

The New Geography of Taxonomies



Webinars

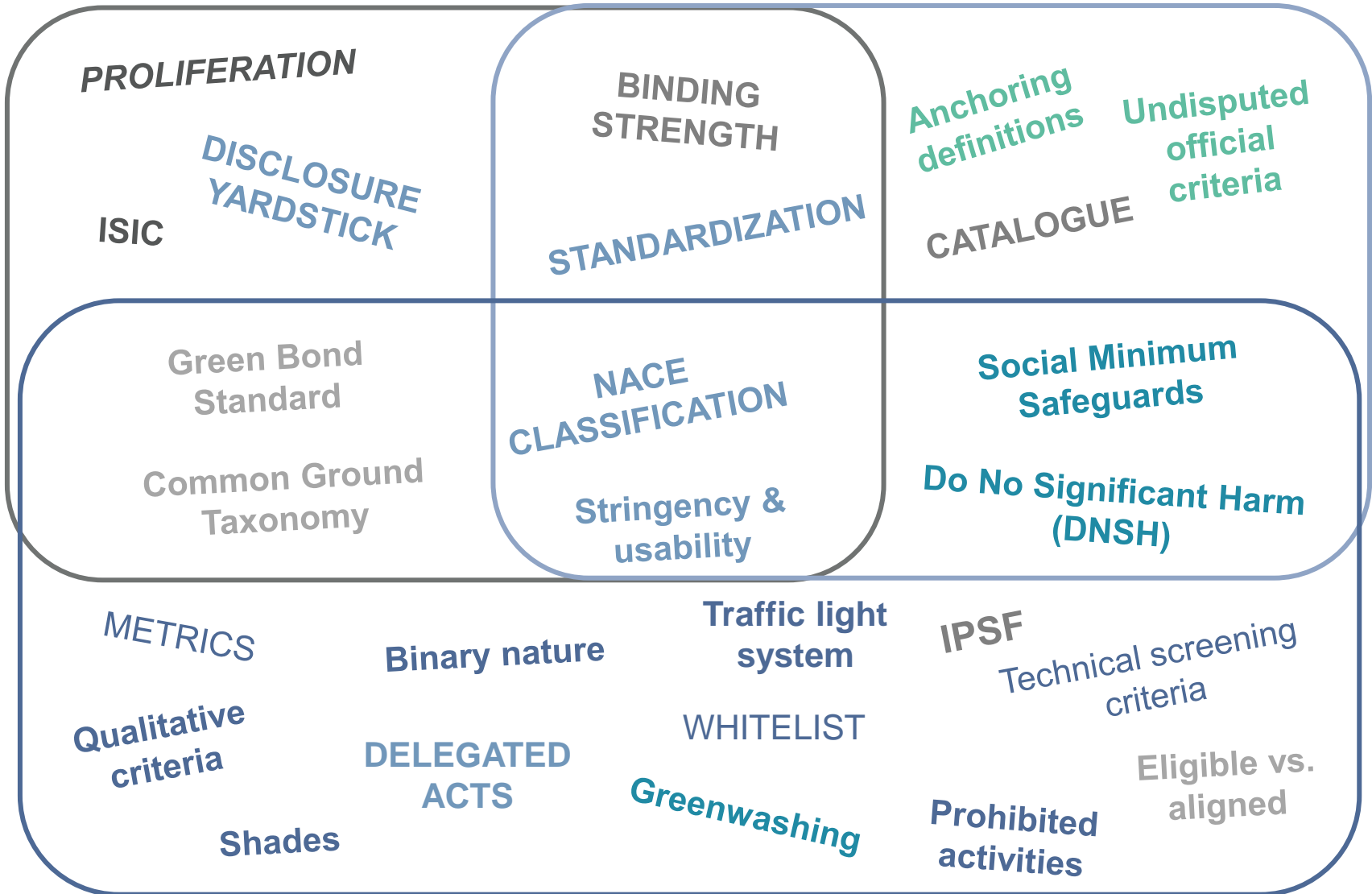
November 18th, 2021

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- **Garnik Gondjian**, Former Apprentice & Infrastructure Project Finance Student
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Taxonomies have been popping up all around the world. Over 20 jurisdictions are attempting to define green, transition or social activities. Nonetheless, major discrepancies in use-cases, sectoral coverage and criteria still linger. Market participants struggle to cope with such a proliferation. The EU and China have joined forces to enhance comparability through the recent release of a “Common Ground Taxonomy”.

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Taxonomy headaches



Our continued work & coverage on Taxonomies



TEG 101 - EU Taxonomy of sustainable activities

[>> Read](#)

EU Sustainable Finance Action Plan

Find out more on our Website:

<https://gsh.cib.natixis.com/our-center-of-expertise>



As the global landscape of Taxonomies has developed, we have enlarged our scope of work on Taxonomies...



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The New Geography of Taxonomies

📅 04 Oct 2021 📍 Center of Expertise and Innovation

📁 Flagship reports

In the field of sustainable finance, guidelines and standards are the bedrock of product design and market integrity. Private investing and funding strategies need anchoring definitions and undispu...


[Read more...](#)

Our new Flagship Report

The New Geography of Taxonomy (November update)

LAYOUT OF OUR STUDY

(80 pages)

- 
- EXECUTIVE SUMMARY
 - I. CURRENT LANDSCAPE
 - II. THE ABC OF TAXONOMIES
 - III. TAXONOMIES' DEVELOPMENT STATUS
 - IV. STATED GOALS & USE-CASES
 - V. SECTORS COVERED & TYPOLOGY OF CRITERIA
 - VI. CASE STUDIES
 - VII. FOCUS ON SOCIAL TAXONOMIES



The early stages of an irreversible trend

A topic that “matters”



- Taxonomies serve as the **bedrock of many sustainable finance regulations** but also public policies, stimulus plan, prudential supporting factor, etc
- Their development is **fraught with political pressure or economic lobbying** (e.g., intense debates on gas, nuclear, GMO, clean coal, biofuels, etc.)

- **Environmental and pure green Taxonomies are the most common**
- **But social and transition Taxonomies are gaining momentum.**
- The **EU’s Taxonomy** is the **most comprehensive and granular one**
- Above all, it is **the basis of an entire ecosystem of use-cases, regulations and schemes** (compulsory disclosure, labels, public procurement, prudential changes).

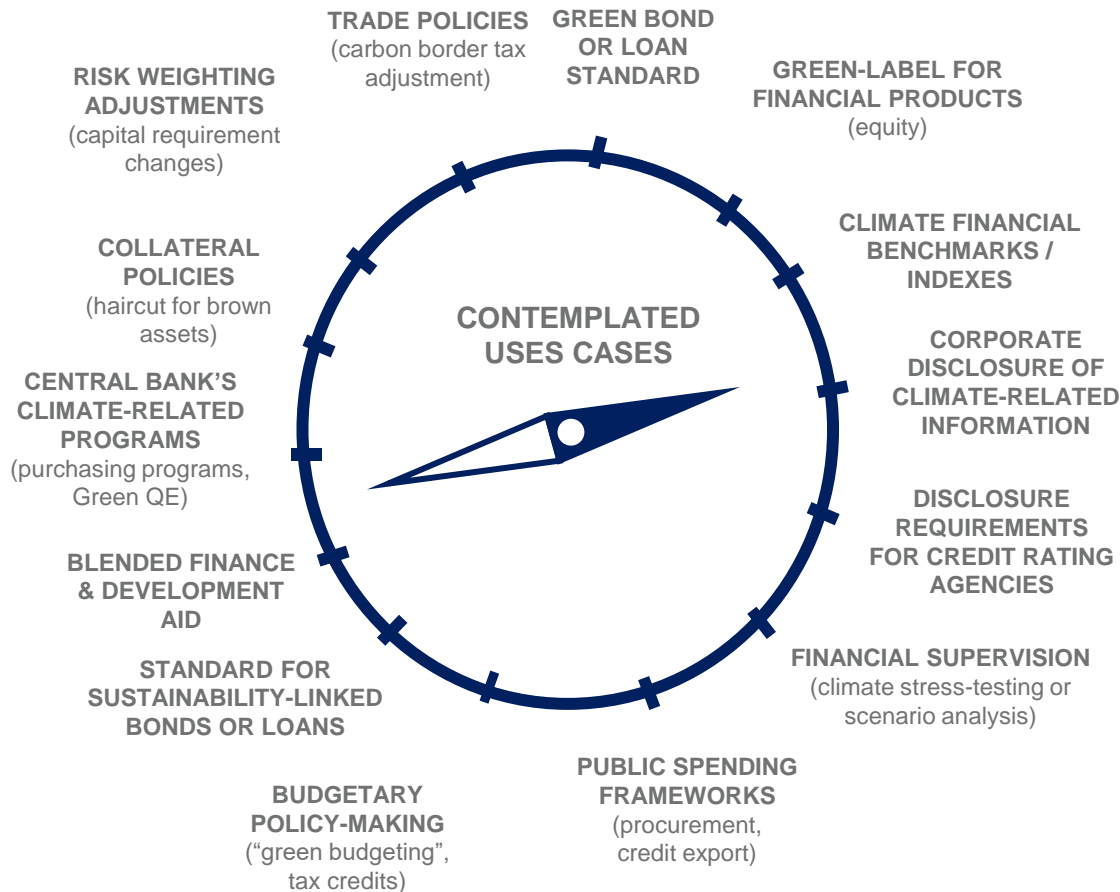
A global benchmark

Trends & opportunities

- **Many countries adapt the EU Taxonomy criteria to their needs.**
- Others develop their **proprietary classifications** to assert themselves as sustainable finance forerunners (e.g., UK, Singapore) or to **lead technical criteria development in specific sectors** (e.g., Chile in the mining industry).
- **Coordinating and harmonizing Taxonomies** is both a challenge and a necessity
- Taxonomy alignment disclosure should **not be perceived as a reporting burden** but as a **tool to steer companies’ business model transition.**

The variety of use-cases is astonishing

Taxonomies are rarely standalone documents, but the linchpin of entire ecosystems of laws & incentives



1 For the time being, Taxonomies primarily underpin voluntary standards on Green Bonds issuances

Apart from labels on dedicated and specific financial products, disclosure against Taxonomy criteria is the most common use case. Such reporting is mandatory solely in the EU.

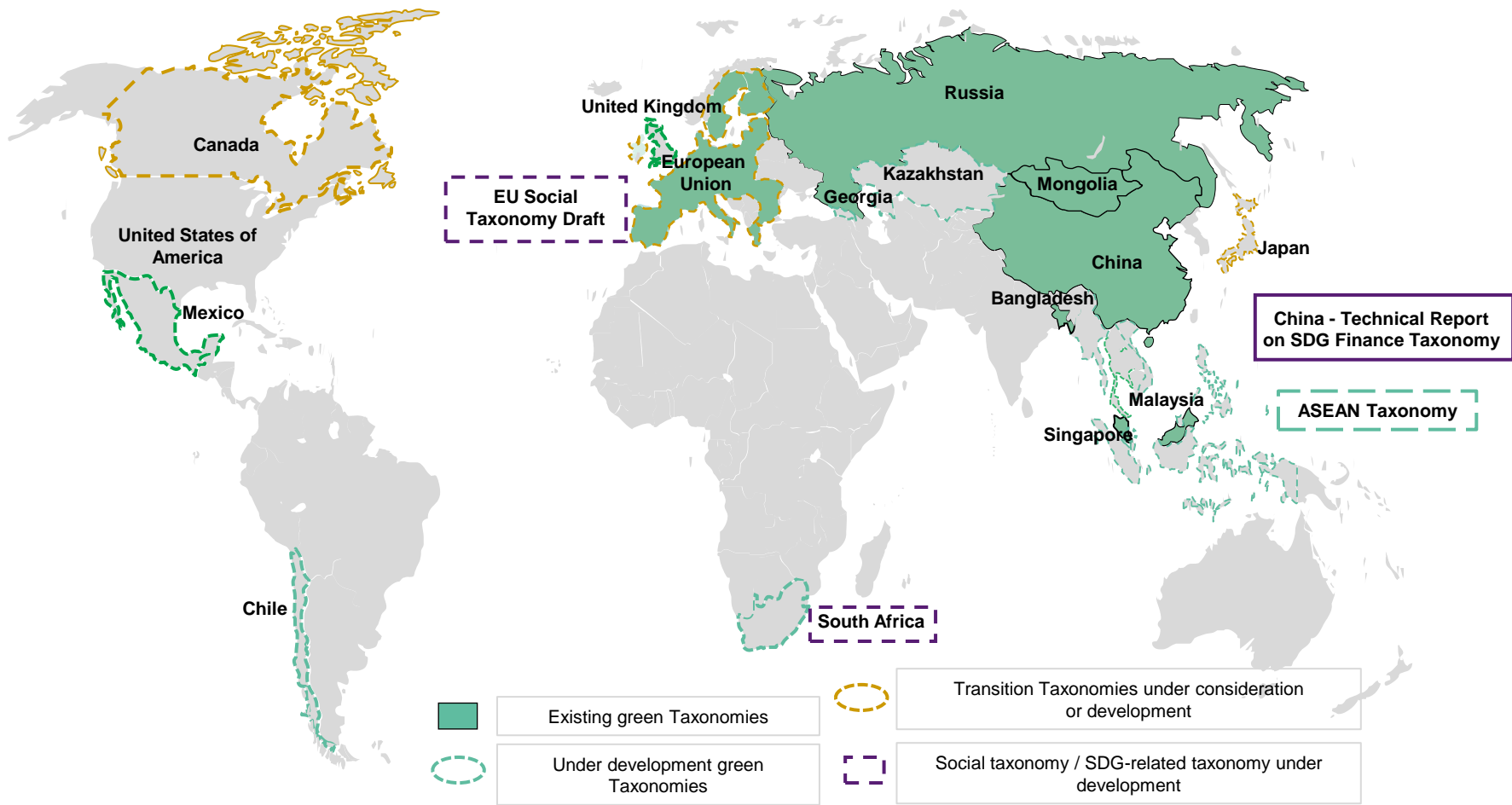
2 In a near future, marketing a financial product or service allegedly green or sustainable within a jurisdiction without referring to its national Taxonomy is likely to be dissuaded or forbidden.

3 Use-cases **beyond mere transparency with direct material financial consequences** are in the making (taxonomy-titled monetary or prudential policies).

Such unfolding largely depends on the **usability and reliability of the classifications**, on the acceptance and penetration of these classifications in market participants operational processes (alignment data availability)

A Global Phenomenon

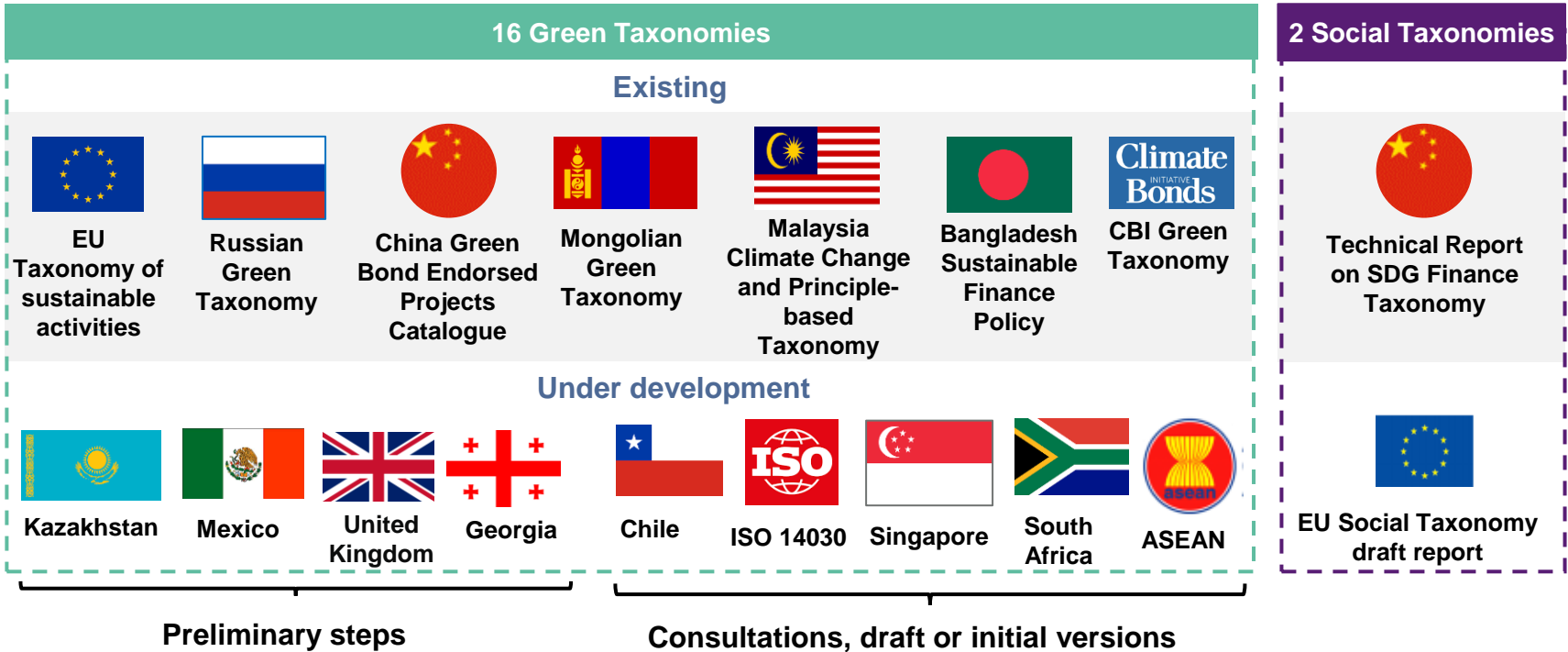
Map | Overview of existing and under development sustainable finance classifications of activities



This study was mostly conducted in the first half of 2021. Numerous other initiatives have emerged since then and announcements keep growing. Therefore, a number of taxonomies projects are not covered in this study, or not in details. For instance, the Korean Taxonomies, but also initiatives from Sri Lanka, Indonesia, Vietnam, Philippines, Thailand, Colombia or New Zealand.

The Taxonomy global standard-setting race

Our benchmark sample



Taxonomy influence scorecard

COMPREHENSIVENESS	Sectorial span, amount of GHG emissions covered, number of activities reviewed, sub-categories granularity
+	
SOPHISTICATION	Criteria refinement (e.g., mere qualitative and aspirational criteria such as “eco-friendliness”, whitelist, principles-based guidelines, quantitative thresholds) ; existence of intermediary levels, cumulative set of conditions, ESG safeguards
+	
USABILITY	Nature and complexity of the demonstration and verification process, data inputs required
+	
STRINGENCY	Ambition level of the criteria (easiness to achieve)
+	
OPENNESS	Recipients or end-users' involvement at different life stages (advisory groups, public consultation, grievance mechanisms, criteria updates)

The overall acceptance and legitimacy of a Taxonomy

X

The economic weight of the Taxonomy's jurisdiction and the role played by its currency and law in international business affairs (extra-territorial effects)

=

The global influence of one jurisdiction's Taxonomy

Our Taxonomy analysis grid

We benchmarked Taxonomies based on their progress status (life stage), their explicit goals and purposes, the sustainability objectives they addressed, their sectorial coverage, and the typology of criteria (incl. ESG negative screening criteria).

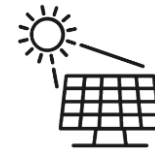
CRITERIA	DESCRIPTION AND/OR EXAMPLES
1. Progress status	<ul style="list-style-type: none"> • Rumors, official statements, sustainable finance roadmaps, draft, consultation, final version, adoption & implementation • Authors & contributors
2. Stated goals & use-cases	<ul style="list-style-type: none"> • Political motives, priorities & constraints • Primary users targeted (issuers, investors) • Objectives/ To combat greenwashing, improve disclosure, reduce market fragmentation, help monitoring progress, equip companies with guidance, greening public policies (climate conditionality), touch upon financial regulation or supervision
3. Sustainable objectives addressed	<ul style="list-style-type: none"> • Geographic & economic context (carbon budget, pollution and/or biodiversity erosion issues). • Environmental goals labelling (discrepancies from a Taxonomy to another hindering comparisons). • Purpose: defining significant contribution and/or significant harm (ex: “socially beneficial activities”) or even transition criteria.
4. Sectors covered	<ul style="list-style-type: none"> • The coverage (wideness & granularity) • Number of activities tackled. • Economic nomenclatures • Purely green activities, <i>intermediate</i> levels of greenness, fossil fuels and/or brown assets
5. Typology of criteria	<ul style="list-style-type: none"> • Criteria nature (international standards and definitions, national norms or regulations, relative or absolute performance of products, services, activities, etc. • ESG negative screening/Minimum Safeguards. • The ambition/stringency

Types of criteria used

Three main categories

I.

The very nature of the product or technology used



II.

Its relative (compared to a baseline) and / or absolute performance (thresholds).



Power generation < 100gCO₂e/kWh.



III.

The respect of norms or standards*








Green building certifications: LEED, EDGE, BREEAM, CASBEE, GRIHA*

*LEED: Leadership in Energy and Environmental Design; BREEAM: Building Research Establishment Environmental Assessment Method; USGBC: U.S. Green Building Council; CASBEE: Comprehensive Assessment System for Built Environment Efficiency; GRIHA: Green Rating for Integrated Habitat Assessment

Benchmarking criteria nature

Typology of criteria used by each taxonomy

					
Criteria type	European Union	China	CBI Taxonomy	Russia	Mongolia
Nature of product or technology	✓	✓	✓	✓	✓
Examples	Construction or operation of electricity generation facilities that produce electricity from wind power	Construction and operation of rainwater collection, treatment and utilization facilities.	Zero direct emissions miscellaneous vehicles such as waste collection vehicles or construction vehicles	Construction of waste-to-energy facilities for Small Mixed Electrical Waste Urban freight transport services by road	Heat pumps using soil, water, and air gradients
Relative or absolute performance	✓	✗	✓	✓	✓
Examples	Life-cycle GHG emissions from the generation of electricity using renewable gaseous and liquid fuels are lower than 100gCO ₂ e/kWh.	The taxonomy specifies it relies on the Chinese green bond Catalogue	Electricity generation facilities with less than 100gCO ₂ /kWh of direct emissions	Hydrogen fuels with NO _x emissions less than 250 mg/m ³	Low pollution energy to minimum 80% pollution (PM _{2.5}) reduction compared to coal baseline
Respect of norms or standards	✓	✓	✗	✓	✓
Examples	Buildings: light sources rated in the highest two classes of energy efficiency in accordance with Regulation (EU) 2017/1369	Agriculture: the product itself and its production process must comply with the national standard Organic Products		Construction of green buildings and facilities: Compliance with one or more green standards prepared in accordance with Federal Law No. 162-FZ	Construction of new green buildings compliant to [with] certifications such as LEED, EDGE, BREEAM

NB: The Malaysian taxonomy is a principles-based taxonomy serving as a guide for financial institutions but there is no criteria assessing eligibility to the taxonomy or contribution to sustainability objectives.

“Shaded” Taxonomy mechanisms

Chart | EU SF Platform’s suggested types of transition between levels

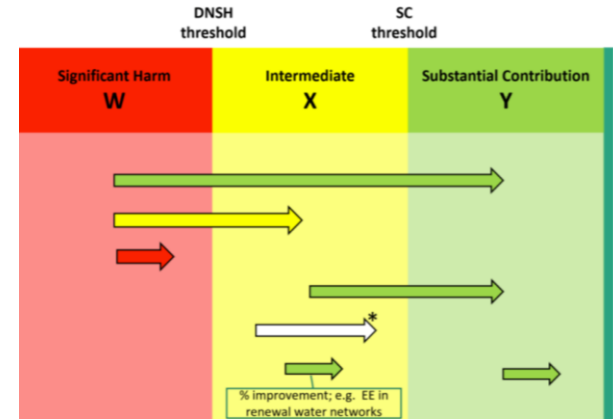


Chart | BRI Project Classification methodology

A 3-color method is proposed (Traffic light system) based on environmental impacts of the projects:

- **Green** (encouraged projects, positive list)
- **Yellow** (neutral projects)
- **Red** (require stricter supervision and regulation, negative list)

Chart | ASEAN’s multi-tiered Taxonomy

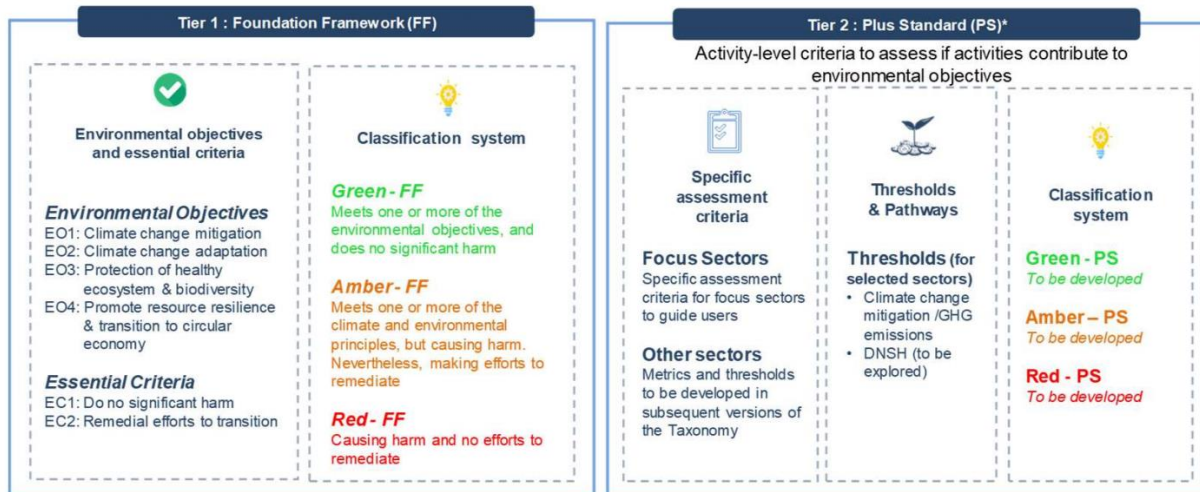


Chart | Green Finance Industry Taskforce’s Traffic Light System Proposal (Singapore’s Taxonomy)

- **Green** (clearly aligned)
- **yellow** (activities / companies with quantifiable and time-bound pathways towards either green or significant decarbonization)
- **red** (activities /companies that are carbon intensive and where viable alternatives exist and that fail to meet the criterial of ‘do no significant harm)

Sectorial or technological trends




Examples of activities that are included, excluded and covered in most Sustainable Finance Taxonomies



Based on the nature of the technology used

Sectors or activities	Type of alignment	Comments
<ul style="list-style-type: none"> Renewable energy Electric mobility Public mobility 	Recurrently included in Taxonomies with little caveats	Life Cycle Analysis (LCA) are not required (despite legitimate concerns, but simplicity prevails), a few Do No Significant Harm (DNSH) criteria exist especially for biomass/biofuels, geothermal, hydropower and public transport.
<ul style="list-style-type: none"> Fossil fuel extraction, transport & distribution Thermal power plants Coal related activities Forest and land exploitation on protected areas Internal combustion engine (ICE) vehicles 	Often excluded from Taxonomies	<p>The Russian Taxonomy considers eligible projects increasing efficiency and reduction in harmful emissions of thermal power plants.</p> <p>Hybrid vehicles are in general not excluded.</p>

Based on relative or absolute performance and / or non-climate objectives

<ul style="list-style-type: none"> Energy efficiency “Green” buildings and construction Sustainable agriculture, land use, forestry and biodiversity measures Heavy industries (cement, steel, aluminum) 	Whose alignment/eligibility is determined on the basis of relative levels of performance	Quantitative performance criteria (quantitative or qualitative) are set in the CBI, EU, Mongolian Taxonomies. Agriculture and land use are assessed according to location, maintenance of the ecosystem and protected areas.
<ul style="list-style-type: none"> Gas heating and power generation Nuclear energy Large-scale hydro Industrialized agriculture 	With discrepant criteria due to their ambivalent impacts and social/political sensitivity	Gas related activities or products (including gas-fueled vehicles) tend not to be excluded from Taxonomies due to its lower emission intensity compared to coal. Nuclear energy is included in the Chinese and CBI Taxonomies.
<ul style="list-style-type: none"> Metals & mining Air & maritime transport 	Absent despite their economic and emission sheer weight	Criteria for air and maritime transport is lacking as well as for mining, which is rarely assessed against its impact on water and soil pollution.

The EU-China Common Ground Taxonomy (1/4)



A long-awaited and important international cooperation output

- In July 2020, the EU and China initiated a Working Group within the International Platform on Sustainable Finance (IPSF) to undertake a **technical comparison of the taxonomies from the two jurisdictions**.
- On 4th November 2021, the Working Group released its **first phase report: the IPSF Common Ground Taxonomy (CGT)***.
- This document also aims at enhancing worldwide **comparability and interoperability** of sustainable finance standards.

Objectives and use-cases of CGT

Objectives:



- Identifying commonalities and differences in EU and China's taxonomies on climate change mitigation criteria, it does not aim to be formally or legally endorsed by any IPSF member jurisdictions
- Target to provide a generic methodology for benchmarking taxonomies, but not to propose a 'common' or 'single' taxonomy nor a standard
- Provide analytical tools or reference (guidance) for other jurisdictions when developing their own taxonomies

Primary users of the CGT:



- Mostly Chinese and European Green bond issuers and verifiers
- Various entities, including banks and financial institutions
- Jurisdictions such as national governments or regional bodies looking for toolkits or guidance to develop their own taxonomy

CGT Environmental Objective (scope of analysis):

Climate Change mitigation

*November 2021 Deliverables

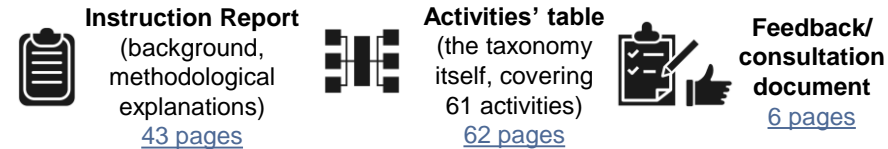
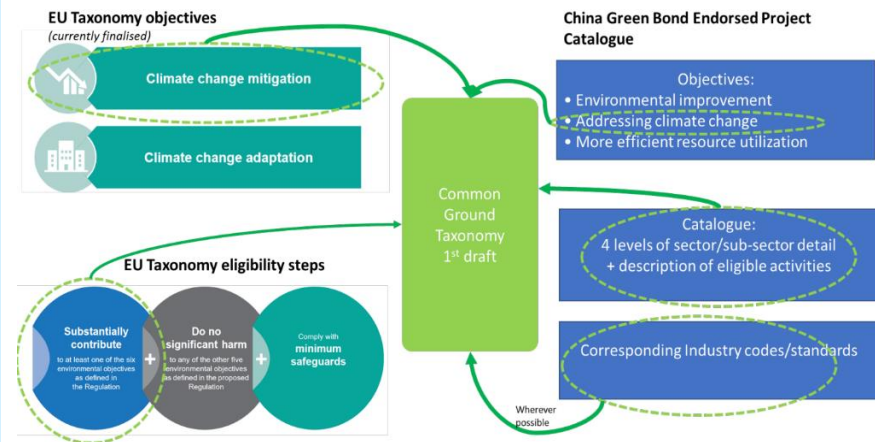


Chart | Scope of comparison



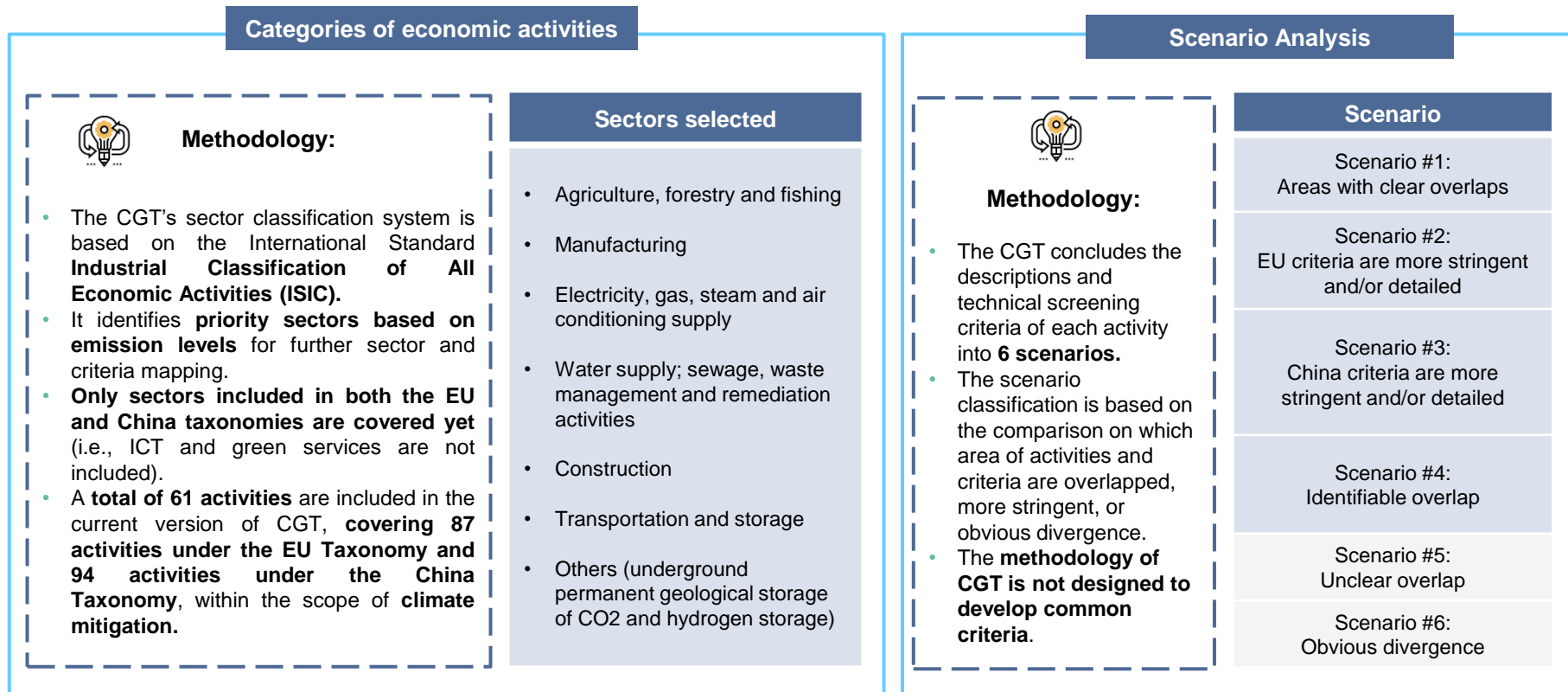
Source: *Ibid.* IPSF, [Instruction report](#), November 2021

The EU-China Common Ground Taxonomy (2/4)



Section mapping and scenario methodologies

The Common Ground Taxonomy benchmarks at a **neutral code for macro-sector classification** and uses a “**scenario analysis approach**” to evaluate the detailed descriptions and technical screening criteria of each activity and ascribe them with 6 scenarios.



The EU-China Common Ground Taxonomy (3/4)



Example of scenarios

Scenario 2: EU criteria are more stringent

CGT Number and Activity Name	E2.2 Recycling non-hazardous waste
Description	Construction and operation of facilities for the sorting and processing of separately collected non-hazardous waste streams into secondary raw materials involving mechanical reprocessing, except for backfilling purposes.
Substantial contribution criteria (EU one)	At least 50% of the weight of collected materials is converted into secondary raw materials
Additional notes	The China activity that overlaps with but is broader than the specified scope includes: 1.5.2.2 Recycling of waste and discarded resources
Scenario selected and explanations Overlap scenario	<p>Scenario #2 EU criteria are more stringent</p> <p>Explanations:</p> <ul style="list-style-type: none"> The EU taxonomy set weight percentage threshold for waste recycling, whereas China's taxonomy does not have such threshold, nor specifies qualitative stricter activities features. EU criteria are shown above and is more stringent in terms of screening criteria.

We have been adding explanations or clarifications that we would consider as helpful for CGT users and adding usability (track changes on the original text).

Natixis

The source of the description should be mentioned, i.e. whether it is a copy/paste of the EU taxonomy, of the Chinese Catalogue, or a mix of both.

Natixis

Stringency in terms of activities covered (scope and sector granularity) and in terms of criteria must be differentiated and explained.

Natixis' view on the CGT



The CGT is very much welcome; however, the usability is limited for the moment with several of its shortcomings:

- Explanations are not provided on the scenario chosen (absence of justifications), readers must "blindly trust" the text without disclosure about the underlying information and specific criteria leading to pick a scenario rather than another
- Overlap in terms of activity or sector perimeter and overlap regarding criteria should be distinguished
- Stringency and granularity are mixed up while they should not

Suggested layout

CGT Number and Activity Name

Description and its source

Scenario selected

Substantial contribution criteria

Explanations

Additional notes

Source: IPSF, [International Platform on Sustainable Finance on Common Ground Taxonomy Table](#), November 2021

The EU-China Common Ground Taxonomy (4/4)



Next steps

- Public consultation ([available here](#)) until 4 January 2022.
- As emphasized in the Common Ground Taxonomy Instruction Report, the working group compared only some features of the EU and China taxonomies for the first phase, other missing parts are planned to be incorporated into future work.

Envisioned Extensions

- ❑ **Additional sectors:** The current CGT only covers the sectors that significantly contribute to the GHG emissions to both jurisdictions, other enabling sectors such as ICT and services will be considered for future iteration of work.
- ❑ **Additional environmental objectives:** In the next step, the working group will put forward additional environmental objectives, map and assess corresponding criteria in the two taxonomies.
- ❑ **Transition considerations:** The working group will work to evolve more transition considerations and activities, to enable the transition of high emissions activities.
- ❑ **New areas of alignment** in existing activities where mapping alignment was challenging, and more research work needed to understand possible commonalities. The working group assessed 80 activities in total, there are 19 of them are still pending for further analysis.
- ❑ **Other eligible features:** features such as DNSH and minimum safeguards would be considered in the future stage to strengthen the comparability and interoperability.
- ❑ **Other jurisdictions:** Other finalized taxonomies could be added to the current analysis.



The Hong Kong Monetary Authority (HKMA) intends to take the Common Ground Taxonomy as reference to design its tailored sustainable finance taxonomy according to its own economic structure. By referring to the common ground taxonomy, Honk Kong is expecting to participate more actively to the international green capital flows.

Mongolian Green Taxonomy (1/2)

[Click here to access document online](#)

Progress status and description of the Mongolian Taxonomy

Published in
December
2019

The Mongolian Green Taxonomy has been approved by the **Financial Stability Commission of Mongolia** in December 2019 after having been developed by the **Mongolian Sustainable Finance Association**, the Tsinghua's University Center of Finance & Development and the **IFC**. The **Ministry of Environment and Tourism** participated in this document's implementation. The Mongolian taxonomy is one of the few existing and finalized taxonomy. Its criteria are set to evolve every 3 to 5 years.

Stated goals and use-cases of the taxonomy

Specific objectives

- Provide market players with a **common understanding and approach to identify, develop and finance green projects**.
- **Support investors' confidence to finance green projects** and mitigate the risk of "greenwashing".
- **Boost green finance flows** from various sources including the private sector, international financial institutions, and foreign investors.
- Track private sector investments in green projects and **measure the impact contribution to Mongolia's green development** and climate change related policies and targets.
- Inform and help **shape national policies** and regulations on green finance that will boost the market development of green opportunities

Primary users

- Financial institutions: banks, Non-bank financial institutions(NBFIs), mortgage corporations, institutional investors, credit guarantee funds, insurance companies
- Bond issuers: corporate, municipal, government
- Industry: corporate, SMEs, start-ups, and other types of project developers
- Verification and standard setting companies
- Policy makers

Financial instruments

- Corporate lending, consumer lending, project finance, SME finance, green bonds, equity investment, insurance, credit guarantee, grants, financial advisory and technical assistance

Developed by a Professional association



Green taxonomy



Final document



MONGOLIA

Environmental goals of the Taxonomy

- Climate change mitigation and adaptation
- Pollution
- Resource conservation
- Livelihood improvement

Categories of economic activity covered

1. Renewable energy
2. Energy Efficiency
3. Green Building
4. Low pollution energy, pollution prevention & control
5. Sustainable water & water use
6. Sustainable agriculture, land use, forestry, biodiversity conservation & ecotourism
7. Clean transport

Mongolian Green Taxonomy (2/2)

[Click here to access document online](#)

Framework & principles

Principle 1: Contribute to national policies and targets

The taxonomy refers to key reference policy targets with quantitative objectives for every category / sector it covers in a separate page (see extract on the right).

Principle 2: Environmental challenges Mongolia's key environmental challenges should be addressed

i) climate change mitigation and adaptation; ii) pollution; iii) resource conservation iv) livelihood improvement.

Principle 3: Cover high-emitting, key economic sectors

The taxonomy should cover the highest emitting sectors in the economy as well as contribute to the transition of key economic sectors into sustainable ones.


Principle 4: Align with international standards and good practices. In the absence of commonly agreed local standards, the taxonomy should reference international standards and best practices. (See threshold on the extract)

Principle 5: Comply with ESG standards & Minimum environmental and social risk management regulations and standards

The Taxonomy does not refer to social minimum safeguards.

Principle 6: Continues review and development.


The taxonomy will require continues review and update based on policy shifts, scientific developments, technological changes, and new industry needs.

Sub-category	Technologies	Example
 8.1 Low carbon vehicles	8.1.1 Low carbon vehicles purchase	Low carbon vehicles purchase, including electric vehicles, hydrogen vehicles, hybrid vehicles
	8.1.2 Low carbon vehicles manufacturing supply chain facilities	Dedicated manufacturing facilities for vehicles and key components; batteries being used in eligible vehicles


Excerpts

No	Categories	Key reference policy targets
1	Renewable energy	<ul style="list-style-type: none"> Reduce greenhouse gas emissions in the energy sector by 32% by 2030 Increase renewable electricity capacity from 7.62% in 2014 to 20% by 2020 and to 30% by 2030 as a share of total electricity generation capacity
2	Energy efficiency	<ul style="list-style-type: none"> Reduce internal energy use of Combined Heat and Power plants (improved plant efficiency) from 14.4% in 2014 to 11.2% by 2020 and 9.14% by 2030

4 Green buildings

Sub-category	Technologies	Example	Threshold
 4.1 Green buildings	4.1.1 Construction of new green buildings (commercial, public, industrial and residential)	<p>"ENERGY: Use of highly efficient architectural designs, energy efficiency appliances and equipment, and building techniques that reduce building energy consumption, exceeding available standards and complying with high energy efficiency certification or rating schemes, such as green building rating standards of Mongolia or equivalent international standards</p> <p>WATER: Use of water efficient fixtures and equipment, and building techniques that reduce building water consumption, exceeding available standards and complying with high water efficiency certification or rating schemes, such as green building rating standards of Mongolia or equivalent international standards</p> <p>MATERIALS: Use of construction material which minimizes contents that require high amount of energy to manufacture, such as steel or cement, and uses materials with low manufacturing energy or reused/recycled materials."</p>	Compliance to local building norms &/ Mongolian Energy Passport; or To have internationally and nationally recognized green building certification such as LEED, EDGE, BREEAM, Energy certifications such as US Energy Star and energy labeling schemes such as Energy Performance Certifications in the EU

2 Low pollution energy

Sub-category	Technologies	Example	Threshold
 2.4 Fuel switch	2.4.1 Fuel switch in energy generation 2.4.2 Dedicated charging for transportation and alternative fuel infrastructure	Switch to electricity heating or LPG heating (when separate from fossil fuel filling stations and garages)	Minimum 80% pollution (PM2.5) reduction compared to coal baseline



SDG Finance Taxonomy (1/3)

[Click here to access document online](#)

Progress status and description



The “SDG Finance Taxonomy” was authored by the UNDP in cooperation with the Center of Economic and Technical Exchanges (CICETE), from the Chinese Ministry of Commerce in 2020. To this day, it has no legal power and remain a voluntary standard.

Stated goals and use-cases of the taxonomy

Primary users of the taxonomy

It builds a common ground for Policy makers, Financial institutions, Businesses, Industry bodies and communities, Analysts, advisers, research houses and media. It is meant to be used by companies for fundraising, lawmakers and investors both as a reference document and a reporting tool.

Financial instruments for which the Taxonomy is designed

Loan, Credit, Bond, Equity, Funds and Crypto-based investments

Specific objectives of the taxonomy

The Chinese SDG taxonomy adopts a “Leaving No One behind” (LNOB) perspective on impact such that it “urges investments flowing into those projects which will benefit groups left furthest behind”. It recognizes the necessity to measure and report on impact and mentions several compatible tools in order to bridge SDG gaps.



Authored by the UNDP in cooperation with the CICETE



SDG taxonomy



Final document



CHINA

Sustainable goals of the Taxonomy

“Closing the gap of access to socioeconomic empowerment and advancement for vulnerable groups, beyond climate change adaptation, mitigation and environmental protection.

In the first phase, the goal is for voluntary adaptation of the Taxonomy (in China) and its international adaptation with increasing regulatory support for standardized reporting and national statistical systems.”

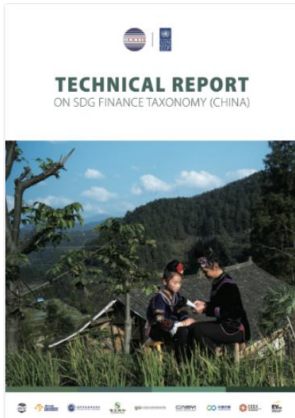
Categories of economic activity

- | | |
|-------------------------|-------------------------------------|
| 1. Basic infrastructure | 4. Education technology and culture |
| 2. Affordable housing | 5. Food security |
| 3. Health | 6. Financial services |



SDG Finance Taxonomy (2/3)

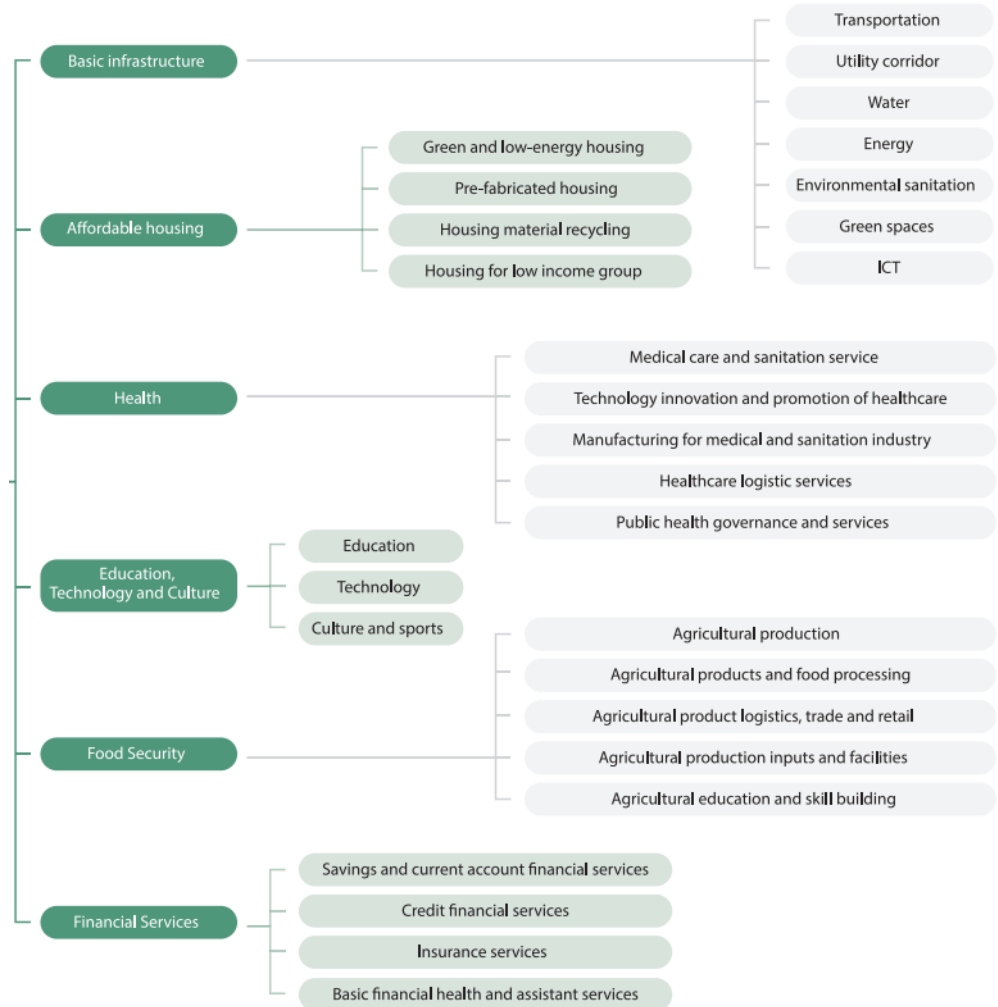
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There are three levels of classification in the SDG Finance Taxonomy.

- Level I is based on the **ICMA Social Bond Principles**, distinguishing 6 thematic areas (1.Basic Infrastructure, 2.Affordable Housing, 3.Health, 4.Education, Technology and Culture, 5. Food security and 6. Financial services).
- Level II are based on national guidelines or international best practices. Basic infrastructure is declined under 7 subcategories designed by the **Chinese Ministry of Housing and Urban Development**.
- Level III corresponds to specific projects chosen and detailed according to their specific relevance for national development priorities (e.g., Chinese Five-Year Plans, line ministries regulation).

Sectors and sub-sectors covered



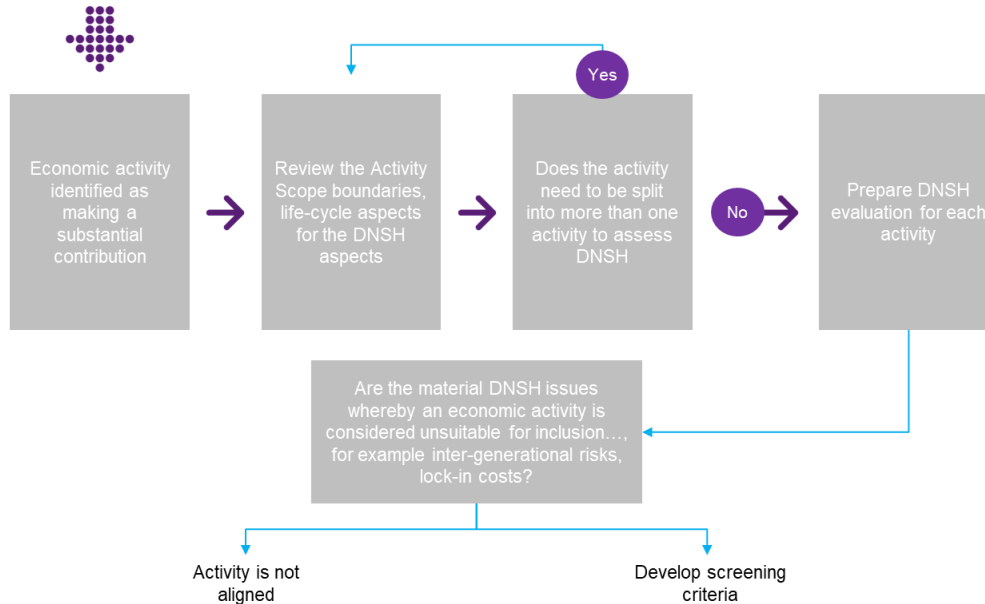


SDG Finance Taxonomy (3/3)

The Taxonomy adopts a “**Leaving No One behind (LNOB)**” perspective as it “**urges investments flowing into those projects which will benefit groups left furthest behind**”. It recognizes the necessity to measure and report on impact and mentions several compatible tools. It reportedly builds on the EU taxonomy Do no Significant Harm (DNSH) criteria

DNSH decision tree

Initial screen for activities, which could cause significant harm to any environmental objective



TECHNICAL REPORT
ON SDG FINANCE TAXONOMY (CHINA)



Impact measuring tools:

IRIS+ IMPACT MANAGEMENT PROJECT



Exclusion list:

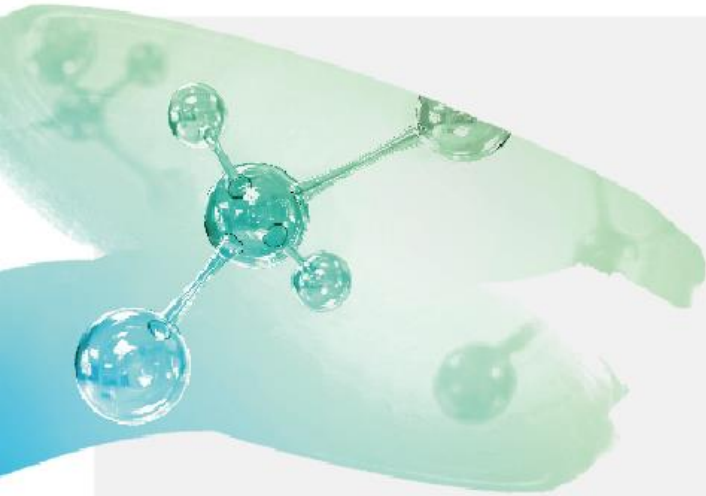
Projects that risk doing significant harm to the SDGs are excluded from the Taxonomy:

- gambling, weapons, adult entertainment, tobacco and projects violating human rights, among others.
- Exclude projects where **alternatives with fewer negative impacts exist**



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