



## FREQUENTLY-ASKED QUESTIONS LABUAN INTERNATIONAL BUSINESS AND FINANCIAL CENTRE SUSTAINABILITY TAXONOMY (LiST)

### **A. REGULATORY EXPECTATIONS**

- 1. What is Labuan FSA's approach for Labuan financial institutions (LFIs) that do not meet the requirements under the Labuan IBFC Sustainability Taxonomy (LiST)? Is there any regulatory action (e.g. reprimand, fine or administrative penalty) to be imposed?**

LiST is intended as guidance and not mandatory to be effected. LFIs are highly encouraged to integrate sustainability into their business operations in line with the spirit of LiST. In this regard, the Board and Senior Management of the LFIs are expected to undertake the necessary measures to inculcate and promote sustainability governance and culture within their organisations.

### **B. SUSTAINABILITY THRUST**

- 2. What is Labuan FSA's expectation regarding LFI's challenges in collecting climate-related risk data such as emissions data?**

At this juncture, LFIs may collect, classify and manage climate data on a best-effort basis. LFIs may use estimations to assess economic activities and continuously strive to enhance accuracy as more reliable information becomes available. In addition, LFIs may rely on external assessments carried out by external parties.

- 3. Are LFIs required to conduct a climate risk assessment to determine the economic activity's exposure to physical climate risks?**

- As specified under paragraph 7.12 of LiST, climate impact assessments may be carried out to provide a more comprehensive understanding of the economic activity's efficacy and advantages.
- For this purpose, LFIs may refer to the climate risk assessment conducted by the investee, client or counterpart to better facilitate the assessment of economic activity.

**4. Are LFIs allowed to engage external parties to conduct the Do No Significant Harm (DNSH) assessment?**

Yes, LFIs are permitted to engage third parties to perform the DNSH assessment.

**5. Does LFIs' favourable sustainability or green rating accorded by a third-party provider automatically designate their economic activities as green under LiST?**

LFIs that have obtained favourable ratings from third-party assessors are not automatically entitled to a green classification unless the assessment criteria employed are consistent and comparable to LiST.

**C. GENERAL**

**6. Are there any environmental, social and governance (ESG) disclosure requirements imposed on LFIs?**

At this juncture, Labuan FSA does not require any ESG reporting to be made by LFIs. However, this will be considered at a later stage through discussion with the Industry-Labuan FSA joint committee.

**7. What is Labuan FSA's most immediate expectation from the market upon the issuance of LiST?**

Labuan FSA expects to partner with the market through the Industry-Labuan FSA joint committee to drive and effect initiatives to operationalise LiST. This is intended to generate momentum into other specific ESG initiatives to promote market's sustainability.