

December 2024

SFDR: New Product Categories on the Horizon

The Platform on Sustainable Finance, an advisory group to the European Commission, [released](#) on December 17, 2024 a [briefing note](#) suggesting a revised classification system for sustainable finance products based on feedback from a public consultation.

The proposed system includes three primary categories: "Sustainable" for investments aligned with the [European Union Taxonomy](#) and free from significant harmful activities, "Transition" for portfolios aiding the move toward a sustainable economy and "ESG collection" for investments adhering to environmental and social standards, with other products labeled as "unclassified."

This framework aims to enhance existing SFDR components, taking into account investor preferences. An annex in the note provides detailed guidance on thresholds and market impact data. The proposal will be discussed in a webinar scheduled for January 21, 2025.

Key Initiatives Advance IFRS S1 and S2 Implementation

Major developments in IFRS S1 and S2 Standards implementation are unfolding across multiple fronts. The IFRS Foundation [released](#) in November 2024 detailed implementation guidance for companies on sustainability-related disclosures. The Sustainable Stock Exchanges initiative [issued](#) in December 2024 Model Guidance to help stock exchanges support listed companies with practical reporting solutions. Additionally, the [Instituto Brasileiro de Governança Corporativa](#), with IDB Invest's support, [introduced](#) in November 2024 a Board Members' Guide for IFRS S1 and S2 implementation, emphasizing corporate governance's role in sustainable performance and providing recommendations on climate transition plans and ESG materiality assessment. In the UK, the Sustainability Disclosure Technical Advisory Committee [recommended](#) on December 20, 2024 adoption of IFRS S1 and S2 with minimal amendments.

ASEAN Exchanges Unite on ESG Data Infrastructure

Representatives from five Association of Southeast Asian Nations (ASEAN) stock exchanges met in Kuala Lumpur in late November, 2024 to advance [plans](#) for a unified regional ESG data infrastructure, marking the first of several ASEAN-Interconnected Sustainability Ecosystem (ASEAN-ISE) initiatives. The project, led by Bursa Malaysia as secretariat, aims to standardize ESG data collection and reporting across Southeast Asian markets through a centralized platform. This infrastructure is intended to enhance ASEAN's position as a sustainable investment destination and align with global green transition priorities, fostering deeper market integration across Malaysia, Indonesia, Philippines, Thailand and Singapore.

Encouraging sustainable finance through harmonization of standards and reporting was a key topic of the 25th Anniversary meeting of the [OECD-Asia Roundtable on Corporate Governance](#) held in Manila on December 11-12, 2024. Valoris's [Mike Lubrano](#) moderated the Roundtable session on institutional investor engagement, which highlighted the importance of quality, comparable ESG reporting for effective investor stewardship.