Overview of the State of the Sustainable Finance Market in ASEAN

Cedric RIMAUD, CFA
cedric.rimaud@climatebonds.net
The Green Bond market

ASEAN cumulative green, social, sustainability bonds/loans

- Vietnam USD484m
- Philippines USD4.9bn
- Myanmar USD44m*
- Thailand USD3.86bn
- Singapore USD11.9bn
- Malaysia USD2.6bn
- Indonesia USD5.5bn

ASEAN countries
The Association of Southeast Asian Nations (ASEAN) comprises ten countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Climate Bonds Initiative. Cumulative issuance up to 31 December 2020
*Myanmar green loan is excluded from this analysis as it does not meet the screening criteria of the Climate Bonds Green Bond Database

ASEAN Sustainable Finance State of the Market 2020 Climate Bonds Initiative
Asia-Pacific GSS issuance continues to grow, accounting for 23% of global issuance in 2020.

Source: Climate Bonds Initiative
The Green, Social and Sustainable Bond market

Sustainability bond issuance in ASEAN took off in 2019 and 2020

Source: Climate Bonds Initiative
The Green, Social and Sustainable Bond market

ASEAN cumulative green, social and sustainability issuance by country

- Philippines
- Singapore
- Malaysia
- Thailand
- Indonesia
- Vietnam

Source: Climate Bonds Initiative
The Green, Social and Sustainable Bond market

The majority of issuance comes from corporates

Source: Climate Bonds Initiative, 2021
The Green, Social and Sustainable Bond market

A range of green finance instruments are used in the ASEAN region

- Secured Green MTN: <1%
- Bridging loan: 1%
- Term Loan: 17%
- Sukuk: 19%
- Subordinated unsecured: <1%
- Senior unsecured: 24%
- Senior secured: 9%
- Loan: 25%
- Private placement: 2%
- Perpetual: 2%
- Project finance: 1%

Source: Climate Bonds Initiative, 2021
The Green, Social and Sustainable Bond market

Majority of ASEAN tenors were 5-10Y and 10-20Y

- Over 20Y: 4%
- Perpetual: 3%
- Up to 5Y: 19%
- 5-10Y: 36%
- 10-20Y: 38%
The Green, Social and Sustainable Bond market

Energy and Buildings represent the majority of green investment in ASEAN
Certification is seen by many as the future for ensuring the integrity of the green bond market.

1. **Prepare the bond**
   - Identify assets that meet the relevant sector criteria and compile supporting information.
   - Create Green Bond Framework setting out how proceeds of the bond will be used.

2. **Engage a verifier**
   - Engage an Approved Verifier for pre- and post-issuance Certification.
   - Provide them with relevant information.
   - Receive a Verifier’s Report giving assurance that Climate Bonds Standard requirements are met.

3. **Confirm the Certification post-issuance**
   - Within 12 months of issuance, submit the Verifiers post-issuance report.
   - Receive notification of post-issuance certification.

4. **Get Certified & issue a Certified Climate Bond**
   - Submit the Verifier’s Report and Information Form to the Climate Bonds Initiative.
   - Receive a decision on pre-issuance Certification.
   - Issue your bond, using the Certified Climate Bond mark.

5. **Report annually**
   - Prepare a simple report each year for term of the bond.
   - Provide it to bond holders and Climate Bonds Initiative.
Climate Bonds Taxonomy

The Climate Bonds Taxonomy identifies the assets and projects needed to deliver a low carbon economy and gives GHG emissions screening criteria consistent with the 2-degree global warming target set by the COP 21 Paris Agreement. More information is available at https://www.climatebonds.net/standard/taxonomy.

<table>
<thead>
<tr>
<th>ENERGY</th>
<th>TRANSPORT</th>
<th>WATER</th>
<th>BUILDINGS</th>
<th>LAND USE &amp; MARINE RESOURCES</th>
<th>INDUSTRY</th>
<th>WASTE</th>
<th>ICT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar</td>
<td>Private transport</td>
<td>Water monitoring</td>
<td>Residential</td>
<td>Agriculture</td>
<td>Cement production</td>
<td>Preparation</td>
<td>Broadband networks</td>
</tr>
<tr>
<td>Wind</td>
<td>Public passenger transport</td>
<td>Water storage</td>
<td>Commercial</td>
<td>Commercial Forestry</td>
<td>Steel, iron &amp; aluminium production</td>
<td>Reuse</td>
<td>Telecommuting software and service</td>
</tr>
<tr>
<td>Geothermal</td>
<td>Freight rail</td>
<td>Water treatment</td>
<td>Products &amp; systems for efficiency</td>
<td>Ecosystem conservation &amp; restoration</td>
<td>Glass production</td>
<td>Recycling</td>
<td>Data hubs</td>
</tr>
<tr>
<td>Bioenergy</td>
<td>Aviation</td>
<td>Water distribution</td>
<td>Urban development</td>
<td>Fisheries &amp; aquaculture</td>
<td>Chemical production</td>
<td>Biological treatment</td>
<td>Power management</td>
</tr>
<tr>
<td>Hydropower</td>
<td>Water-borne</td>
<td>Flood defence</td>
<td>Supply chain management</td>
<td></td>
<td>Fuel production</td>
<td>Waste to energy</td>
<td></td>
</tr>
<tr>
<td>Marine Renewables</td>
<td>Nature-based solutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Landfill</td>
<td></td>
</tr>
<tr>
<td>Transmission &amp; distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Radioactive waste management</td>
<td></td>
</tr>
<tr>
<td>Storage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nuclear</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Certification Criteria approved
- Criteria under development
- Due to commence