising the possibility that directors could soon be held legally liable for failing to manage the climate risks facing their companies. In the 5th Annual Oxford Business Law Blog conference on 'Business Law and the Transition to a Net Zero Carbon Economy', panelists Sarah Baker, Ernest Lim and Ellie Mulholland opined that not only are directors symbolically liable under environmental laws, they are also obligated to address climate risks under existing corporate laws on director's fiduciary duties, under the Australian, Singaporean and the UK judiciaries to say the least. A report published by the Commonwealth Climate and Law Initiative also argues that directors in Japan are legally bound to carry out three primary duties -- a duty of loyalty, a duty to be in compliance with all laws, regulations, and ordinances, and the company articles, and a duty of care -- all of which oblige directors to reckon with the climate risks facing their corporations.

INCREASED RELEVANCE OF ASFI

The pandemic has showcased the ability of individuals, businesses and governments to come together to make unprecedented structural change. Following the past two years of rescue and response to the pandemic, 2022 must be the year of deepening the foundations for a sustainable, inclusive and resilient recovery. We have a 'once-in-a-generation' opportunity to reset our economies in a way that delivers sustainable, good quality jobs, more resilient societies and greater equity, while also tackling head-on the climate change and biodiversity loss emergencies. It is imperative that we avoid returning to the outdated and unsustainable business-as-usual models of growth and development.

In the wake of COVID-19, national governments and public development agencies are pumping trillions of dollars into healthcare, immediate unemployment relief and other direct economic support measures. Proposed "green recovery packages" have so far fallen short. Of the $14.9 trillion stimulus announced to date, only $ 1.8 trillion (at the time of analysis) was "green" enough to reduce greenhouse gas emissions or enhance nature and biodiversity. We are witnessing one of the fastest economic transitions ever known—but there is still time to incorporate nature-positive recovery plans that support a more resilient future for people, the planet and economic prosperity.

Four of the top ten countries most susceptible to climate change risks are in Southeast Asia. Estimated land and property loss, biodiversity and environmental devastation, and loss of ecosystem services are expected in most predicted climate scenario models. In the three likely scenarios, ASEAN is economically the hardest hit region in the world, with a projected 37% GDP loss in a worst-case scenario. On average this is valued between $2.8-4.7 trillion in GDP loss in Asia annually – more than two-thirds of the global total.

The Asia Sustainable Finance Initiative's role is important now more than ever in bringing together a range of multilateral, multi-stakeholder decision makers to ensure that financial decisions are aligned with and support a low-carbon, climate-resilient and nature-positive economy across all capital markets. The resources and tools of the ASFI Partners will help to equip the finance sector in Asia in this transition through research and reports, training and capacity building, advocacy in regulations and guidelines, as well as collaboration in innovative green financial solutions.

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ASFI 2021

A Year in Review

ASFI PARTNERS JOINTLY DEVELOP ONE-STOP-SHOP TRAINING FOR THE FINANCE SECTOR

ASFI Academy

Launched in September 2021, ASFI Academy is a digital learning platform which hosts a suite of sustainable finance e-learning courses designed for Asia-based financial professionals. Developed by WWF-Singapore with support from ASFI Knowledge Partners and Advisory Group members, the courses are designed to complement ongoing sustainable finance capacity building work by WWF, ASFI and others in the region. FIs that have not yet worked with WWF can explore ASFI Academy as a starting place for their sustainable finance journeys, while FIs that already work with WWF and ASFI can use the Academy to upskill new hires, refresh their ESG knowledge, or explore new aspects of sustainable finance.

Winnie Lim, Deputy CEO, The Institute of Banking and Finance Singapore (IBF)

"IBF IS A STRONG SUPPORTER OF WWF'S EFFORTS IN THE AREA OF ESG KNOWLEDGE AND CAPACITY BUILDING FOR THE FINANCIAL INDUSTRY. ASFI'S ACADEMY COURSES OFFERED THROUGH ITS NEW DIGITAL PLATFORM WILL ENABLE THE INDUSTRY TO MORE EASILY ACCESS AND TO SCALE-UP SKILLS DEVELOPMENT EFFORTS IN THIS EMERGING AREA.

IN ADDITION, THE ALIGNMENT OF ASFI'S COURSES WITH THE SKILLS FRAMEWORK FOR FINANCIAL SERVICES PROVIDES ASSURANCE THAT FINANCE PROFESSIONALS HAVE ACCESS TO RELEVANT AND ESSENTIAL LEARNING IN SUSTAINABLE FINANCE. THIS INITIATIVE BY WWF AND ASFI WILL CERTAINLY STRENGTHEN SINGAPORE'S POSITION AS A CENTRE FOR GREEN FINANCE IN ASIA."

The Academy consists of a range of short (30 min - 4 hour), self-paced, digital courses, which are being developed, released, and updated on an ongoing basis. The courses cover a variety of sustainable finance topics, from core themes like how to assess the quality of ESG data, to broader issues like regional regulatory developments, to sector specific topics, like how to drive climate-resiliency via investments across agriculture supply chains. Additional courses will continue to be developed to highlight new and emerging tools that can help financiers understand issues like the impact of natural capital depletion on businesses, and explain the science behind various sustainability reporting metrics. In collaboration

WWF | ASFI ASIA SUSTAINABLE FINANCE INITIATIVE | IBF The Institute of Banking & Finance Singapore | imas INVESTMENT MANAGEMENT ASSOCIATION OF SINGAPORE | abs The Association of Banks in Singapore

with the Institute of Banking and Finance Singapore (IBF), all ASFI Academy courses are accredited under the IBF Standards Training Scheme. As such, practitioners who successfully complete the courses can count them towards the fulfilment of their annual continuing professional development (CPD).

> "IMAS IS EXTREMELY PLEASED TO PARTNER WITH WWF TO PROVIDE CUSTOMISED ESG TRAINING VIA THE IMAS ILEARN, OUR ONE-STOP PORTAL FOR ASSET MANAGEMENT TRAINING. THIS IS A MAJOR STEP FORWARD IN OUR PARTNERSHIP SINCE 2017, WHERE WE WORKED WITH WWF TO CONDUCT MASTERCLASSES IN SUSTAINABLE FINANCE FOR OUR MEMBERS.
>
> WITH THE LAUNCH OF THE ASFI ACADEMY, I SEE EVEN MORE OPPORTUNITIES FOR US TO WORK TOGETHER AND LEVERAGE WWF'S DEEP EXPERTISE ON SUSTAINABILITY ISSUES TO COMPLEMENT THE ESG TRAINING THAT ILEARN PROVIDES FOR THE ASSET MANAGEMENT INDUSTRY."

Carmen Wee, Chief Executive Officer, Investment Management Association of Singapore (IMAS)

The courses are currently available to Singapore-based professionals via three platforms: Asset managers can access the courses through IMAS' iLearn portal, bankers can access the courses through ABS' e-learning portal, and all others can enroll in the courses via ASFI Academy's own portal. Some individual FIs are also partnering with ASFI Academy bilaterally, to roll out the courses internally. By leveraging a variety of avenues to reach Singapore's 170,000+ financial professionals (and beyond) ASFI Academy strives to support the achievement of the finance-related components of the Singapore Green Plan 2030, and ensure that Singapore remains a globally competitive green financial hub.

Mrs Ong-Ang Ai Boon, Director, The Association of Banks in Singapore (ABS)

> "ABS CONGRATULATES WWF-SINGAPORE ON THE ESTABLISHMENT OF ASFI ACADEMY AND WE ARE PLEASED TO WORK WITH IT TO AUGMENT THE CURRENT ABS RESPONSIBLE FINANCING E-LEARNING PLATFORM WITH NEW COURSES FROM THE ACADEMY TO SUPPORT BANKS IN DEVELOPING THE REQUISITE SKILLS AND EXPERTISE FOR THE IMPLEMENTATION OF THE MAS ENRM GUIDELINES ISSUED IN DECEMBER 2020."

Beyond Singapore, ASFI Academy is working with WWF national offices, industry associations, and other regional (and global) stakeholders to roll out courses internationally. For example, the ASFI Academy team is currently developing a custom set of sustainable finance courses for bankers in the Philippines in collaboration with WWF-Philippines, the Global Reporting Initiative (GRI), the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

We have also translated an initial set of ASFI Academy courses into Simplified Chinese, Japanese, Thai and Vietnamese, and will be working on a Spanish language translation in early 2022. Based on demand, we expect to make more translations available in the future.

By the end of 2021, ASFI Academy reached a milestone in the number of finance professionals trained:

6	> 3500	31	5
COURSES LAUNCHED	FINANCE PROFESSIONALS TRAINED	COUNTRIES GLOBALLY	LANGUAGES AVAILABLE FOR SELECTED COURSES

Courses launched and in the pipeline

Responsible Investment 101

Fundamentals of Responsible Banking

Agriculture, Forestries & Fisheries series

E&S metrics & tools for agriculture

5 Lessons · Dec 17, 2021

Agriculture & the environment at a glance

6 Lessons · Dec 17, 2021

Materiality & risk transmission across agriculture supply chains

5 Lessons · Dec 22, 2021

Strategies for responsible investment in agriculture

5 Lessons · Dec 11, 2021

Strategies for responsible lending in agriculture

6 Lessons · Dec 16, 2021

Sustainable Infrastructure series

Infrastructure Series: (1) Infrastructure and

Online Course

Infrastructure Series: (2) Materiality & risk transmission

Online Course

Infrastructure Series: (3) E&S metrics & tools for

Online Course

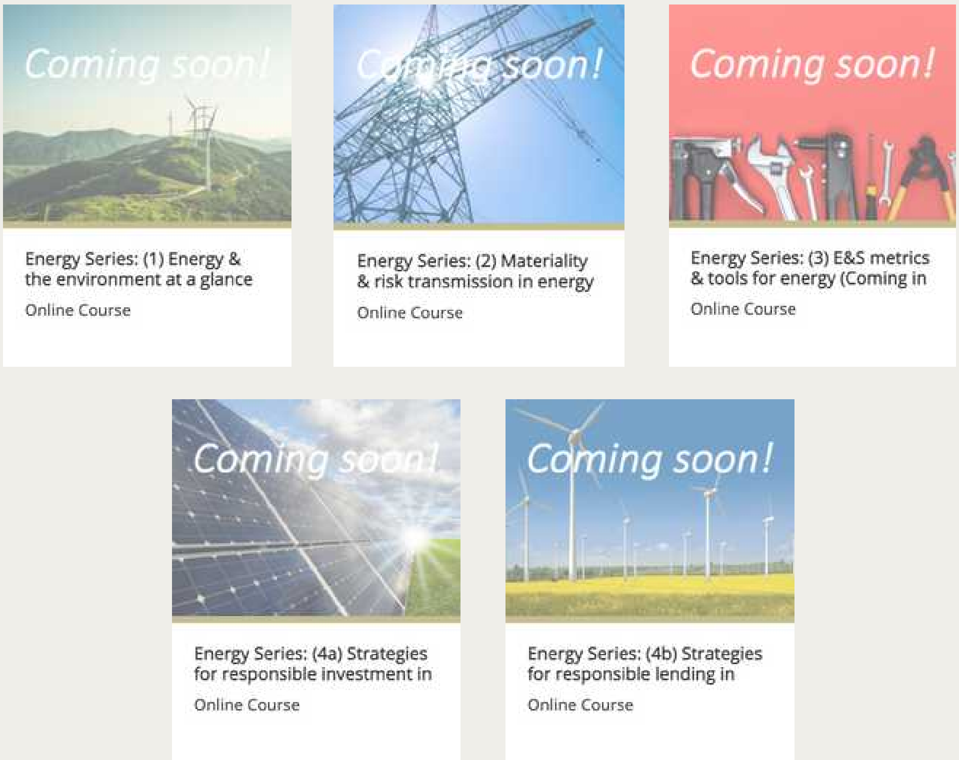
Infrastructure Series: (4a) Strategies for responsible

Online Course

Infrastructure Series: (4b) Strategies for responsible

Online Course

Energy Supply Chains series



Other topics under consideration

- TCFD
- Biodiversity and nature reporting for FIs: early lessons from the TNFD
- Green taxonomies and the transition to a sustainable economy
- Sustainable finance regulatory developments (global, regional, local)
- E&S data disclosure frameworks and ratings
- Seizing opportunities with sustainable financial products
- Private banking courses
- Courses for SGX-listed companies
- Introduction to Trase Finance: a tool by Global Canopy

To learn more, visit https://www.asfi.asia/asfi-academy or contact us at academy@asfi.asia. To sign up and enroll in a course, visit https://wwf.myabsorb.com/#/public-dashboard.

ASFI COLLABORATION VENTURES INTO SUSTAINABLE INFRASTRUCTURE FINANCE

DFI study by ADFIAP & WWF-Singapore

Since 2020, ADFIAP has partnered with WWF-Singapore under ASFI to promote progress on sustainable finance in the region. The first knowledge product to emerge from this collaboration is a report which documents how development finance institutions (DFIs) across the Asia-Pacific, predominantly involved in infrastructure investment, have integrated climate- and biodiversity-related ESG factors into decision-making systems. By using an assessment framework covering ten criteria embracing six areas of inquiry ('Purpose', 'Policies', 'Processes', 'People', 'Products' and 'Portfolio') frequently used to assess the integration of sustainability at the organisation level, the study highlights the efforts that DFIs have made to date, identifies constraints and challenges and develops constructive recommendations to help overcome these.

The DFIs have shown good progress with the 'purpose' pillar of the assessment framework. DFIs acknowledge the environmental and social (E&S) risks associated with climate change in their corporate strategy, vision, and mission, however, their acknowledgement of biodiversity-related risks remains limited. DFIs have also linked mandates to the SDGs. Social and economic considerations have been arguably prioritised over environmental ones, despite the linkages between climate and environmental risks, and economic and social development. DFIs need to engage more meaningfully with shareholders and stakeholders, such as by participating in commitment-based sustainable finance initiatives such as UNEP FI Principles for Responsible Banking, gaining Green Climate Fund accreditation, and adopting international best practices. Additionally, they should proactively seek mandate enhancements and clarifications from their respective governments to integrate ESG considerations into their founding statutes, overall goals, target sectors, and the geographical scope of their activities.

There is room for improvement regarding the 'policies' pillar. Many DFIs lack clear or ambitious policies for tackling climate change and biodiversity loss, particularly for sensitive issues such as deforestation, protection of marine biodiversity resources, and financing of coal-powered projects. Less than half of the DFIs have sector-specific requirements, policies, or up-to-date exclusionary criteria. DFIs need to take a strategic approach to align their safeguard policies with the Paris Agreement and the post-2020 Global Biodiversity Framework. They should develop robust sector-specific policies, including a fossil fuels policy aligned with the latest climate science. DFI can learn from COVID-19 to strengthen policies and better cope with future ESG risk challenges.

There is room for improvement regarding the 'processes' pillar. Many DFIs lack adequate use of ESG metrics, evaluation, and screening tools. ESG factors are mostly applied in qualitative negative screenings rather than integrated into financial models. Less than half of DFIs screen projects for climate physical risk, and only about a third do so for climate transition risk. Most DFIs do not yet have the capacity (finance, staffing or knowledge) to adequately address biodiversity risks, and adopting more rigorous outcome-based requirements for safeguards (e.g. net gain for biodiversity or net-zero or zero-carbon for climate) would be new to many DFIs. Furthermore, in the absence of a widely agreed international template, most DFIs struggle to define nature-based solutions or to identify and integrate related performance indicators. This prevents them from making a clear business case for biodiversity-positive infrastructure financing opportunities. DFIs should establish a holistic E&S risk management framework that integrates all material climate- and biodiversity-related risks. When assessing ESG risks and impacts, DFIs should use distinct sets of metrics for different risk categories. For each impact indicator, an ESG risk rating should be issued, considering elements such as risk likelihood and materiality, stakeholder interests, national priorities, and targets. DFIs should also look into adopting more infrastructure-specific standards and frameworks such as SuRe Standard for Sustainable and Resilient Infrastructure, GRESB Infrastructure Asset Assessment, FAST-Infra Label, Sustainable Asset Valuation (SAVi), ENVISION Rating system among others.

DFIs have shown good progress with the 'people' pillar. Most DFIs have senior management and/or board oversight of E&S issues, and half have a dedicated ESG/environment/sustainability team and provide training to staff on ESG-related issues. However, the integration of sustainability in staff appraisal is lacking and capacity is a key concern. There is also a scarcity of specialized technical knowledge. Staff training is still in its infancy, focusing mostly on issues directly associated with sustainability, and is frequently voluntary, failing to fully prepare employees to appraise risks and opportunities (particularly regarding biodiversity and nature-based solutions). DFIs should ensure that governing and decision-making bodies are aware of the climate change and biodiversity loss issues related to their institutional mandates, so that they can provide accountability and oversight. Staff appraisal should consider performance relating to ESG issues and training on climate- and biodiversity-related issues should be made mandatory at all levels – board, senior management, and all staff. Furthermore, specialized technical expertise should be made available – especially relating to specialist tools and frameworks – which adequately prepares staff to value impacts/risks (particularly regarding biodiversity and nature-based solutions).

The DFIs showed the most progress with the 'products' pillar. Most DFIs have issued green financial and non-financial products (e.g., bonds/sukuk, loans, guarantees, and technical assistance) and/or have set up specialised funds to address the SDGs and finance sustainable infrastructure. Renewable energy is often a target, but few if any products are dedicated to addressing biodiversity loss. DFIs should increase the extent to which green products are used and to increase the variety used such as sustainability-linked loans. DFIs can also use the Nationally Determined Contributions (NDCs), Low Emission Development Strategies (LEDS), National Adaptation Plans (NAPs) and National Biodiversity Strategies and Action Plans (NBSAPs) processes to develop sustainability-themed business lines, especially where linkages to climate change and biodiversity issues exist.

The least progress was identified with the 'portfolio' pillar. Many DFIs have not set up adequate green finance targets, supported by robust performance indicators, that would track biodiversity and climate finance flows. Few use the Joint Multilateral Development Banks methodology for tracking climate change mitigation and adaptation finance. Biodiversity-related targets are generally absent apart from one DFI, which affirmed to have blue economy targets. A lack of knowledge on biodiversity risks is echoed by a lack of relevant commitments, and DFIs have inadequate transparency regarding E&S risks at the portfolio level. DFIs need to

enhance sustainability disclosure, particularly the impact assessment and reporting of climate- and biodiversity-related risks. On the climate side, DFIs need to improve tracking methodologies (e.g. portfolio alignment, climate scenario analysis, and stress testing) and expand emissions disclosure to report on absolute emissions. They should also identify and disclose financial risks resulting from the loss of biodiversity and understand the timescale and extent to which these risks contribute to the total risk profile. Finally, DFIs must provide a template and associated indicators for measuring the positive contribution of financed projects to biodiversity and climate change agendas.

DFIs have shown weak financial commitment to COVID-19 green recovery and indicated that challenges remain. Spending on healthcare and mitigating the economic impact associated with the pandemic became a top priority. DFIs have mostly focused on protecting existing investments, safeguarding their portfolios, and preserving jobs. Risk aversion among DFIs makes it particularly challenging for them to attract even more risk-averse commercial investors and find new investable opportunities in the near term. DFIs should incorporate explicit climate- and biodiversity-positive goals into their COVID-19 recovery plans.

While the first step for DFIs is to 'do no harm' with their investments, the ultimate aim must be to move beyond negative ESG screening and progress towards sustainability-themed business lines which facilitate the achievement of the SDGs and other national commitments relating to climate change and biodiversity loss. DFIs should always aim to redirect finance to investments that benefit biodiversity and the climate through their respective mandates. Simply limiting investment activities that are harmful to biodiversity or the climate will be insufficient to reverse the overshoot of planetary boundaries which provide a safe operating space for economic prosperity.

Moving forward, ASFI and ADFIAP are hosting two webinars in January and February 2022. These webinars will cover the key findings of the report, introduce best practices for managing biodiversity- and climate-related financial risks, and facilitate a panel discussion among key experts to discuss the major research questions addressed.

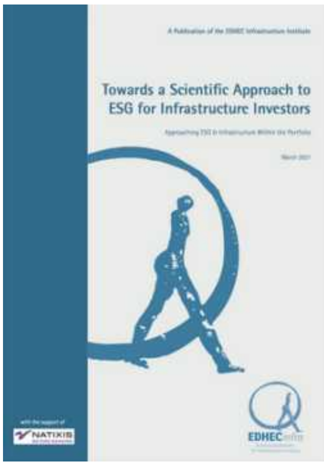
ESG data study by EDHECinfra

ESG issues generate a variety of risks for infrastructure businesses, which will ultimately translate into financial costs. Therefore, we can expect that they will, in the end, impact asset prices. It follows that a risk-management (and asset pricing) framework is needed for ESG data to make sense to infrastructure investors, managers and regulators. As a result, data measuring such risks is valuable to the market.

The EDHEC Infrastructure Institute (EDHECinfra) conducted surveys to understand the demand for ESG data (report in preparation). The surveys gathered input from 100+ respondents involved in infrastructure investment, which included institutional investors, asset managers, consultants, and others. Of all the top-ranked reasons to need ESG data, "identifying and managing risks" was the most frequently mentioned, followed by reporting to stakeholders. There were, however, significant geographic differences in these responses: for EU-based respondents, regulatory reporting was the most important reason to access ESG data, US-based respondents ranked reporting to stakeholders and society as the main reason while

respondents from the UK and Asia thought that ESG data is needed primarily for identifying and managing risks to their investments. In particular, physical risks and climate impact (transition risk) in the face of a changing climate.

Market participants also thought that existing ESG data collection and reporting frameworks are not focused on risk and risk management. They agree that standards should and will consolidate and evolve towards a framework more conducive to improving investment decisions and risk management. ESG data could become a form of


Towards a Scientific Approach to ESG for Infrastructure Investors

highly standardized non-financial accounting, run in parallel with financial accounts standards and following the same process of standardization and review.

EDHECinfra's Green Infra Research Project seeks to help cater to this demand by developing science-based sustainability risk (and impact) exposure metrics for infrastructure assets across all infrastructure sectors, globally. Based on a taxonomy of ESG impacts and risks, these metrics will allow asset managers and asset owners to benchmark those risks and report to regulators and stakeholders about risks and impacts faced by infrastructure investments. An overview of EDHECinfra's approach can be found in their foundation paper on ESG, "Towards a scientific approach to ESG for infrastructure investors" for an overview of our approach.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ADVANCEMENTS ON CLIMATE ENGAGEMENT AND NET-ZERO AMBITIONS IN ASIA

Two ASFI Knowledge Partners, the Asia Investor Group on Climate Change (AIGCC) and CDP, advanced efforts in their climate engagement work in 2021.

In June, AIGCC launched its Asian Utilities Engagement Program. The Program is supported by 13 AIGCC members, representing over $US8.8 trillion in collective assets under management with 5 focus companies: CR Power, CLP, J-Power, Chubu Electric, Tenaga. Tenaga and CLP have both announced new targets this year following AIGCC's engagement with them. Both have committed to net zero by 2050 and CLP has also made a coal phaseout commitment by 2040, inline with the program’s ask. AIGCC is potentially expanding the program by 2-3 companies in 2022. In addition, AIGCC has ongoing engagements with 18 Focus List companies under Climate Action 100+.

AIGCC’s new online climate change training was also well received by its members, with the four training pilot modules having been provided to 80+ individuals in 2021. These modules are available at a cost to non-members on request, with two advanced modules expected to be delivered in Q1 2022. AIGCC remains committed to capacity building through other member activities including masterclasses, webinars and working groups.

On the policy advocacy front, AIGCC supported The Global Investor Statement to Governments on the Climate Crisis as one of the Investor Agenda’s founding partners. The statement received the support of a record 733 investors managing over US $52 trillion in assets, representing around 50% of global AUM. Of the total, 25 investors were from Asia, and among them, 9 were AIGCC member institutions. On October 26th, the Statement was sent to heads of state including the Ministry of Finance, Ministry of Environment in Japan and the Presidential Office in Korea, and was published early on 27 October just ahead of COP26 in Glasgow.

Meanwhile, CDP Hong Kong has deepened its engagement efforts with high-impact financial institutions and regulators in Southeast Asia's key markets, as well as high-level consultancy and external partners in the region. There has been remarkable growth in the number of corporate disclosures, companies recognized by CDP's global A List, memberships of CDP’s investor and supply chain programs, as well as increased interest in TCFD-aligned reporting and ESG benchmarking from companies and financial institutions in the region.

Going forward, CDP Hong Kong continues to focus on four key areas of engagement: (a) Setting up net-zero incubators with corporates to drive net-zero ambitions and strategies in the region; (b) Working with financial institutions on portfolio-related emissions to accelerate climate action across the supply chain; (c) Working with business stakeholders to develop innovative offerings for sustainable finance that is powered by CDP data; and (d) Building upon, and expanding our capacity building programs on climate resilience and decarbonization targeting corporate audience.

ANOTHER ROUND OF ASSESSMENTS OF FINANCIAL INSTITUTIONS

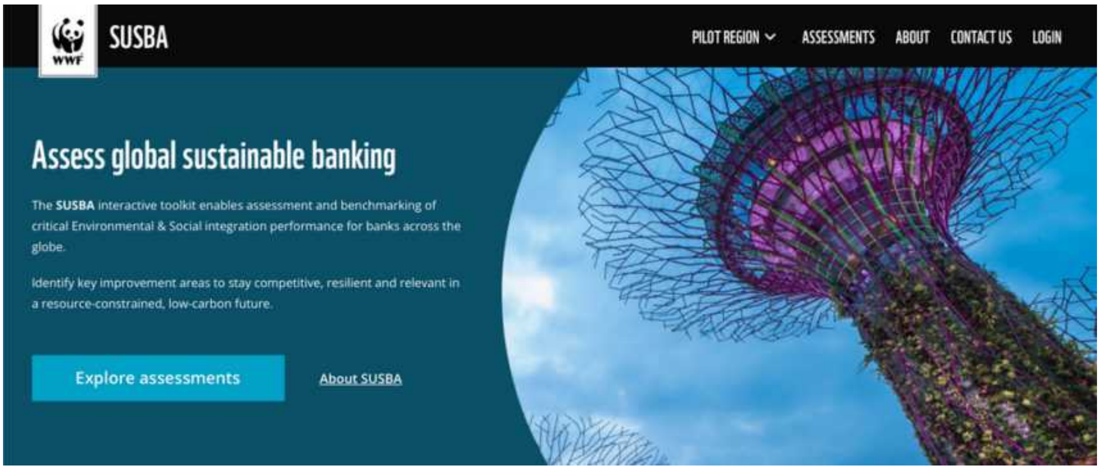
WWF-Singapore publishes another year of assessments for banks and asset managers, and assesses central banks and regulators for the first time.

Sustainable Banking Assessment (SUSBA)

Methodology

For the fifth consecutive year, WWF launched its Sustainable Banking Assessment ('SUSBA') report. The assessment takes into account only publicly available, English-language disclosures in the form of fiscal year 2020 annual reports, sustainability or CSR reports and information posted on corporate websites such as company policies, statements and press releases. Similar to last year, the scope covers 38 banks in six ASEAN countries, as well as five Japanese and five South Korean banks. The assessment framework covers six aspects of overall E&S integration: Purpose, Policies, Processes, People, Products, Portfolio. New for 2021, we expanded the number of SUSBA indicators from 70 to 75. The new indicators are meant to align our assessment with global sustainability targets, such as net zero by 2050 in the Paris Agreement.

1 JAPAN	2 KOREA	3 INDONESIA	4 MALAYSIA	5 PHILIPPINES	6 SINGAPORE	7 THAILAND	8 VIETNAM
Mizuho Bank (Mizuho)	Hana Bank (Hana)	Bank Central Asia Tbk (BCA)	AMMB Holdings Berhad (Ambank)	BDO Unibank, Inc (BDO)	DBS Group Holdings Limited (DBS)	Bangkok Bank (BBL)	Bank for Investment and Development of Vietnam (BIDV)
Mitsubishi UFJ Financial Group Bank (MUFG)	KB Kookmin Bank (KB)	Bank Mandiri (Persero) Tbk (Mandiri)	Bank Islam Malaysia Berhad (BI)	Bank of the Philippine Islands (BPI)	Oversea-Chinese Banking Corporation Limited (OCBC)	Bank of Ayudhya (Krungsri)	Joint Stock Commercial Bank for Foreign Trade of Vietnam (VCB) Vietnam Joint
Resona Bank (Resona)	Industrial Bank of Korea (IBK)	Bank Muamalat Indonesia Tbk (Muamalat)	Bank Kerjasama Rakyat Malaysia Berhad (BR)	China Banking Corporation (CBC)	United Overseas Bank Limited (UOB)	Kasikorn Bank (KBank)	Stock Commercial Bank for Industry and Trade (VietinBank)
Sumitomo Mitsui Banking Corporation (SMBC)	Shinhan Bank (Shinhan)	Bank Negara Indonesia Tbk (BNI)	CIMB Group Holdings Berhad (CIMB)	Metropolitan Bank & Trust Company (Metrobank)		Krung Thai Bank (KTB)	Vietnam Export-Import Commercial Joint Stock Bank (Eximbank)
Sumitomo Mitsui Trust Bank (SMTB)	Woori Bank (Woori)	Bank Panin Tbk (Panin)	Hong Leong Bank Berhad (Hong Leong)	Philippine National Bank (PNB)		Siam Commercial Bank (SCB)	Vietnam Prosperity Bank (VPBank)
		Bank Pembangunan Daerah Jawa Barat dan Banten Tbk (Bank BJB)	Malayan Banking Berhad (Maybank)	Rizal Commercial Banking Corporation (RCBC)		Thanachart Bank (TBank)	
		Bank Permata Tbk (Permata)	Public Bank Berhad (Public Bank)	Security Bank Corporation (SBC)		TMB Bank (TMB)	
		Bank Rakyat Indonesia Tbk (BRI)	RHB Bank Berhad (RHB)				



Key findings

General statistics

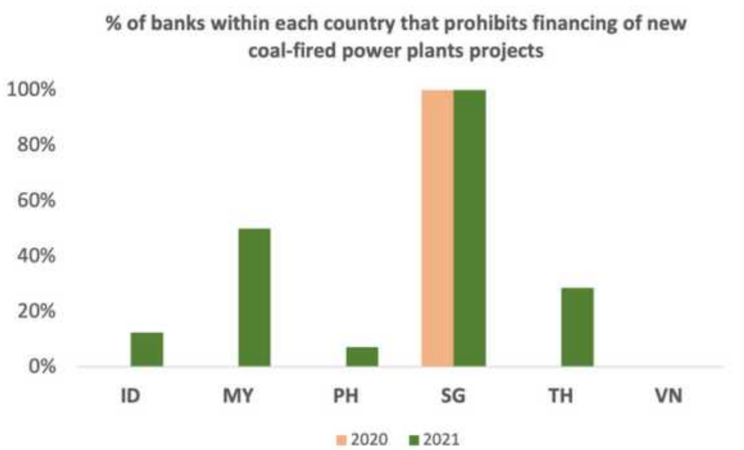
While 80% of ASEAN banks have made some improvement, only 14 banks fulfil more than half of the 75 indicators. 37% of banks fulfilled less than a quarter of the total indicators, compared to 45% last year. This reduction in number is largely attributed to the increase in number of SUSBA indicators, which raises the benchmark value. Encouragingly, both Korean and Japanese banks performed above the ASEAN average.

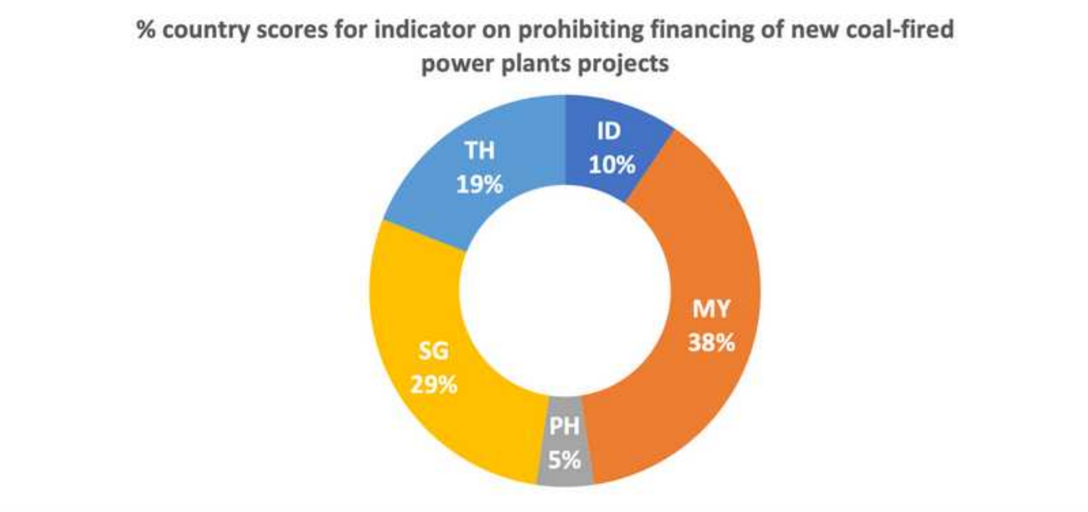
Climate strategies and targets

Generally, there is positive momentum surrounding the disclosures of climate strategies and targets. 45% of ASEAN banks have a strategy to manage and mitigate climate-related risks across its portfolio, up from 29% last year. Similarly, 37% of ASEAN banks have allocated specific pools of capital or increased the share of its financing that supports activities with a positive E&S impact, a jump from 24% in 2020. Progress in these two areas are mainly originating from banks in Indonesia, Malaysia and the Philippines.

Coal Project Financing

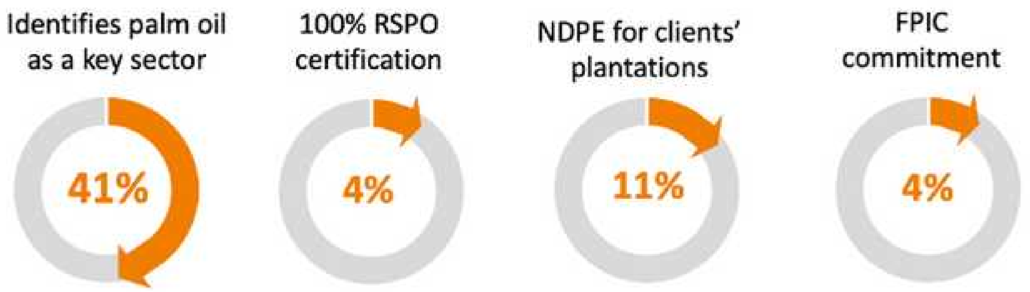
Banks are cutting down on coal financing. In 2021, 11 out of the 38 ASEAN banks have committed to prohibit financing of new coal-fired power plant projects, an increase from three Singaporean banks last year. Greatest momentum can be seen in Malaysia and Thailand, where of the eight new additions, four were from Malaysia and two from Thailand. Nonetheless, more work can be done on extending coal financing exclusions to all lending activities, as most exclusions are currently limited to project-specific finance.





Specific sectors – Palm oil and Energy
Following last year's addition of an assessment of banks' lending policies for palm oil and energy sectors, notable trends were observed. For palm oil, there is a concentration of commitments in Indonesia, Malaysia and Singapore. Of the 16 ASEAN banks that recognise palm oil as a key sector, 14 were from these three countries. However, even with 14 banks recognising palm oil as a key sector, only four require clients to achieve certification (e.g. NDPE, RSPO, FPIC).

Key palm oil statistics for selected indicators



For the energy sector, though 31 out of 38 ASEAN banks acknowledged climate risks, only five have translated this into detailed public policies. Moving forward, there are plans to include more high risk sectors.

Key energy sector statistics for selected indicators

SUSBA platform

SUSBA comes with an online platform where detailed assessment results for all 48 banks can be found, alongside those for 10 international banks active in Asia included for comparison purposes. The platform tracks progress made over the previous year, allows users to quickly identify specific improvement points, as well as to benchmark their performance against peer banks.

The full results are currently available for registered users only, so please do reach out to WWF Singapore or visit the SUSBA website for more information.

Sustainable Financial Regulations and Central Bank Activities (SUSREG)

In 2021, WWF formally launched its Greening Financial Regulation initiative (GFRi), deepening its work with central banks, financial regulators and supervisors across the world towards the full integration of climate and environmental risks into their mandates and operations.

These institutions have a unique capacity and responsibility to assess and mitigate risks to financial stability caused by the climate crisis and environmental degradation, and to redirect financial flows towards sustainable activities, at the required scale and pace.

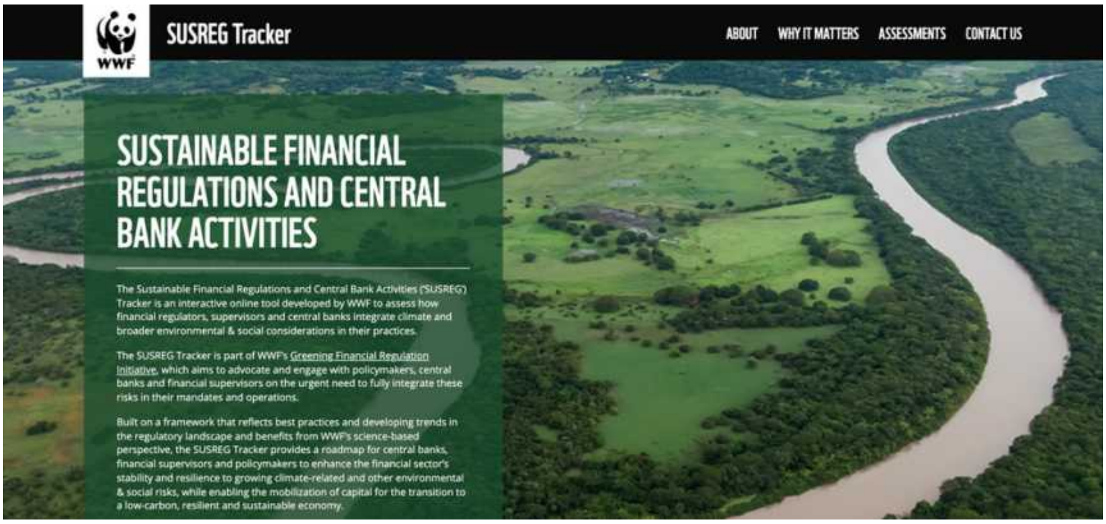
Central banks and supervisors are already collaborating through international networks (e.g. NGFS, BCBS, IOSCO, IAIS), with meaningful progress being made. However, while there is a general acknowledgement that climate change is a source of financial risk, other types of environmental risks, such as biodiversity loss, are less well understood.

With the GFRi, WWF is advocating for accelerated action following a precautionary approach and is seeking to bridge the research and knowledge gaps while contributing to building the capacity of central banks and supervisors.

In July 2021, the 'Nature's next stewards' report published under the GFRi highlighted the urgency for central banks and supervisors to act on the risks caused by unprecedented nature loss, and provided practical recommendations on the use of existing tools to take preventive action.

This report has been written in collaboration with I4CE, Finance for Biodiversity, ECOFACT, the IUCN and the Council on Economic Policies (CEP). It also features real-world case studies that illustrate the potential for biodiversity risk to result in financial risk.

In April 2021, WWF-Singapore launched the Sustainable Financial Regulations and Central Bank Activities ('SUSREG') framework, to provide an independent assessment of how central banks, banking regulators and supervisors integrate environmental and social (E&S) considerations into their activities. The first results were published in October 2021 on the SUSREG Tracker online platform (www.susreg.org/). Through this platform, users can access detailed assessments, assess current practices against the SUSREG framework and benchmark individual institutions against their peers.



WWF's baseline SUSREG assessment covers:

38 jurisdictions

Accounting for:

> 90%	> 80%	11 of the 17
OF GLOBAL GDP	OF TOTAL GHG EMISSIONS	MOST BIODIVERSITY-RICH COUNTRIES

Alongside the Tracker, WWF-Singapore and WWF-Switzerland published the 2021 SUSREG Annual Report, highlighting key findings, current good practices, as well as improvement points and WWF's associated recommended actions. It also features interviews with select central banks and banking supervisors.

The assessment shows growing awareness about the financial impacts of climate change and biodiversity loss, with an increasing number of central banks, banking regulators and supervisors taking steps to create a more sustainable financial system, such as the issuance of regulations and supervisory expectations.

However, this exercise also revealed that only a few institutions are starting to use monetary, regulatory and prudential tools to ensure that financial institutions do not continue to support activities that are incompatible with climate, environmental and broader sustainability objectives. This is unfortunately not commensurate with the urgency to act in the face of mounting climate and environmental crises. A precautionary approach is necessary to address the interconnected nature loss and climate change crises and the threat it pose to our socio-economic and financial system. You will find more details in the 2021 SUSREG Annual Report.

In 2022, the SUSREG framework will be expanded to cover insurance regulation and supervision, while the geographical scope will also be expanded. Going forward, the SUSREG Tracker platform will be updated on a regular basis to reflect ongoing developments, while the SUSREG report will take stock of progress made on an annual basis. For more information, please contact gfr@wwf.ch.

Resilient Portfolios that Protect Natural Capital and Drive Decarbonisation (RESPOND)

Methodology

This year, WWF will be publishing the third edition of Resilient Portfolios that Protect Natural Capital and Drive Decarbonisation (RESPOND). Similar to last year, this assessment only takes into account English-language documents that are publicly available. These documents should contain information from FY2020 and beyond. These public disclosures originate mostly from sustainability reports, company websites and even issue-specific policies, although other sources are duly considered.

The 2021 assessment has included 10 new Asian asset managers, bringing the total to 40 asset managers. All asset managers are PRI signatories.

ASSET MANAGERS INCLUDED

- Aberdeen Standard Investments
- Aegon Asset Management
- Allianz Global Investors
- Amundi
- APG Asset Management
- Asset Management One Company Ltd.
- Aviva Investors
- AXA Investment Managers
- Baillie Gifford
- BNP Paribas Asset Management
- Bosera Funds
- China Asset Management Company Ltd.
- China Life Asset Management Company Ltd.
- China Southern Asset Management Company Ltd.
- DWS Group
- E Fund Management Company Ltd.
- Eastspring Investments
- Fidelity International
- Fullerton Fund Management Company Ltd.
- Harvest Fund Management
- HSBC Global Asset Management
- Kotak Mahindra Asset Management (Singapore) Pte. Ltd
- Legal & General Investment Management
- Lion Global Investors Ltd.
- M&G Investments
- Mitsubishi UFJ Trust and Banking Corporation
- Nikko Asset Management
- NN Investment Partners
- Nomura Asset Management
- Nordea Asset Management
- Ostrum Asset Management
- Pictet Asset Management
- Robeco
- SBI Funds Management Pte. Ltd.
- Schroders
- Sumitomo Mitsui Trust Asset Management
- UBS Asset Management
- Union Investment Group
- UOB Asset Management Ltd.
- UTI Asset Management Company Ltd.

The assessment framework remains the same with 6 pillars: Purpose, Policies, Processes, People, Products, Portfolio. However, some of the indicators have been changed to reflect a greater emphasis on net-zero goals by 2050.

Key findings

Encouragingly, the assessment finds that basic Responsible Investment (RI) practices are present for most asset managers assessed, including the new additions. However, it also notes that more can be done with regards to adopting issue-specific policies and having clear expectations of portfolio companies.

In addition, more than half of the asset managers assessed have made net zero by 2050 commitments, adopted science-based targets and specifically incorporated other environmental risks such as biodiversity and water risk into their investment and engagement processes.

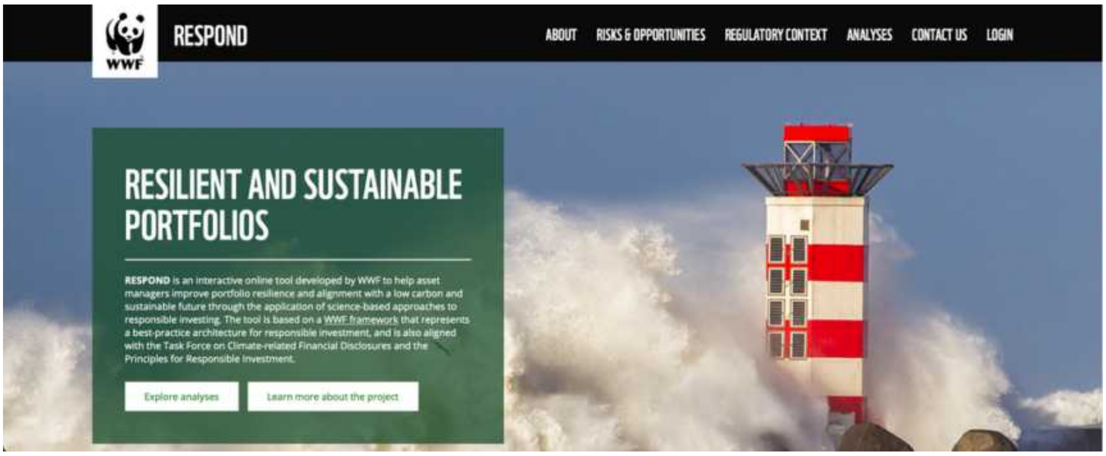
While there is still a gap between the existing climate and environmental trajectories and our climate and nature conservation goals, the overall results show that steps are being taken actively by most asset managers. This is highly encouraging, and we look forward to even more progress in the coming years.

RESPOND platform

RESPOND comes with an online platform where detailed assessment results for all

40 asset managers can be found. The platform allows users to analyse the scores of each asset manager quickly based on each sub-pillar. It also allows users to compare between asset managers based on certain filters such as a similar AUM or HQ country. This allows for easy performance benchmarking against peer asset managers.

The full results from the latest assessment will be available from end January 2022 for registered users only. Please reach out to WWF Singapore or visit the RESPOND website for more information.



IDENTIFICATION OF BARRIERS & OPPORTUNITIES

Barriers to Impact Study by WWF-Singapore & 2DII

In the past year, we have seen a flurry of climate target setting and commitments from the private sector. Often, these pledges are focused on portfolio alignment goals but the extent to which they could contribute to tangible real economy changes is still uncertain.

WWF-Singapore's SUSBA has consistently found that ASEAN banks' E&S integration is progressing at an uneven pace. While some banks have made major improvements in incorporating material E&S factors into their strategy, governance and risk management, others are lagging behind current best practices. Further, WWF-Singapore's 2021 annual RESPOND report found that asset managers in Asia are taking important steps to build their RI capabilities. However, there is room for improvement to accelerate their ambitions and practices to match current best practices in RI and contribute to driving real world tangible change.

To tackle these issues, WWF-Singapore and 2° Investing Initiative (2DII) explored what driving tangible, real world change entails for Asian FIs. Titled Barriers to Impact, the study designed surveys based on the authors' research about effective climate actions, and conducted those surveys with Asian FIs including asset owners, asset managers and banks. It found that the Asian FIs surveyed have begun their climate journey, but take on varied climate actions and acknowledge that more climate actions are needed to deliver significant impact on reducing greenhouse gas emissions. FIs shared the limitations of their current actions to effective impact strategies, including low expectations of investee companies to drive real world changes, climate actions being identified as niche and requirements of better escalation strategies.

The survey revealed internal and external barriers which limit the success of the FIs' climate actions. This includes internal barriers, for example the lack of strong conviction for climate change and cohesive climate strategies while external barriers, such as the absence of clear regulations to define impact products and robust technology for data collection add to Asian FIs' challenges.

While the barriers expressed by the FIs can be hurdles to meaningful climate action, solutions exist. The report provides recommendations for policy makers, financial supervisors and FIs on the most effective ways to break down the barriers and accelerate the Asian finance sector's contribution to collective sustainability objectives and the low-carbon transition.

Following the launch of the report, there will be a webinar, 'Exploring the Barriers to Climate Impact: A Way Forward for Financial Institutions in Asia', featuring speakers from Maitri Asset Management, 2DII and WWF-Singapore, addressing key topics such as looking at the landscape for climate action in Asia, unique findings from the Asia report compared with other regions (Europe and US) and steps for financial institutions to develop credible net zero plans. Sign up for this event here.

Measurement of Climate Scenario Alignment using Paris Agreement Capital Transition Assessment (PACTA)

Throughout 2021, WWF Malaysia and 2° Investing Initiative (2DII) have been working with major Malaysian banks to measure the climate scenario alignment of their lending portfolios using PACTA, a globally recognised tool developed by 2DII. This work has left the banks with a set of alignment results and the technical knowledge to implement the methodology themselves. This collaboration is among the first of its kind in the country. This joint initiative is targeted for completion by January 2022 and the results will be published in a public white paper. Accompanying these results are recommendations for Malaysian banks on using PACTA and its implications for risk management.

The team expects the widespread adoption of climate-related risk management and opportunity methodology across Malaysia, matching an overall goal of accelerated finance flows for green investment opportunities.

An event tied to this initiative will be a two-day online workshop titled "Measuring Portfolio Alignment to Climate Scenarios and Climate Transition Stress Testing", organised by JC3 SC4, in collaboration with WWF Malaysia and 2DII. This workshop is designed with a view toward practical implementation and tailored for Financial Institutions and corporates. In particular for roles involved in climate-related risk management, climate scenario analysis and climate transition stress testing. View all details and register for this event here.

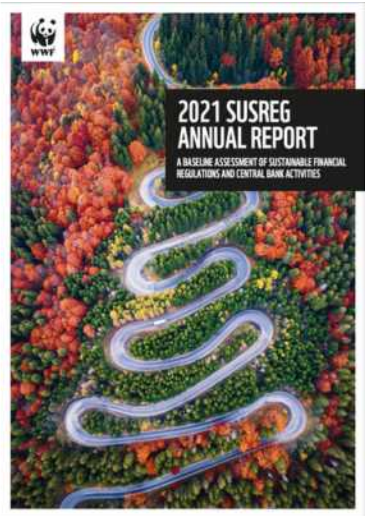
ASFI Partners focus on central banks and policy to drive more resilient economies

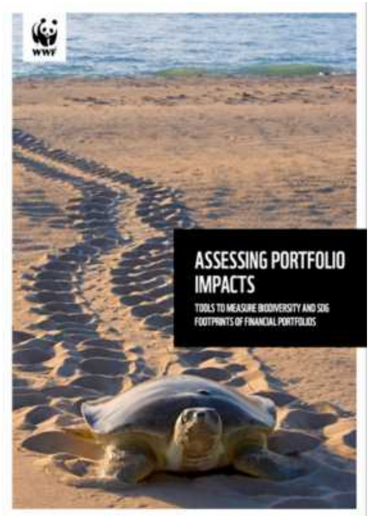
SOAS Centre for Sustainable Finance, together with the SEACEN Centre and WWF Singapore conducted the Second Asia Pacific Central Bank Sustainability Survey, the results of which will be published in the Bank for International Settlements IFC Bulletin.

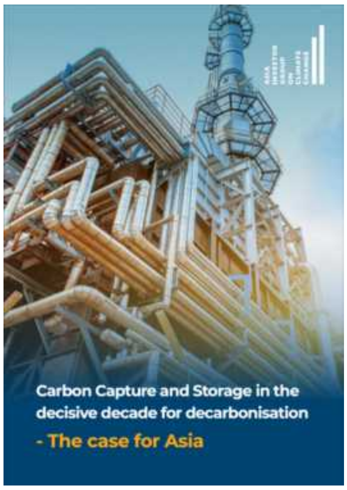
In 2021, SOAS also continued a Sustainable Crisis Responses project together with partners E3G, the SEACEN Centre, and the Bennett Institute for Public Policy at University of Cambridge. This project brought together leading thinkers and policymakers to map the fast-moving landscape of COVID-19 crisis responses and identify what next steps might help to build a sustainable and resilient economy that considers the socio-economic situations and needs of citizens. The project focuses on crisis responses in Europe, North America and Asia. It received support from the ClimateWorks Foundation and INSPIRE – the International Network for Sustainable Financial Policy Insights, Research and Exchange – to feed into the work of the Central Banks and Supervisors Network for Greening the Financial System (NGFS).

LATEST RESOURCES ON ASFI KNOWLEDGE HUB

To access the latest reports and resources, visit the ASFI Knowledge Hub visit kh@asfi.asia.

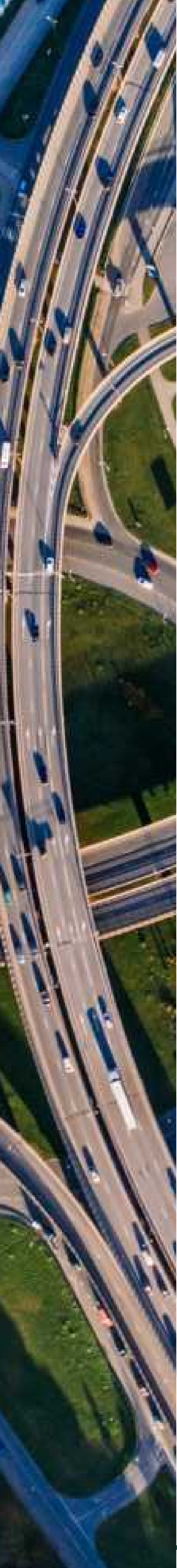






ASFI 2022

The Year Ahead



ASFI EVENTS IN 2022

13 Jan

Exploring the Barriers to Climate Impact: A Way Forward for Financial Institutions in Asia

Register here.

13-14 Jan

Measuring Portfolio Alignment to Climate Scenarios and Climate Transition Stress Testing

For Day 1, register here.
For Day 2, register here.

18 Jan

Alternative Protein & ESG: Impact and Opportunities for Financial Institutions

Register here.

Jan

Launch of SUSBA 2021 Assessment Report

Feb

Launch of RESPOND 2021 Assessment Report

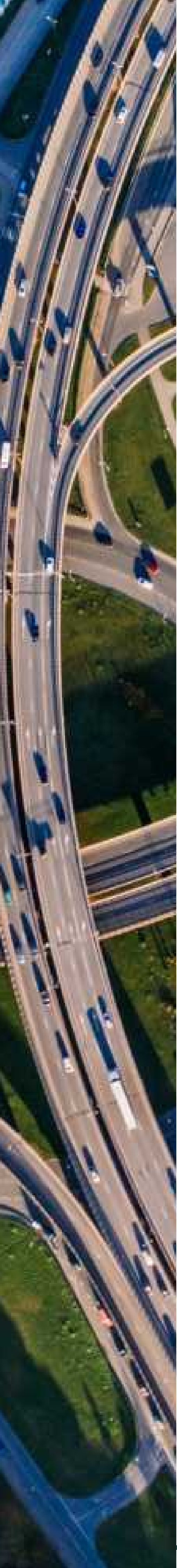
Feb

ESG Integration in Public Infrastructure Finance in APAC

Jun

Launch of WWF Private Banking Framework

For all upcoming events, visit https://www.asfi.asia/upcoming-events.



CONCLUDING REMARKS

The level of sustainable finance today, especially in private finance, remains far from where we need it to be. But the pandemic has inspired hope in the ability of individuals, businesses and governments to come together, engage and to make unprecedented structural change.

2021 saw the passing of Article 6 at COP26, harmonisation of notable international standards, and collective action amongst not just governments but also non-governmental actors like financial institutions, cities and academic institutions. In addition, 2021 saw due attention finally being accorded to the accelerating nature and biodiversity loss. Several high-level events across the year saw encouraging commitments from world leaders to reverse nature loss in this decade.

2022 must be the year where we commit to building back better. Our future economies must serve to provide quality jobs, foreground equity and inclusion, and strengthen resilience, while combating both climate change and biodiversity loss. We cannot afford to return to the outmoded and unsustainable models of growth at all costs.

With Asia Pacific being the epicentre of both the climate and biodiversity crisis, this reality is even more pertinent for the region. At ASFI, we look forward to working with more financial institutions and governments within the region to ensure that financial decisions are aligned with and support a low-carbon, climate-resilient and nature-positive economy across capital markets. We are hopeful that our multilateral, multi-stakeholder approach is the way to go for a sustainable, inclusive and just future in Asia and beyond.

We welcome you to get in touch with us to learn more about how you can get involved or how you can benefit from ASFI.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GLOSSARY

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Abbreviation	Definition
2DII	2° Investing Initiative
ACGF	ASEAN Catalytic Green Finance facility
ADB	Asian Development Bank
ADFIAP	Association of Development Financing Institutions in Asia and the Pacific
ASEAN	Association of Southeast Asian Nations
ASFI	Asia Sustainable Finance Initiative
AUM	Assets under management
CDP	Carbon Disclosure Project (formerly)
CIX	Climate Impact X
COP15	2020 United Nations Biodiversity Conference
COP26	2021 United Nations Climate Change Conference
DFI	Development finance institution
ESG	Environmental, social, and governance
E&S	Environmental and social
EU	European Union
FI	Financial institution
G7	Group of Seven
G20	Group of Twenty
GFANZ	Glasgow Financial Alliance for Net Zero
GFRi	Greening Financial Regulation Initiative
GRESB	Global Real Estate Sustainability Benchmark
GRI	Global Reporting Initiative
GtCO2	Gigatonnes of carbon dioxide
ISSB	International Sustainability Standards Board
IUCN	International Union for Conservation of Nature
KP	Knowledge partner
NBS	Nature-based Solutions
NDC	Nationally Determined Contributions
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
PACTA	Paris Agreement Capital Transition Assessment
PB	Private banking
PRI	Principles for Responsible Investment
RESPOND	Resilient Portfolios that Protect Natural Capital and Drive Decarbonisation
RI	Responsible Investment
SASB	Sustainability Accounting Standards Board
SBT	Science Based Targets
SBTi	Science Based Targets Initiative
SDGs	Sustainable Development Goals
SG	Singapore
SUSBA	Sustainable Banking Assessment
SUSREG	Sustainable Financial Regulations and Central Bank Activities
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UK	United Kingdom
UN	United Nations
UNEP FI	United Nations Environment Programme Finance Initiative
US/ USA	United States of America
VCM	Voluntary carbon market
VRF	Value Reporting Foundation
WEF	World Economic Forum

About ASFI

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The Asia Sustainable Finance Initiative (ASFI) is a multi-stakeholder forum, established by WWF-Singapore in 2019 that aims to harness and amplify the power of the finance sector to create low-carbon, climate resilient economies, that deliver on the Sustainable Development Goals (SDGs) and the Paris Agreement. This will ensure that economic and social development is achieved while preserving the natural capital that all societies depend on, and support the urgent transition to sustainable food, energy, transport, and infrastructure systems.

Based in Singapore, ASFI brings together global industry, academic, and science-based resources to support financial institutions (FIs) in the region to implement Environmental, Social, and Governance (ESG) best practices. As Singapore is a conduit for financial flows into Asia, the lending and investment decisions taken by FIs locally will have a significant impact on the region's contribution to climate action and resilience aligned with the Paris Agreement goal of keeping global warming to within 1.5˚C above pre-industrial levels.

Knowledge Partners

ASFI's Knowledge Partners are at the cutting-edge of their respective fields in sustainability and sustainable finance, and represent academia, industry, and science-based organisations. Together, the expertise, tools, and resources of these organisations support FIs operating in Asia to stay ahead of the curve in the fast-developing sustainable finance landscape, and to proactively address emerging risks and opportunities.

Advisory Group

The ASFI Advisory Group consists of Singapore-based finance sector industry associations who provide strategic guidance on industry priorities and developments to ensure ASFI meets the needs of capital markets.

Secretariat

WWF-Singapore will act as ASFI's Secretariat, encouraging and coordinating collaboration between all partners.

USEFUL CONTACTS

WWF Singapore, Sustainable Finance incubated and acts as ASFI's Secretariat, encouraging and coordinating cooperation between all partners.

We collaborate with banks, investors, regulators and stock exchanges to integrate ESG into mainstream finance and create a resilient financial system that supports the global sustainable development agenda. Work with us to harness the finance sector's collective power to create resilient and sustainable economies.

Website: www.wwf.sg/sustainable_finance
Contact: sustainablefinance@wwf.sg

The Asia Investor Group on Climate Change (AIGCC) is an initiative to create awareness and encourage action among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing. AIGCC provides capacity for investors to share best practice and to collaborate on investment activity, credit analysis, risk management, engagement and policy.

Website: www.aigcc.net

ADFIAP is the focal point of all development banks and other financial institutions engaged in the financing of development in the Asia-Pacific region. Its mission is to advance sustainable development through its members. Founded in 1976, ADFIAP has currently 87 member-institutions in 36 countries. The Asian Development Bank is a Special Member of the Association.

Website: www.adfiap.org
Contact: inquiries@adfiap.org

CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Over the past 20 years we have created a system that has resulted in unparalleled engagement on environmental issues worldwide.

Website: www.cdp.net/en
Contact: hk.sea@cdp.net

SOAS University of London is the leading Higher Education institution in Europe specialising in the study of Asia, Africa and the Near and Middle East. SOAS is a remarkable institution. With our vast repository of knowledge and expertise on our specialist regions, we are uniquely placed to inform and shape current thinking about the economic, political, cultural, security and religious challenges of our world. Our programmes are taught by respected academics engaged in fieldwork and research which influences government policy and the lives of individuals across the globe.

Website: www.soas.ac.uk
Contact: info@soas.ac.uk

Climate Bonds Initiative is an international organisation working solely to mobilise the largest capital market of all, the $100 trillion bond market, for climate change solutions. We promote investment in projects and assets necessary for a rapid transition to a low carbon and climate resilient economy.

Website: www.climatebonds.net
Contact: cedric.rimaud@climatebonds.net

EDHEC*infra*, a venture of the renowned international EDHEC Business School, is an index data, benchmarks, analytics, and research provider for investors in the unlisted infrastructure universe. We have built the largest, most representative database of underlying infrastructure investments in the world.

Website: edhec.infrastructure.institute
Contact: sales@edhecinfra.com

Global Canopy is a data-driven think tank that targets the market forces destroying nature. We do this by providing innovative open-access data, clear metrics, and actionable insights to leading companies, financial institutions, governments and campaigning organisations worldwide. Our vision is of transparent and accountable markets that contribute to a more sustainable and equitable global economy.

Website: globalcanopy.org
Contact: info@globalcanopy.org

The 2° Investing Initiative (2DII) is an international, non-profit think tank working to align financial markets and regulations with the Paris Agreement goals. Globally focused with offices in Paris, New York, Berlin, London, and Brussels, 2DII coordinates some of the world's largest research projects on climate metrics in financial markets.

Website: 2degrees-investing.org
Contact: contact@2degrees-investing.org

The Centre for Governance and Sustainability (CGS), was established by the National University of Singapore (NUS) Business School in 2010. It aims to spearhead relevant and high-impact research on corporate governance (CG) and corporate sustainability (CS) issues that are pertinent to institutions, government bodies and businesses both in Singapore and Asia.

Website: bschool.nus.edu.sg/cgs
Contact: cgs@nus.edu.sg

OMFIF - the Official Monetary and Financial Institutions Forum - is an independent think tank for central banking, economic policy and public investment. A neutral platform for best practice in worldwide public-private sector exchanges.

Website: www.omfif.org
Contact: asia@omfif.org

SASB connects businesses and investors on the financial impacts of sustainability. SASB's mission is to help businesses around the world identify, manage and report on the sustainability topics that matter most to their investors.

Website: www.sasb.org
Contact: info@sasb.org

Sustainable Finance Programme at Oxford University is a world-leading centre for research and teaching. Established in 2012 we work to align finance with sustainability. The centre is multidisciplinary and works globally across asset classes, finance professions, and with different parts of the financial system.

Website: www.smithschool.ox.ac.uk/research/sustainable-finance
Contact: enquiries@smithschool.ox.ac.uk

United Nations Environment Programme Finance Initiative (UNEP FI) is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. UNEP FI works with more than 350 members – banks, insurers, and investors – and over 100 supporting institutions – to help create a financial sector that serves people and planet while delivering positive impacts.

Website: www.unepfi.org
Contact: yuki.yasui@un.org

WRI is a global research organization that spans more than 60 countries. Our more than 1,000 experts and staff work closely with leaders to turn big ideas into action to sustain our natural resources —the foundation of economic opportunity and human well-being. Our work focuses on seven critical issues at the intersection of environment and development: climate, energy, food, forests, water, cities and the ocean.

Website: www.wri.org

contact@asfi.asia | www.asfi.asia