

Asia Investor Group on Climate Change (AIGCC)

**Submission to the Indonesia Taxonomy for Sustainable Finance
Version 3 Public Consultation**

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The [Asia Investor Group on Climate Change \(AIGCC\)](#) welcomes the opportunity to comment on the Indonesia Taxonomy for Sustainable Finance (TKBI) version 3 public consultation held by the Otoritas Jasa Keuangan (OJK) in 2025.

AIGCC members include over 80 Asian and international institutional investors active in 11 markets with over USD 36 trillion in assets under management. AIGCC is also a network partner of the Investor Agenda, a coalition of seven investor groups - AIGCC, Ceres, Institutional Investors Group on Climate Change (IIGCC), Investor Group on Climate Change (IGCC), CDP, Principles for Responsible Investment (PRI) and UNEP Finance Initiative, working collaboratively on accelerating investor action towards a net zero emissions economy, as well as the Asia network partner supporting the Paris Aligned Asset Owners Initiative and the Net Zero Asset Managers Initiative.

The TKBI presents a potential opportunity for companies to align with the Paris climate goals within their business models and strategies and accelerate the changes needed to achieve Indonesia's Enhanced NDC and net zero goals. The TKBI can help to protect institutional investors and asset managers from greenwashing and encourage the shift of investment into sustainable activities in Indonesia that will support the achievement of Indonesia's climate goals.

AIGCC strongly supports the work of OJK, and the collaboration with various ministries of the Government of Indonesia (GoI) in the development of the TKBI to help ensure the facilitation of Indonesia's just and orderly transition. We support alignment of the TKBI with the ASEAN Taxonomy for Sustainable Finance (ATSF) and encourage further continuity with international standards like the EU Taxonomy to promote interoperability among various taxonomies in the region.

With this overview in mind, we have the following high-level comments on the TKBI public consultation draft published by OJK:

Overall remarks:

TKBI Version 3 represents major advancements, particularly through:

- Clear entity-level and portfolio-level alignment rules
- Introduction of a structured 5-year TSC review cycle
- Integration of sunseting to ensure that transition pathways are time-bound
- A 7-year grandfathering mechanism to maintain financial market stability

To support effective implementation, comparability, and market confidence, AIGCC is submitting inputs and recommendation based on the following topics:

I. The Aggregation Metric Framework (Revenue, CapEx, OpEx)

Annex 14 of the TKBI consultative paper explains how entities are allowed to choose among Revenue, CapEx, and OpEx to calculate TKBI alignment. While flexibility is important, without specific guidance on its implementation, this may lead to inconsistent reporting. It can be impactful to outline the usefulness of each metric to ensure that entities optimize the approach for calculating alignment. To enhance this framework, it could be suggested that suitable entities utilize multiple metrics, when relevant. Reference may be given to how each metric is featured in other taxonomies, such as in the ASEAN or EU taxonomies, highlighting:

- **CapEx** as a preferred metric for capital-intensive or early-transition entities to give forward-looking indicators for transition
- **OpEx** to supplement or for service-oriented or asset-light sectors (ICT, PST)
- **Revenue** to be used as an indicator for current alignment with activities

II. Strengthening Guidance for Portfolio-Level Alignment

Annex 14 of the TKBI consultative paper outlines the portfolio-level aggregation formula. However, institutional portfolios include diverse instruments requiring additional clarification. These instruments may have different treatment when it comes to maturity, committed funding and disbursement, and other instrument characteristics. The taxonomy could provide additional, specific guidance on several financing instruments by addressing the following:

- **Sustainability-linked bonds (SLBs)** – to include classification based on KPI ambition and credibility, SPT outcomes, over time and fallback rules that are aligned with the taxonomy.
- **Securitizations and structured products** – look-through vs. non-look-through rules or the disclosure of the underlying assets. Since securitization is structured through many underlying assets, how to classify the assets against the taxonomy will need practical guidelines. This will be important for users to be able to classify partially aligned pools against the taxonomy.

- **Public equities with incomplete disclosure** – it can be advantageous for TKBI Version 3 to explicitly allow a “best-estimate” approach for public equities with incomplete disclosures, showing consistency with the EU Taxonomy, SFDR, and ISSB. Such clarification is critical for implementation by asset managers, pension funds, and international investors.

III. Feedback on grandfathering and sunseting

The TKBI version 3 draft has outlined substantial detail on grandfathering and sunseting. A grandfathering approach, consistent with how the EU and ASEAN taxonomies allow for transition periods, can help to maintain market stability. However, for investors managing assets over multiple decades (e.g., in power, manufacturing, etc.), predictability of the sunseting is essential. Below is the recommended items on sunseting:

- Publish sector-by-sector indicative sunseting timelines, especially for:
 - Power generation thresholds (e.g., 510 gCO₂/kWh ending 2040)
 - Cement and steel transition thresholds
 - Waste management methane criteria
 - And other sectors that contribute heavily to GHG emissions
- Provide ample notice (e.g., a 12–24 month minimum) prior to sunseting

It would also be important to disclose the scientific benchmarks used (e.g., IEA 1.5°C, Indonesia LTS, NDC updates, etc.) and provide clarity on the predictability of sunseting for investors to enable forward-looking risk assessment, pricing, and portfolio rebalancing.

Regarding the grandfathering, the seven-year grandfathering mechanism is well-aligned with global best practice and effectively protects financial market stability. For those grandfathered financial instruments, it is essential to clearly disclose them as such for investor awareness. We have the following recommendations to enhance the approach around grandfathering for specific financial instruments:

1. Bonds

- a. Permit grandfathering until maturity when proceeds are fully allocated before any TSC update

- b. Establish clear rules for slow allocation or unallocated proceeds at the time of TSC change

2. Loans (including RCFs and project finance)

- a. Clarify whether classification “locks in” at signing or varies at each drawdown of the loan facility to avoid substantial new financing to outdated or harmful activities
- b. Provide detail on the treatment of multi-asset loan books, ensuring that portions that no longer meet the updated TSC aren’t grandfathered unless contractually fixed

3. Sustainability-linked instruments

- a. Clarify whether grandfathering applies based on KPI/SPT achievement or issuance date

IV. Other comments

As approaches to sustainable finance changes over time, we would encourage the taxonomy to incorporate flexibility for future shifts. In addition, since disclosure is essential to bolster investor confidence in sustainable finance, the taxonomy should serve to facilitate disclosure among entities, especially those responsible for the majority of the country’s emissions. Lastly, it is vital that the taxonomy provides clarity for its users, avoiding complexity that inhibits ease-of-use.

V. Conclusion

In conclusion, AIGCC warmly welcomes TKBI version 3 as a tool to increase global and regional sustainable investment that can support the achievement of Indonesia’s climate goals. While this version helps to provide clarity on the use of sustainable finance, there remains opportunities for enhancements.

Please do reach out to us for any further clarification or assistance that we can provide. We look forward to continued engagement in the development of the taxonomy.



Contact Us

Please do contact us for any clarification or assistance on the submission. We look forward to continued engagement on the TKBI.

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About AIGCC

AIGCC is the leading network of investors in Asia focussing on risks and opportunities in climate and nature. Our 80+ members have a combined AUM of \$36 trillion and have headquarters in 11 markets across the region.

We were founded by institutional investors as a not-for-profit to drive action on climate, and bring an evidence driven, long-term focus on climate, nature, and investment across Asia.

Our work is underpinned by science, economics, and a highly effective theory of change that channels the influence of powerful Asian and international institutional investors, integrated across finance, business and policy making towards systemic impact.

We bring deep knowledge and familiarity with Asian markets and dynamics, and play a founding role in global initiatives, making us a trusted force in driving climate-aligned finance across the region and globe.