NATIONAL BANK OF CAMBODIA

Riel. Stability. Development.

SUSTAINABLE FINANCE TAXONOMY

FOR CAMBODIAN BANKING SECTOR

VERSION 1

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ACKNOWLEDGEMENTS

The National Bank of Cambodia extends its sincere appreciation to all stakeholders who contributed to the development and publication of this Sustainable Finance Taxonomy for Cambodian Banking Sector. Reaching this milestone would not have been possible without the collective efforts of a diverse group of stakeholders from both the public and private sectors, including policymakers, financial institutions, industry practitioners, and technical experts.

Particularly, we would like to express our sincere gratitude to the Inter-Ministerial Green Finance Working Group for its invaluable support in developing this landmark document and accelerating green investment activities in Cambodia, in general.

We are especially grateful to our key technical implementing partners, International Finance Corporation – a member of the World Bank Group and the Climate Bonds Initiative, whose expertise, guidance, and unwavering support have been instrumental throughout the process. Their collaboration has ensured that this Taxonomy reflects international best practices, while remaining tailored to Cambodia's unique context and ambitions.

We also acknowledge the valuable inputs and engagement of practitioners and representatives from across Cambodia's financial ecosystem. Their insights and commitment have enriched the Taxonomy and is pragmatic, efficient, and aligned with the realities of Cambodia's economy.

Finally, we thank all those who participated in consultations and national workshops and provided important feedback in support of this initiative. This Taxonomy stands as a testament to what can be achieved through partnership, a shared vision, and dedication to a sustainable future for all.

FOREWORD

It is with great pride and optimism that I introduce this Sustainable Finance Taxonomy for Cambodian Banking Sector—a landmark framework that marks a new chapter in our nation's journey towards sustainable development and climate resilience, with the financial sector at the heart of this bold vision.

Over the last decade, the National Bank of Cambodia has been committed to working closely with key stakeholders to advance sustainable finance in this country. This Taxonomy is more than a technical guide; it is a testament to Cambodia's commitment to a greener, more inclusive future. By aligning our financial flows with environmental and social objectives, we are taking decisive steps towards reducing greenhouse gas emissions and achieving carbon neutrality by 2050. While this Taxonomy draws on international best practices, it remains firmly rooted in Cambodia's context and aspirations to ensure that our approach is both globally informed and locally relevant.

At its core, this document is about clarity and collaboration. It provides a common language for policymakers, financial institutions, investors, and all stakeholders—defining what it means to invest sustainably in Cambodia. The traffic light system and rigorous criteria reflect our dedication to transparency and scientific integrity. By focusing initially on energy, transport, and buildings and construction sectors, we are targeting areas with the greatest potential for impact, while laying the groundwork for future expansion.

The journey to this point has been shaped by the Royal Government of Cambodia's enhanced climate ambitions, especially the bold targets set in our Third Nationally Determined Contribution. This Taxonomy supports these ambitions by guiding investments towards activities that truly make a difference—those that "Do No Significant Harm" and uphold the highest social safeguards.

I am deeply grateful to everyone who contributed to this effort: government officials, technical experts, industry leaders, and wider stakeholders. Your insights and dedication have made this Taxonomy a reality. As we move forward, I invite all stakeholders to embrace this framework, to innovate, and to collaborate in building a sustainable future for Cambodia.

Let us seize this opportunity—not only to mobilize sustainable finance to meet our climate goals, but also to create lasting value for generations to come.

Chea Serey
Governor
National Bank of Cambodia

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ACRONYMS AND ABBREVIATIONS

A&R	Adaptation and Resilience
ABC	Association of Banks in Cambodia
ADB	Asian Development Bank
AER	Annual Efficiency Ratio
AFOLU	Agriculture, Forestry and Other Land Use
AHRD	ASEAN Human Rights Declaration
ASEAN	Association of South-East Asian Nations
ASHRAE	American Society of Heating, Refrigerating and Air-Conditioning Engineers
BAU	Business-as-Usual
BCA	(Singapore) Building and Construction Authority
BESS	Battery Energy Storage System
CBI	Climate Bonds Initiative
CCDR	Country Climate and Development Report
CCGT	Combined Cycle Gas Turbine
CCM	Climate Change Mitigation
CGT	Common Ground Taxonomy
CO_2	Carbon Dioxide
CO_2e	Carbon Dioxide Equivalent
CSFI	Cambodian Sustainable Finance Initiative
CSFP	Cambodian Sustainable Finance Principles
CSIC	Cambodia Standard Industrial Classification
CSP	Concentrated Solar Power
°C	Degrees Celsius
DNSH	Do No Significant Harm
EDGE	Excellence in Design for Greater Efficiencies
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
ESG	Environmental, Social and Governance
EU	European Union
EUI	Energy Use Intensity
EV	Electric Vehicle
FDI	Foreign Direct Investment
FOLU	Forestry and Other Land Use
FPSO	Floating Production, Supply and Offloading
GBCA	Green Building Council of Australia
GBCI	Green Business Certification Inc.
gCO_2/kWh	Grams CO_2 per kilowatt hour
$gCO_2/t\text{-}km$	Grams CO_2 per ton-kilometer
GDP	Gross Domestic Product
Gg	Gigagrams
GHG	Greenhouse Gas
GT	Gross Tonnage
GWP	Global Warming Potential
HVAC	Heating, Ventilation, and Air Conditioning
ICE	Internal Combustion Engine
IEA	International Energy Association
IFC	International Finance Corporation

IGBC	Indian Green Building Council
IIASA	International Institute for Applied Systems Analysis
IPCC	Intergovernmental Panel on Climate Change
IMO	International Maritime Organization
ISIC	International Standard Industrial Classification
Ktoe	Kilo-tons Equivalent
LEED	Leadership in Energy and Environmental Design
LNG	Liquefied Natural Gas
M-CGT	Multi-jurisdiction Common Ground Taxonomy
M&E	Monitoring and Evaluation
MSS	Minimum Social Safeguards
NBC	National Bank of Cambodia
NDC	Nationally Determined Contribution
PDP	Power Development Master Plan
Pkm	Passenger-kilometer
PPA	Power Purchasing Agreement
PV	Photovoltaic
RGC	Royal Government of Cambodia
SAF	Sustainable Aviation Fuels
SBFN	Sustainable Banking and Finance Network
SBTi	Science-Based Targets Initiative
SDA	Sectoral Decarbonization Approach
SERC	Securities and Exchange Regulator of Cambodia
SURF	Subsea, Umbilicals, Risers, Flowlines
S&L	Standards & Labelling Program
Tkm	Ton-kilometer
TSC	Technical Screening Criteria
tCO_2e	Tons of CO_2 Equivalent
The Board	Cambodia National Sustainable Finance Taxonomy Board
TPI	Transition Pathway Initiative
UNFCCC	United Nations Framework Convention on Climate Change
VECTO	Vehicle Energy Consumption Calculation Tool

Glossary of Key Terms and Concepts

Activity

An action which may be assessed for classification. It takes place when resources such as capital, goods, labor and manufacturing techniques are combined to produce specific goods or services. It is characterized by an input of resources, a production process, and an output of products.

ASEAN Plus Standard

A science-based assessment approach within the ASEAN Taxonomy used for the granular classification of economic activities. The Plus Standard contains specific, activity-level Technical Screening Criteria to determine eligibility of activities. It utilizes a multi-tiered system (Tiers 1, 2, and 3) to accommodate the diverse starting points of ASEAN countries. Tier 1 is benchmarked against the 1.5°C Paris Agreement target (Green), while Tiers 2 and 3 provide transitional pathways (Amber) with defined "sunset dates" to facilitate regional transition.

Business-As-Usual (BAU)

A scenario projecting future trends (emissions, economic growth) assuming no new policies or measures are implemented beyond those already in place. It serves as a baseline to assess the impact of new actions.

Carbon Lock-in

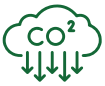
Occurs when transitioning to cleaner and more sustainable energy sources is more difficult due to existing infrastructure and economic systems being built around the use of carbon-based fuels.

Climate Change Adaptation and Resilience (A&R)

The process of adjustment to actual or expected climate change and its effects. Adaptation and Resilience activities aim to reduce vulnerability and increase resilience of human and natural systems.

Climate Change Mitigation

Human interventions to reduce the sources or enhance the sinks of greenhouse gases. The primary objective is to contribute to limiting the increase in global average temperatures.



Carbon Dioxide Equivalent (CO_2e)

A standard unit for measuring the global warming potential of different greenhouse gases relative to carbon dioxide (CO_2) over a specified timeframe (typically 100 years). It allows for the impact of various greenhouse gases to be expressed as a single, comparable figure.

Commencement

The start of an activity. For infrastructure, it is the start of on-site construction or upgrade. For non-infrastructure, it is the start of operations or provision of the utility.

Decarbonization Pathway

A projected trajectory of greenhouse gas emission reductions over time for a specific sector, activity or entity, aiming to align with long-term climate goals such as net-zero by 2050 or limiting global warming to 1.5°C.

Do No Significant Harm (DNSH)

A core principle of taxonomies ensuring that an economic activity, while contributing substantially to one environmental objective (such as climate change mitigation), does not cause significant harm to other specified environmental objectives (including water sustainability, circular economy, pollution prevention and biodiversity).

Emission Intensity

A measure of greenhouse gas emissions per unit of physical activity or output, such as grams of carbon dioxide (CO_2e) per kilowatt-hour (gCO_2e/kWh of electricity generated), or per ton-kilometer (t-km). Commonly used for setting Technical Screening Criteria in taxonomies.

Environmental Objective

An objective set within a taxonomy framework that guides the classification of economic activities based on their contribution to environmental sustainability within a given objective. Environmental objectives typically include areas such as climate change mitigation and adaptation and resilience, sustainable use of water and marine resources, transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

Greenhouse Gas (GHG) Emissions

Gases in the Earth's atmosphere that trap heat, contributing to global warming and climate change. The main GHGs include carbon dioxide (CO_2), methane (CH4), nitrous oxide (N_2O), and fluorinated gases. Emissions are measured in tons of CO_2 equivalent (tCO_2e).

Green Finance

A specific subset of sustainable finance that refers to the allocation of financial capital and services—including loans, bonds, and equity—towards projects and activities that deliver clear and measurable environmental benefits.

Greenwashing

The practice by which companies, organizations or institutions exaggerate, misrepresent or falsely communicate the environmental benefits of their products, services or activities in order to appear more sustainable or environmentally responsible than they actually are. It typically involves using misleading claims or ignoring significant negative impacts to influence public perceptions.

Minimum Social Safeguards (MSS)

A set of minimum social and governance standards and best practices that entities undertaking taxonomy-aligned activities must adhere to. These typically align with internationally recognized principles (e.g., IFC Performance Standards, United Nations Guiding Principles on Business and Human Rights).

Multi-Jurisdiction Common Ground Taxonomy (M-CGT)

A technical report and comparison tool developed to identify the commonalities and differences between the taxonomies of China, the European Union and Singapore. Henceforth, it is referred to in this document as "Common Ground Taxonomy (CGT)".

Net-Zero

Achieving a balance where anthropogenic greenhouse gas emissions are reduced to as close to zero as possible, with any remaining residual emissions being permanently removed from the atmosphere.

Scope 1 Emissions

Direct greenhouse gas emissions that occur from sources owned or controlled by an entity (e.g., emissions from fuel combustion in owned vehicles or facilities) as defined by the GHG Protocol.

Scope 2 Emissions

Indirect greenhouse gas emissions from the generation of purchased electricity, steam, heating, or cooling consumed by an entity as defined by the GHG Protocol.

Scope 3 Emissions

All other indirect greenhouse gas emissions that occur in an entity's value chain (such as emissions from purchased goods and services, transportation of goods, employee commuting, use of sold products, and waste disposal) as defined by the GHG Protocol.

Stranded Assets

Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities due to climate-related risks and transitions (such as policy changes, market shifts, or physical climate impacts).

Sunset Date

A pre-defined date specified in the Taxonomy by which an 'Amber' (transitional) activity must meet the more stringent 'Green' criteria to continue being classified as Taxonomy-aligned. After the sunset date, the Amber classification for that specific activity ceases to be applicable.

Sustainable Finance

Financial services integrating Environmental, Social, and Governance criteria into business or investment decisions for the lasting benefit of both clients and society. A sustainable finance taxonomy is a key tool to support and scale up sustainable finance.

Taxonomy (Sustainable Finance Taxonomy)

A classification system that defines criteria for economic activities to be considered environmentally sustainable. It aims to provide clarity and transparency for investors, financial institutions and companies, helping to channel financial flows towards sustainable development objectives, such as climate change mitigation and adaptation and resilience.

Technical Screening Criteria (TSC)

Specific, often quantitative, thresholds and qualitative conditions that an economic activity must meet to be classified as Taxonomy aligned. TSCs ensure substantial contributions to an environmental objective as well as compliance with DNSH and MSS criteria. These three sets of criteria are often developed by consortia of government entities, market participants and technical experts like the Platform on Sustainable Finance in the case of the European Union or the ASEAN Taxonomy Board in the case of the ASEAN Taxonomy.

Traffic Light System

The color-coded system (Green, Amber, Red) used to identify the degree to which an activity is sustainable through its contribution to an environmental objective.

Transitional Activities (Amber activities)

Economic activities not yet operating at or near net-zero, but nevertheless contribute to substantial greenhouse gas emissions reductions whilst also being on a credible decarbonization pathway towards meeting the 'Green' criteria. They are subject to specific performance thresholds and 'sunset dates,' by which they must meet 'Green' criteria to remain Taxonomy-aligned. These activities are crucial for supporting the transition of economically essential but currently higher-emitting sectors, while avoiding long-term carbon lock-ins. In the ASEAN Plus Standard, these are referred to as Tier 2 and 3.

EXECUTIVE SUMMARY

As Cambodia's population and economy grows, so does its demand for energy. Without intervention, a business-as-usual trajectory risks pushing greenhouses gas emissions well beyond the target set out in the country's Nationally Determined Contribution. Transitioning to a green and sustainable economy is, therefore, essential to preserve Cambodia's environment for future generations, while sustaining its impressive economic development momentum. These efforts also contribute to the global collective action needed to limit the rise in emissions and preserve a habitable planet.

Environmental responsibility and economic opportunity are not mutually exclusive. Sustainable economic activities can unlock growth potential, while also addressing climate risks. As Cambodia is well endowed with renewable energy sources, including hydropower and solar, harnessing them can strengthen the security, accessibility and affordability of the country's energy supply. Embracing sustainable business practices will also enhance the standing of Cambodian companies within an increasingly environmentally conscious global marketplace, bolstering the country's long-term competitiveness.

Given these dual benefits to the environment and economy, mobilizing investment into sustainable economic activities is a national priority pursued with urgency. With oversight over Cambodia's banking sector, the National Bank of Cambodia recognizes the pivotal role that financial institutions play in channelling domestic and international capital toward sustainable activities aligned with national commitments and ambitions. A well-functioning sustainable finance ecosystem requires, as its foundation, a sustainable finance taxonomy that clearly defines the criteria by which economic activities and the financing associated with them can be considered sustainable within the Cambodian context. This common framework will enable regulators, financial institutions, companies, and investors to speak the same language, ensuring that policy incentives and financial resources are directed toward the intended activities.

To realize these goals, this Taxonomy is designed around the core principles of credibility and practicality. To ensure credibility, it sets clear, measurable technical criteria grounded in internationally accepted standards developed by globally recognized experts. To ensure practicality, it incorporates unique national circumstances and reflects existing and anticipated policy directions informed by the government, industry associations and practitioners. A rigorous consultative process involving sectoral authorities, financial institutions, project owners, investors and industry experts resulted in a Taxonomy that is distinctly Cambodian in character while remaining internationally credible.

This first version of the Taxonomy focuses on climate change mitigation activities across three sectors – Energy, Transport as well as Buildings and Construction – selected for their relatively higher potential to avoid or reduce emissions and to attract private capital. Subsequent phases of the Taxonomy's development will expand coverage to additional sectors and incorporate activities that support Cambodia's resilience against the intensifying impacts of climate change.

Although the Taxonomy is primarily intended for Cambodia's banking sector, its relevance and application extend well beyond any single sector. Its use and adoption by all stakeholders are actively encouraged in pursuit of the shared goal of promoting sustainable economic activities across Cambodia.

1. INTRODUCTION

As Cambodia seeks to accelerate its transformative journey towards sustainable development, this Cambodia Sustainable Finance Taxonomy (the "Taxonomy") represents a critical step in aligning financial flows with the country's environmental and social objectives. As such, the Taxonomy aims to provide a clear framework for identifying and classifying economic activities that substantially contribute to sustainable development, particularly in the context of climate change mitigation, adaptation and resilience (A&R).

The Royal Government of Cambodia (RGC) has demonstrated its commitment to combating climate change through various initiatives, including its participation in the United Nations Framework Convention on Climate Change (UNFCCC) and ratification of the Paris Agreement. This commitment was significantly strengthened with the submission of Cambodia's Third Nationally Determined Contribution (NDC 3.0) in July 2025. This new NDC reflects Cambodia's heightened ambition to achieve a 55 percent reduction in greenhouse gas (GHG) emissions by 2035 under its conditional scenario, compared to a business-as-usual (BAU) baseline. This ambitious target underscores the need for substantial investments in sustainable practices across all key economic sectors and provides the core strategic foundation for the Taxonomy (Royal Government of Cambodia, 2025).

A well-defined taxonomy will serve as a foundational tool for mobilizing both domestic and international climate finance, whilst also addressing the pressing need for a common understanding of what constitutes "green" finance in Cambodia. By establishing a standardized classification system, a taxonomy will facilitate transparency and consistency in the financial sector and enable stakeholders – including financial institutions, investors, and policymakers – to make informed decisions that align with the Sustainable Development Goals (IFC, 2022).

Moreover, a taxonomy will play a pivotal role in enhancing the capacity of local financial institutions to engage in green financing, thereby fostering a robust ecosystem for sustainable investments (IFC, 2022). This also aligns with the broader goals of the Sustainable Banking and Finance Network (SBFN) to support member countries in developing national frameworks that mobilize finance for sustainable development (Sustainable Banking and Finance Network, 2024). It will also support the integration of climate considerations into national and sub-national planning, ensuring that economic growth is pursued in a manner that is environmentally sustainable and socially inclusive (Royal Government of Cambodia, 2025).

In this context, Cambodia draws on international best practices, while tailoring its Taxonomy framework to meet local needs and circumstances. This approach will not only align with regional initiatives, such as the ASEAN Taxonomy for Sustainable Finance[1], but also ensure that Cambodia's unique challenges and opportunities are adequately addressed. The development process of this Taxonomy draws upon resources and best practices shared through platforms like the SBFN Toolkit for Sustainable Finance Taxonomies.

The Taxonomy represents a significant advancement in the country's efforts to create a sustainable financial landscape. By providing a structured approach to green finance, it will help mobilize resources for sustainable development, ultimately contributing to a more resilient and sustainable economy that can benefit all Cambodians, as well as local and foreign businesses operating in the country.

1 The ASEAN Taxonomy for Sustainable Finance is a regional multi-tiered framework designed to provide a common language and classification system for sustainable economic activities across Southeast Asia. https://asean.org/wp-content/uploads/2024/12/ASEAN-Taxonomy-Finalised-Version-3-4.pdf

2. RATIONALE FOR DEVELOPING A TAXONOMY

The primary objective of the Taxonomy is to establish a well-defined classification system for economic activities to mobilize domestic and international financial resources towards achieving ambitious national climate and development goals in a sustainable manner. As such, it marks a crucial step in Cambodia's pursuit of a sustainable, resilient, and prosperous future, ensuring that economic growth is aligned with environmental protection and social well-being.

This Taxonomy is designed to assist financial institutions and other stakeholders in identifying and labelling investments as "green" thereby supporting environmental and economic sustainability. Focusing on clear definitions and activity-level criteria, the approach is consistent with international best practices for taxonomy development, as outlined in the SBFN Toolkit (SBFN, 2024).

As such, development of the Taxonomy is orientated towards alignment with the ASEAN Taxonomy and international benchmark taxonomies (such as the EU Taxonomy, Australian Taxonomy, Singapore Taxonomy and Common Ground Taxonomy), ensuring compatibility with global standards. This alignment is crucial for attracting foreign investment and enabling a smoother transition to sustainable finance models.

By providing clear definitions of green activities as well as qualifying projects and assets, this Taxonomy will aid financial actors in making informed and efficient investment decisions. This clarity is vital for channelling funds into projects that make substantial contributions to sustainability and meet national environmental objectives.

The Taxonomy also supports Cambodia's national climate goals, including its commitment to achieve carbon neutrality by 2050. Specifically, it is designed to help mobilize the significant investment required to meet targets embedded in Cambodia's NDC 3.0, such as achieving up to an 80 percent share of renewable energy in installed electricity capacity by 2035 and halving the rate of deforestation by 2030 (Royal Government of Cambodia, 2025). By guiding investments into sectors and activities with significant potential for climate mitigation and A&R, it will play a crucial role in the country's broader climate strategy.

In practice, development of this Taxonomy involved a comprehensive multi-stakeholder approach, engaging public and private sectors, development partners, and civil society. The Inter-Ministerial Green Finance Working Group, led by the National Bank of Cambodia (NBC), was established to support development of the Taxonomy. This governance framework was essential to develop a Taxonomy that was comprehensive and practical, ensuring its applicability across various sectors.

In essence, the Taxonomy is a foundational element of Cambodia's broader strategy to achieve a more resilient, sustainable, and prosperous future. It is a tool for unlocking the financial resources needed to realize this vision, ensuring that economic growth aligns with environmental protection and social well-being.

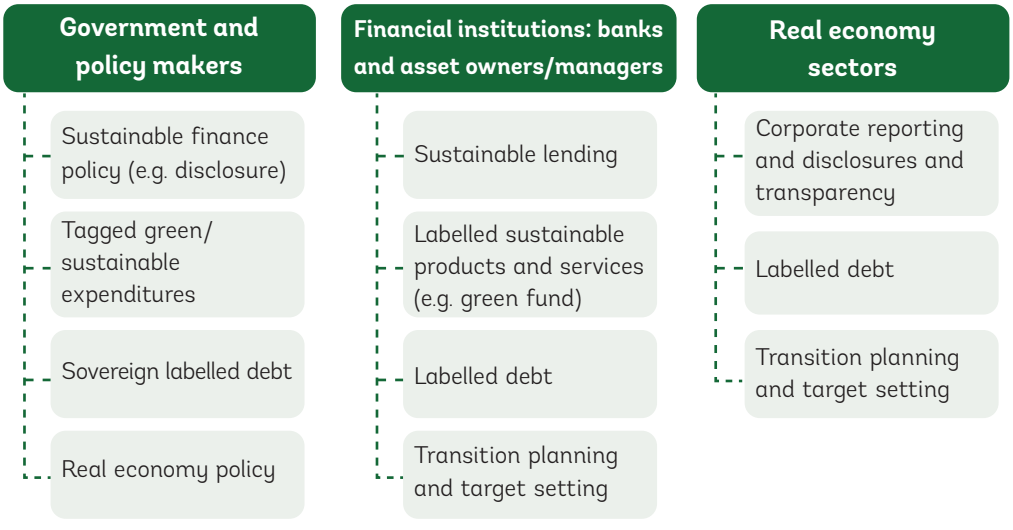
Importantly, the Taxonomy should be considered a "living document" and will be regularly reviewed and updated to reflect advancements in science, technology, policy, and market developments.

3. TAXONOMY STRUCTURE OVERVIEW

The Taxonomy follows a well-defined and science-based framework that encompasses objectives, sectors, activities, and screening criteria. This framework is designed to facilitate the identification and classification of economic activities that substantially contribute to Cambodia's sustainable development, particularly in the context of climate change mitigation and A&R. An initial selection of three sectors (Energy, Transport, as well as Buildings and Construction) is designed as a foundation, with additional economic sectors that underpin the country's development to be incorporated in the subsequent phases of the Taxonomy's development process. The use of a traffic light system was incorporated into the Technical Screening Criteria (TSC), providing a clear visual representation of classification of these activities as Green (aligned), Amber (transitional) and Red (ineligible) (see Section 3.3).

The following sections of this report will elaborate on the processes and analysis that have informed the definition of the Taxonomy's objectives, the selection of economic activities under each of the three initial key sectors, the TSC and their related eligibility thresholds for these activities. In addition, Annex 5 sets out use cases and illustrative examples of the practical application of the Taxonomy by relevant users.

Figure 1. Potential users and uses of the Taxonomy



Source: Climate Bonds Initiative

3.1 Defining the Objectives of the Taxonomy

As previously mentioned, the overarching scope of the Taxonomy encompasses activities with potential to substantially contribute to two initial environmental objectives – climate change mitigation and A&R. The TSC has been developed specifically for

the climate change mitigation objective, with A&R currently addressed under DNSH. This document represents the first phase of the Taxonomy development in Cambodia, with future phases expected to expand both the list of sectors and activities that make significant contributions to the selected environmental objectives.

3.2 Definitions

Climate Change Mitigation: For the purposes of this Taxonomy, climate change mitigation refers to activities making a substantial contribution to the objective of limiting the increase in global average temperature to 1.5°C above pre-industrial levels, primarily by reducing or avoiding GHG emissions. This can include:

- *Avoiding GHG emissions:* Green activities with low or near-zero emissions.
- *Reducing GHG emissions:* Transition activities that are currently GHG-intensive, but on a pathway to significantly lower emissions.
- *Enabling substantial GHG emission reductions:* Activities that enable other activities to achieve low-carbon performance or substantial emissions reductions.

Climate Change Adaptation and Resilience (A&R): Refers to the process of adjustment to actual or expected climate change and its effects, to moderate harm or exploit beneficial opportunities.

These two objectives align with Cambodia's commitments under international agreements, including the Paris Agreement, which aims to limit global warming to less than 2°C, ideally pursuing 1.5°C, and promote sustainable development.

It is important to note that this system is intended to facilitate a shared understanding of what constitutes sustainable economic activities rather than to label actions as inherently "good" or "bad". In practice, based on the following four guiding principles, the Taxonomy has been designed to be:

- **Science-based**: Grounded in scientific research, ensuring that decisions are informed by empirical evidence rather than political or economic considerations.
- **Synergized with national and international targets**: Objectives are designed to support Cambodia's national development goals and its commitments under the Paris Agreement.
- **Technologically neutral**: No specific technology favored, allowing for flexibility in the adoption of solutions that meet established environmental criteria and thresholds.
- **Aligned with latest developments**: Periodic revisions will incorporate advancements in climate science and technology, as well as policy shifts or new industrial developments ensuring its relevance and effectiveness.

The principles define the foundational underpinnings that all sustainable activities under this Taxonomy must adhere to currently and in future iterations.

Furthermore, from an international perspective, the Paris Agreement is the constitutional framework for climate change mitigation, while the Sustainable Development Goals inform environmental objectives addressed by the Taxonomy.

While the Taxonomy includes A&R as one of its objectives, it is important to note that A&R criteria do not feature in the current version and will only be designed in a future phase of the Taxonomy's development to ensure a comprehensive, but phased-in approach. This gradual development process allows the Taxonomy to initially zoom in on some key mitigation focus areas for several strategic reasons:

- *Alignment with global practice:* Most national and regional taxonomies prioritize mitigation in their initial phase due to more established international methodologies and metrics for the TSC.
- *Data availability:* Robust data and decarbonization pathways are often more readily available for mitigation activities.
- *Investment focus:* Mitigation activities, particularly in sectors like renewable energy and sustainable transport, are key to attracting international climate finance.
- *Addressing key emission sources:* Prioritizing mitigation allows for an initial focus on Cambodia's significant emission sources and reduction potentials. Criteria for A&R and other environmental objectives will be developed in subsequent phases, building on national priorities and data availability.

In the context of Cambodia, these Taxonomy objectives will also reflect the country's specific policy priorities and environmental challenges, whilst also ensuring that each chosen sector and activity contributes to at least one objective without causing significant harm to others (please see Section 7.1 on DNSH).

Table 1. Examples of environmental objectives

ASEAN Taxonomy	EU Taxonomy	Australian Taxonomy	Singapore Taxonomy	Common Ground Taxonomy
Climate change mitigation	Climate change mitigation	Climate change mitigation	Climate change mitigation	Climate change mitigation
Climate change adaptation	Climate change adaptation	Climate change adaptation and resilience	Climate change adaptation	Climate change adaptation
	Sustainable use and protection of water resources	Sustainable use and protection of water resources		Sustainable use and protection of water resources

ASEAN Taxonomy	EU Taxonomy	Australian Taxonomy	Singapore Taxonomy	Common Ground Taxonomy
Promote resource resilience and transition to a circular economy	Transition to a circular economy	Circular economy	Promote resource resilience & transition to a circular economy	Transition to a circular economy
	Pollution prevention and control	Pollution prevention and control	Pollution prevention and Control	Pollution prevention and control
Preservation of healthy ecosystems and biodiversity	Protection and restoration of biodiversity and ecosystems	Biodiversity and ecosystem protection		Protection and restoration of biodiversity and ecosystems

Source: Climate Bonds Initiative

3.3 Transition Activities and Traffic Light System

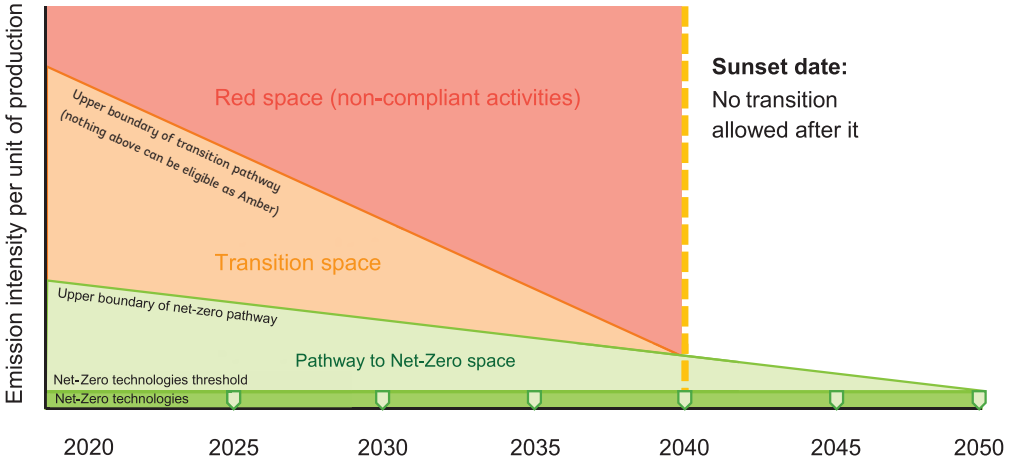
Given Cambodia's commitment to achieving carbon neutrality by 2050 as outlined in the Power Development Master Plan (PDP) 2022–2040, all sectors of the economy must transition to net-zero emissions. However, some activities face significant economic and technological barriers to this transition.

In this context, from a methodological perspective, to be considered "transitional" under the Taxonomy, an activity must:

- Significantly improve its environmental performance over time, demonstrated by tracking, monitoring and disclosing CO_2 equivalent emissions where required by the TSC.
- Ensure it does not lock in carbon-intensive assets or processes that could hinder future decarbonization efforts.
- Not hamper the development and deployment of low-carbon alternatives.
- Move towards a green transition pathway within a predetermined period (net-zero by 2050), as specified by sunset dates (sunsetting all transitional activities by 2040).

For instance, under the Taxonomy, the generation of electricity from coal is an example of a stranded activity that is ineligible (Red activities). The PDP outlines the transition from coal to cleaner energy sources, including a significant increase in solar PV and hydropower capacity (please see Section 6.1 on Energy).

Figure 2. Traffic light system



Source: Climate Bonds Initiative Analysis, 2025

More specifically, to account for the transition, Cambodia's Taxonomy will use a three-tiered traffic light system where:

- **Green (aligned)** activities are those which make substantial contributions to climate change mitigation by operating at or close to the net-zero goal by 2050. In Cambodia's context, this includes activities like solar PV generation, wind energy, hydropower (subject to specific criteria), and operation of electric vehicle fleets.
- **Amber (transition)** activities include those facilitating significant emissions reductions in the short term, with prescribed sunset dates. The Amber category is, unless otherwise stated, relevant only for the transitioning of existing infrastructure and does not apply to new activities or projects (for example, new buildings). This is in recognition of the fact that the Amber category is, by definition, not aligned with a 1.5°C trajectory and the development of new activities with long lifespans beyond the sunset dates would lock-in assets longer into the future, resulting in stranded assets. Post-sunset date, the Amber category will cease to exist and transition activities will have no access to green finance.
- **Red (ineligible)** activities are those incompatible with Cambodia's net-zero trajectory and unlikely to become compatible. For Cambodia's transition to be net-zero by 2050, these activities should be phased out completely, such as unabated coal power plants. These have not been included in the criteria themselves, they are here for illustrative purposes only.

In addition, for further clarification, two points ensure a more rigorous approach to the design of the Amber category in order to avoid "greenwashing":

1. **Transition does not last forever.** At some point in the future, an Amber activity must be sustainably on a 1.5°C trajectory to net-zero, otherwise no real impact will be realized. As a temporary classification, Amber activities facilitate short to medium-term emissions reductions towards meeting more stringent Green criteria directly benchmarked against a 1.5°C trajectory. Without this progression, transitional efforts will not achieve necessary long-term climate impacts.

2. **Transition implies incremental change over time.** To demonstrate a meaningful transition, there is a need to demonstrate progression. However, this is challenging to capture in a binary taxonomy where thresholds are static at any point in time. The Amber category has a defined sunset date. At the sunset date, *the Amber classification within this Taxonomy will cease to exist*.

   At this point, to remain taxonomy-aligned, the economic activity must either meet the Green criteria (on a 1.5°C pathway) or it will be classified as ineligible (Red) for sustainable finance purposes under this framework. As mentioned, this does not necessarily mean an activity needs to operate at absolute net-zero emissions by the sunset date itself. Instead, its performance (emissions intensity) must be consistent with the declining trajectory required by a 1.5°C pathway for that specific point in time. The critical aspect is the rate and trajectory of decarbonization aligning with the 1.5°C goal, not just a distant net-zero target. Sunset dates for Amber activities in Cambodia were strategically determined to ensure these transitional pathways genuinely contribute to national climate goals, such as carbon neutrality by 2050 and NDC targets, while critically preventing long-term carbon lock-in. Key considerations include sector-specific roadmaps like the PDP 2022–2040, the anticipated commercial availability and scalability of greener alternative technologies relevant to Cambodia, typical asset lifespans to avoid creating stranded assets, and alignment with international best practices. These dates were all established in consultation with stakeholders.

This traffic light system will help guide Cambodia's financial sector and policymakers in aligning investments with the country's climate goals, as outlined in various policy documents such as the PDP 2022–2040 and Cambodia's NDC.

4. SECTORAL ASSESSMENT

The sectoral assessment for the Taxonomy focused on identifying and prioritizing sectors that can significantly contribute to the country's climate change mitigation efforts and Sustainable Development Goals. This assessment evaluated priority sectors, using a comprehensive methodology that considers various factors such as GHG emissions, economic contributions, investment needs, and decarbonization potential.

Methodology

The categorization exercise employed the International Standard Industrial Classification (ISIC) codes to define economic activities, ensuring a standardized approach that facilitates comparison and alignment with international benchmarks. The use of standardized classification systems like ISIC is a recommended practice for facilitating interoperability and comparability across taxonomies (SBFN, 2024). The five factors considered in the evaluation criteria for each sector were as follows:

1. **Contribution to GHG emissions**: Higher emissions indicate a greater potential for reduction and climate change mitigation.
2. **Contribution to GDP and economic growth potential**: Sectors with significant GDP contributions and growth prospects were prioritized.
3. **Potential to attract green investment**: Sectors that can draw in green finance were deemed more critical for sustainable development.
4. **Investment needs**: Sectors requiring substantial investment for sustainable transitions received higher scores.
5. **Decarbonization potential**: Sectors with feasible pathways to reduce emissions were favored.

Selected Sectors

Based on the evaluation findings, the three sectors recommended for the first phase of the Taxonomy's development are Energy, Transport, and Buildings and Construction.

These sectors were chosen due to their significant potential for GHG emissions reductions, economic impacts and ability to attract green investments, essential to facilitate Cambodia's transition to a net-zero economy.

Based on the assessment of these selected sectors, the following economic activities were included in this current version of the Taxonomy:

Table 2. List of economic activities

ISIC Sector	Activity
Energy sector	
D351: Electric power generation, transmission, and distribution	Solar energy
	Wind energy
	Hydropower
	Geothermal power
	Bioenergy
	Natural gas
	Marine energy
	Electricity generation from renewable non-fossil gaseous and liquid fuels
	Storage of electricity and thermal energy
	Transmission and distribution of electricity
D352: Manufacture of gas, distribution of gaseous fuels through mains	Transmission and distribution networks for renewable and low-carbon gases
D353: Steam and air conditioning supply	Production of heating and cooling using waste heat
	Installation and operation of electric heat pumps
	Heating and cooling distribution
Transport sector	
H491: Transport via railways	Transport via railways
H492; Other land transport	Operation of personal mobility devices and cycle logistics
	Other passenger land transport
	Urban and suburban passenger land transport
	Freight transport by road
H501: Sea and coastal water transport	Sea and coastal water transport
H502: Inland water transport	Inland water transport
H511: Passenger air transport	Passenger air transport
H512: Freight air transport	Freight air transport

C3312: Repair of machinery	Retrofitting of sea and coastal freight and passenger water transport
Non-ISIC transport activities	Enabling infrastructure for low-emission transport
Buildings and construction sector	
F410: Construction of buildings	Construction of new buildings
F433: Building completion and finishing	Renovation of the existing buildings
F439: Other specialized construction activities	
L681: Real estate activities with own or leased property	Acquisition or ownership of buildings
L682: Real estate activities on a fee or contract basis	
F432: Electrical, plumbing and other construction installation activities	Installation, maintenance, and repair of special-purpose building equipment

Source: International Standard Industrial Classification of All Economic Activities (ISIC)

5. SECTOR CRITERIA ASSESSMENT METHODOLOGIES

5.1 Energy Sector Criteria Methodological Approach

Decarbonization pathways for activities in the energy sector are expected to follow a science-based approach for determining emissions intensity thresholds. Modelling the transition pathways of such activities enables the creation of a series of declining thresholds that align with a decarbonizing trajectory to net-zero by 2050.

These declining thresholds are relevant for the Green category when there are economic activities that require specific numeric criteria for eligibility (such as hydropower) and for the transition category to determine the boundary between Amber and Red.

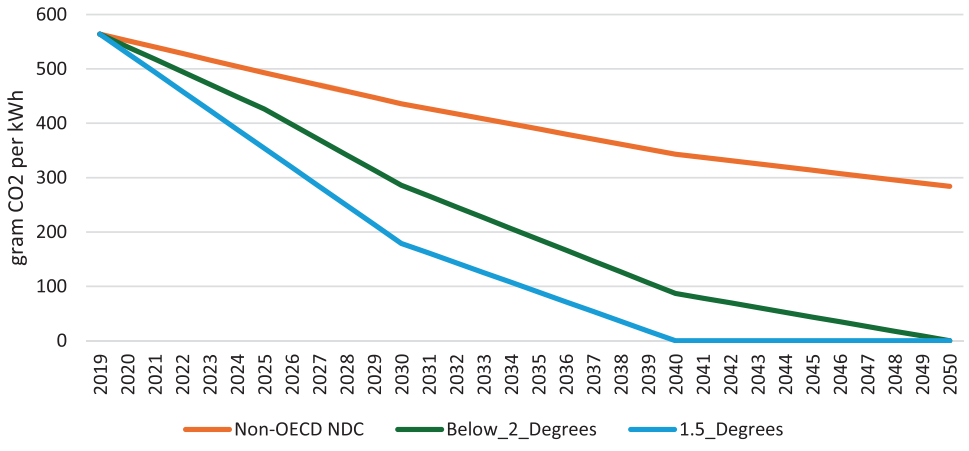
For modelling credible transition pathways for activities, this Taxonomy applies the Sectoral Decarbonization Approach (SDA), which is widely considered robust and is adopted internationally. The SDA utilizes data and scenarios developed by reputable international organizations such as International Energy Agency (IEA)[2], Intergovernmental Panel on Climate Change (IPCC)[3], and International Institute for Applied Systems Analysis (IIASA)[4]. For Green activities, the threshold is based on the 1.5°C pathway, while for Amber activities the threshold is defined following the non-OECD Nationally Determined Contribution (NDC)-based pathway[5] (Transition Pathway Initiative, 2021).

The model for Cambodia includes the following trajectories (Figure 3), with the Transition Pathway Initiative (TPI) pathways for the electricity sector used as the basis for determining the energy sector decarbonization pathways in this Taxonomy:

- The NDC trajectory for non-OECD countries is used as a stand-in, as currently there is no calculation available specifically for Cambodia.
- Below 2°C trajectory (based on SDA calculations and consistent with Paris Agreement targets).
- 1.5°C trajectory (based on SDA calculations and fully consistent with Paris Agreement targets).

2 Source: https://www.iea.org/
3 Source: https://www.ipcc.ch/
4 Source: https://iiasa.ac.at/
5 The methodology document can be accessed here: https://transitionpathwayinitiative.org/publications/94.pdf?type=-Publication%20https://climateactiontracker.org/countries/

Figure 3. TPI projections for the electricity sector



Source: Transition Pathway Initiative, 2021

The Taxonomy thresholds for Green activities are calculated based on the 1.5°C scenario, meaning that all sectors must reach net-zero by 2050. This aligns with Cambodia's commitment to achieve carbon neutrality by 2050. Additionally, there are several other reasons for using the 1.5°C pathway for this Taxonomy, namely:

- Aligning with international standards
- Attractiveness to international climate-aware investors
- Addressing Cambodia's high vulnerability to climate change
- Cost-effectiveness in the long term.

Scope of GHG emissions[6] (resulting from economic activities): For all activities, emissions only include Scopes 1 and 2 unless stated otherwise:

- *Scope 1:* Direct emissions from sources that are owned or controlled by an organization (e.g., fuel combustion on-site) (World Resource Institute, 2015).
- *Scope 2:* Indirect emissions from the generation of purchased energy, such as electricity, heat or steam (World Resource Institute, 2015).
- *Scope 3:* Other indirect emissions that occur in an organization's value chain, such as emissions from transportation, waste disposal or the use of sold products (World Resource Institute, 2015).

Relevant decarbonization measures: The Taxonomy is technology-neutral and allows for any legal means of achieving the thresholds for compliance with Green and Amber criteria, as long as they align with Cambodia's energy strategies outlined in its relevant policy documents.

6 The GHG emissions scopes were defined by the World Resources Institute as part of the GHG Protocol available at: https://ghgprotocol.org/corporate-standard

NDC-based Amber thresholds: The TPI's NDC-based pathways and thresholds are applied as Amber criteria for certain activities to take into account for national conditions. They are calculated based on the best available sectoral data.

Model for energy: To align with benchmark taxonomies such as for ASEAN and the EU, energy sector activities can be largely divided into two parts:

1. Activities associated with production of energy (hydropower, solar, biomass-based generation). Eligibility for this first group of activities usually depends on meeting the declining thresholds presented in Table 3.
2. Activities that are enabling, such as energy storage and transmission. Criteria for this second group are based on the intrinsic characteristics of each individual activity and tend to follow a white-list approach[7] with some technical specifications.

For Green activities, each threshold is based on the 1.5°C pathway, while for Amber activities the threshold is defined by the non-OECD NDC-based pathway[8] (Transition Pathway Initiative, 2021). *The year 2040 will be established as a sunset date for the Amber thresholds, after which only Green thresholds and criteria are applicable for all activities.* In practice, this means that Amber thresholds are applicable until the end of 2040.

Table 3. Energy sector decarbonization pathway thresholds

All thresholds are grams CO_2 equivalent per kWh	**2025-2029**	**2030-2034**	**2035-2040**	**2041-2045**	**2046-2050**
Green Activities	100	100	100	50	50
Amber Activities	286	187	134	N/A	N\A
Ineligible Activities	>286	>187	>134	>50	>50

Source: Transition Pathway Initiative

Bioenergy: The PDP 2022–2040 highlights biomass as a significant energy source for Cambodia. Therefore, the specific thresholds for bioenergy will be adapted based on Climate Bonds Initiative sector criteria for the following activities:

- Facilities producing biomass/biofuel
- Heating/cooling and co-generation facilities using biofuel/biomass
- Bio-refinery facilities.

7 A white-list approach is when activities are considered automatically eligible under the Taxonomy without the need to prove compliance with the thresholds in Table 3 and, therefore, are considered Green by default. This is because: 1) they operate at net-zero or near zero (for instance, solar energy, which always has a GHG lifecycle emissions of much less than 100 CO_2e/KWh) or 2) they are enabling (manufacturing of electric batteries).

8 The methodology document can be accessed here: https://transitionpathwayinitiative.org/publications/94.pdf?type=Publication%20https://climateactiontracker.org/countries/

Table 4 includes thresholds these three activities must meet to be eligible for the Green category:

Table 4. Biomass thresholds for biofuel and biomass

Asset type	Thresholds for biofuel/biomass produced/used (primary energy)	Energy efficiency thresholds
Facilities producing liquid biofuel, solid and gaseous biomass for heating and co-generation	57.6g CO_2e/kWh	N/A
Facilities producing biofuel for transport	67.7g CO_2e/kWh	N/A
Heating/cooling, and co-generation facilities using biofuel/biomass	57.6g CO_2e/kWh	80%

Source: Climate Bonds Initiative (2021)

Eligible feedstock

There are two preconditions feedstock must meet to qualify under the bioenergy criteria:

1. All types of feedstocks are eligible with three exceptions:
    - Wood (and all woody biomass)[9]
    - Third generation biofuels (algae)
    - Biodegradable Municipal Solid Waste, including sewage sludge and food waste.
2. Feedstock used for production of bioenergy should comply with one of the following certification schemes:
    - Forest Stewardship Council (FSC)[10]
    - Biomass Biofuels voluntary scheme (2BSvs)[11]
    - Bonsucro[12]
    - International Sustainability and Carbon Certification (ISCC Plus)[13]
    - Roundtable of Sustainable Biomaterials (RSB)[14]
    - Roundtable on Responsible Soy (RTRS).[15]

9 Waste-based residues like sawdust or scrap wood from certified sustainable sources can be considered if they meet the life-cycle assessment thresholds.
10 Source: https://fsc.org/en
11 Source: https://www.2bsvs.org/
12 Source: https://bonsucro.com/
13 Source: https://www.iscc-system.org/
14 Source: https://rsb.org/
15 Source: https://responsiblesoy.org/?lang=en

Other national standards may be recognized subject to a benchmarking exercise to ensure equivalence with international best practices.

5.2 Transport Sector Criteria Methodological Approach

The decarbonization of transport is critically important for Cambodia's overall climate strategy. The thresholds and screening criteria for activities under this sector are primarily based on international standards, while also considering national targets and specific conditions.

Given the diverse nature of the transport sector, creating a single model for emissions mitigation is challenging. There are limited opportunities to improve existing assets with energy efficiency measures. Instead, Cambodia's decarbonization strategy relies on the gradual replacement of internal combustion engines with zero-emission solutions and the phase-out of carbon-intensive technologies. Thus, most activities within the transport sector do not have an Amber category because zero-emission alternatives are widely available in the market.

Road transport sector

For road transport, the Green threshold is set at zero direct emissions (tailpipe CO_2 emissions), which primarily includes electric vehicles and hydrogen fuel cell vehicles.

An Amber category is proposed for a transitional period, given Cambodia's current infrastructure and economic conditions. This category could include highly efficient internal combustion engine vehicles or hybrid vehicles that meet stringent emissions standards.

Public transportation

Public transportation is crucial for Cambodia's urban areas, particularly the capital Phnom Penh. Green activities and assets for public transport include:

- Zero-emission buses (electric or hydrogen fuel cell)
- Electric or hybrid-electric trains for any future urban rail systems.

Amber activities and assets include:

- Highly efficient buses using cleaner fuels
- Improvements to existing public transportation systems that significantly reduce emissions.

Shipping

Green thresholds for the shipping sector are calculated according to the Climate Bonds Initiative Shipping Criteria. For a shipping activity to be considered Green, the expected carbon-equivalent intensity of the ship must be aligned with the decarbonization trajectory (emissions intensity threshold) of the ship's type/size category reaching zero

emissions by 2050. Ships below 5,000GT[16] with zero emissions (propelled and powered by batteries or zero-emissions fuels) not violating any conditions per the table found in Annex 1 are automatically eligible.

The related measurement metric for shipping criteria is the Annual Efficiency Ratio (AER), which measures carbon emissions associated with transport, using a ship's size (deadweight) as a proxy for cargo carried and assumes the ship is fully loaded on all journeys. Any vessel 5,000GT and above must report using the International Maritime Organization Data Collection System.[17] Mandatory collection and universal applicability of this data allows us to use AER measurement (Climate Bonds Initiative, 2020[18]).

For the Amber threshold, the Energy Efficiency Design Index (EEDI)[19] is used. The EEDI is a mandatory technical measure introduced by the International Maritime Organization (IMO) that sets a minimum energy efficiency standard for new ships. It measures the grams of carbon dioxide emitted per ship capacity mile, with lower values indicating a more efficient design.

Whilst there is no currently available data for Cambodia's average emissions, it is envisioned that, in future iterations of the Taxonomy, IMO decarbonisation pathways based on the country's average emissions will be applied.

Aviation

Aviation is an important sector for Cambodia's tourism and economic connectivity. While direct electrification of commercial flights is still technologically limited, this Taxonomy provides criteria for decarbonization. Green thresholds are established for ground-based airport operations, such as use of electric ground support vehicles, which are readily available technologies. For aircraft operations themselves, a transitional approach is necessary. Therefore, an Amber category is defined to support the uptake of Sustainable Aviation Fuels (SAF). To qualify, SAF must comply with stringent international sustainability standards and substantial reduction in GHG emissions over time.

16 Gross Tonnage (GT): Is a unitless index related to a ship's overall internal volumetric capacity. It is a measure of the ship's total enclosed spaces, calculated according to a formula prescribed by the International Convention on Tonnage Measurement of Ships.

17 The International Maritime Organization (IMO) is a specialized United Nations agency responsible for regulating shipping. The IMO Data Collection System (DCS) is a mandatory global legal requirement under the MARPOL Convention, which obliges owners of all large ships (5,000 gross tonnage and above) to collect and report data on their fuel oil consumption annually. This data is used to calculate a vessel's operational carbon intensity.

18 Source: Climate Bonds Initiative shipping criteria document: https://www.climatebonds.net/files/documents/Shipping_Criteria_Document_September-2020_2025-03-18-170716_jgtu.pdf

19 Source: https://www.imo.org/en/ourwork/environment/pages/improving%20the%20energy%20efficiency%20of%20ships.aspx

Table 5. Transportation sector activities criteria and decarbonization pathway thresholds for Cambodia

Thresholds and criteria for activities in the transportation sector							
	Main threshold						Additional Criteria
	2022-2025	2026-2030	2031-2035	2036-2040	2041-2045	2046-2050	
Green Activities							
Railway, Non-Railway	0	0	0	0	0	0	New projects only
Aviation	0	0	0	0	0	0	
Shipping, gCO_2/ t-km	Declining threshold for different ship classes according to Annex 1.						
Amber Activities							
	2022-2025	2026-2030	2031-2035	2036-2040	2041-2045	2046-2050	
Railway Non-Railway	See individual activities in the transport section				N/A	N/A	
Ineligible Activities	**The activities that belong to categories from Annex 1 as well as those that exceed the thresholds for Amber are not eligible.**						

The following activities are not eligible under the shipping criteria.

Table 6. Ineligible activities in shipping[20]

Assets	Explanation
Crude oil tankers and liquefied gas tankers	Assets dedicated to transporting fossil fuels are not eligible under the criteria. This is applicable to ships classified as liquified natural gas (LNG) carriers or crude oil tankers.
Dry bulk carriers if transporting more than the maximum threshold of coal	Assets where more than 25 percent of tonnage transported annually is coal or other fossil fuels. This threshold declines geometrically at 5.3 percent from 2020 onwards.
Assets dedicated to supporting the fossil fuel sector	Assets used for exploration or production of fossil fuels are not eligible under the criteria. This includes, but is not limited to: Floating Production, Supply and Offloading (FPSO) Vessels, Subsea, Umbilicals, Risers, Flowlines (SURF) Vessels, Drilling Units, Platform Supply Vessels, Well Intervention Vessels.

20 Source: Climate Bonds Initiative shipping criteria.

NB: All thresholds are subject to review every five years in accordance with new data and technological development.

5.3 Buildings and Construction Sector Criteria Methodological Approach

As Cambodia's buildings and construction sector is heavily reliant on fossil fuels and traditional energy sources, a comprehensive methodological approach is essential for evaluating its climate impact and guiding future investments towards sustainability.

Emission metrics

To effectively assess the climate impact of buildings, it is crucial to adopt a metric that allows for the cross comparison of various assets from a holistic perspective. The traditional energy use intensity (EUI) metric, commonly used in the industry, falls short in measuring the actual climate impact. Therefore, a direct measurement of emissions is necessary to identify high-performing assets and those requiring refurbishment.

In this context, the proposed metric for evaluating buildings performance in Cambodia will be "carbon emissions per square meter (carbon intensity - CO_2/sqm)", which can reported alongside EUI. This approach aligns with international best practices and provides a clear framework for assessing the environmental performance of buildings and the construction of new buildings.

Scope of emissions

The evaluation of emissions encompasses three distinct scopes, of which the first two apply as specified by the substantial contribution criteria. For the sake of clarity, the three scopes for buildings as defined by the Greenhouse Gas Protocol methodology are (World Resource Institute, 2015):

- **Scope 1**: Direct emissions from buildings, specifically those arising from the combustion of fossil fuels on-site, such as natural gas, fuel oil, and biomass. Notably, emissions from refrigerants will not be included in Scope 1 (Royal Government of Cambodia, 2019).
- **Scope 2**: Indirect emissions associated with the energy consumed by buildings, including emissions from the combustion of fossil fuels (coal, oil, and natural gas) and non-fossil fuel sources (such as nuclear and renewables) when providing electricity and/or district heating/cooling to the building (Royal Government of Cambodia, 2019).
- **Scope 3**: Indirect emissions related to the sourcing, transmission, and distribution of energy to buildings. These emissions are currently not included in the scope of the Taxonomy.

Focus on core building services

The criteria for evaluating buildings primarily focuses on emissions associated with energy use within control of the landlord, specifically base building services that are also known as "core and shell." This focus is justified for several reasons:

- Tenant energy demands, such as light and power, fall outside the financial or management control of the building manager, making it challenging to assess their impact on overall emissions.
- Commercial buildings may experience changes in occupancy during the term of any green or transitional financing, which could distort parameters used for evaluation.

Options for the Green category

Therefore, to qualify under the green category for new buildings, developers can choose between two options:

- **Option 1**: Adhere to a decarbonization pathway tailored specifically for Cambodia, calculated based on operational data (Scopes 1 and 2 based on gas and electricity consumption) provided by relevant ministries, agencies and/or other relevant stakeholders. This pathway will be a linear projection from current emissions intensity parameters for various building classes to zero emissions in 2050 (Royal Government of Cambodia, 2022b). As there are currently no available data to establish a baseline, this option will be explored in future phase of this Taxonomy once the data collection currently under way is completed.
- **Option 2**: In the absence of operational emissions data, alignment can be achieved through obtaining internationally recognized green building labels. This includes certifications such as EDGE or LEED and others that serve as proxies for emissions intensity in Cambodia (Royal Government of Cambodia, 2022b).

To provide practical pathways for alignment with the green building criteria, particularly in the absence of readily available operational emissions data specific to Cambodia, the Taxonomy recognizes internationally accepted green building certifications as proxies for emissions intensity.

Tables 7 and 8, outline these accepted certification labels and any additional requirements necessary for compliance. Table 7 focuses on residential buildings, while Table 8 addresses commercial buildings. These tables list specific certifications (EDGE, IGBC, Green Homes, LEED) and, where applicable, the minimum certification level (Gold, Certified) required for a building to be considered "green" under the Taxonomy.

In some cases, additional requirements beyond certification itself are specified, such as demonstrating a certain percentage improvement above baseline energy performance standards (ASHRAE 90.1). These certification schemes serve as readily verifiable indicators that a building has been designed and constructed or renovated to meet high environmental performance standards, thus aligning with the Taxonomy's objectives.

Table 7. Proxy certification labels and additional requirements for residential buildings

Proxy Label	Proxies
Evaluation Standard for Green Building	Evaluation standard for green building rating of three-star
EDGE[21]	• EDGE certified • This option is only used in developing countries (as defined by the United Nations)[22]
GBCI Green Homes	Buildings certified under the GBCI Green Homes ® Rating system v3.0.
LEED[23]	Meet both of the following criteria: • LEED Gold OR Platinum and • 30 percent improvement above the levels in ASHRAE 90.1. If for a debt instrument: date of LEED certification must be within five years before bond issuance.
Climate Bonds Initiative[24]	Climate Bonds Buildings Criteria
Singapore BCA Green Mark Scheme[25]	Gold or above is compliant.
GBCI recognized standards	The Green Business Certification Inc. (GBCI) provides guidance for globally recognized international and national standards. Standards recognized by the GBCI can be applied as long as the level of certification achieved is advanced and is applicable to climate change mitigation.

Table 8. Proxy certification labels for commercial buildings

Proxy Label	Proxies
Australian Proxy for Green Star Buildings[26]	• Certified by the GBCA under the Green Star Buildings scheme and complies with the climate positive path. • Buildings certified with six-star automatically comply. Five-star rated buildings registered after 2023 will also comply.

21 Source: https://edgebuildings.com/
22 Source: https://www.un.org/en/development/desa/policy/wesp/wesp_current/2014wesp_country_classification.pdf
23 Source: https://www.gbci.org/#leed
24 Source: https://www.climatebonds.net/files/documents/Sector-Criteria-Buildings-Criteria-v2.1-Dec-2023-1.pdf
25 Source: https://www1.bca.gov.sg/buildsg/sustainability/green-mark-certification-scheme
26 Source: https://www.climatebonds.net/files/files/standards/Buildings/Proxies/AUS%20-%20Green%20Star%20Buildings%20proxy%20v1.pdf

IGBC Net-Zero Building rating system	Buildings that achieve a net-zero rating under the IGBC Net-Zero Building rating system. Buildings in construction and recently completed buildings must provide additional pre-issuance documents.
LEED[27]	Meet all of the following criteria: • LEED Gold OR Platinum • 30 percent improvement above levels in ASHRAE 90.1. • If debt instrument: the six-year limit on tenor. If debt instrument: The date of LEED certification must be within five years before bond issuance.
EDGE[28]	• EDGE certified
	Meet both of the following criteria: • LEED Gold or Platinum and • 30 percent improvement above the levels in ASHRAE 90.1.
Climate Bonds Initiative[29]	Climate Bonds Buildings Criteria.
Singapore BCA Green Mark Scheme[30]	Gold or above is compliant.
GBCI recognized standards	The Green Business Certification Inc. (GBCI) provides guidance for globally recognized international and national standards. Standards recognized by the GBCI can be applied as long as the level of certification achieved is advanced and is applicable to climate change mitigation.

Additional certification labels

In addition to the internationally recognized labels, Cambodia is developing its own energy efficiency labels. The inclusion of these labels in future phase of the Taxonomy's development will enhance the robustness of the assessment and provide local context to the evaluation of building performance (Royal Government of Cambodia, 2022b).

For an eligible economic activity in any of the three sectors to be considered Taxonomy aligned—that is, fully compliant with the Taxonomy—it must satisfy the TSC, which comprise three elements: (i) meeting the activity-specific performance thresholds for a substantial contribution to the climate change mitigation objective, (ii) complying with DNSH requirements for the other environmental objectives, and (iii) adhering to MSS. Supplementary policies and guidelines will be issued to assist with practical implementation of the criteria.

27 Source: https://igbc.in/
28 Source: https://edgebuildings.com/
29 Source: https://www.climatebonds.net/files/documents/Sector-Criteria-Buildings-Criteria-v2.1-Dec-2023-1.pdf
30 Source: https://www1.bca.gov.sg/buildsg/sustainability/green-mark-certification-scheme

6. ACTIVITIES THRESHOLDS AND CRITERIA

6.1 Energy

6.1.1 Overview

Cambodia's energy sector is a cornerstone of the country's national economic development and a significant contributor to its GHG emissions profile. In 2016, it contributed 9,601.61Gg of CO_2-equivalent, accounting for 29.21 percent of the country's total emissions, excluding the Forestry and Other Land Use (FOLU) sector (Royal Government of Cambodia, 2019). This contribution is projected to grow substantially, reaching 43.7 percent of emissions by 2030 under a BAU scenario, excluding the agriculture and FOLU sector (Royal Government of Cambodia, 2025).

In 2016, Cambodia's energy consumption distribution saw biomass account for the largest share at 3,530ktoe (57.3 percent), followed by oil products at 2,111ktoe (34.2 percent), electricity at 506ktoe (8.2 percent), and coal at 17ktoe (0.3 percent) (Royal Government of Cambodia, 2019).

According to 2021 data from IEA, Cambodia's electricity generation mix has evolved significantly. Hydropower contributed 52.4 percent of electricity generation, while solar accounted for 6.3 percent. Fossil fuels continue to play a significant role, with coal providing 35.9 percent of electricity and oil contributing 4.9 percent. In terms of total final consumption, electricity represented only 13.5 percent of energy use (International Energy Agency, 2021).

While electricity production currently represents a small percentage of emissions, it is expected to grow significantly, as illustrated by the BAU scenario in the previous paragraph. This growth is driven by the anticipated electrification of the transport sector and expanding electricity use in the residential sector.

The forward-looking strategy for Cambodia's energy sector is clearly articulated in its NDC 3.0, which provides the primary policy direction for the Taxonomy. The NDC sets ambitious targets aimed at accelerating the transition to a cleaner, more resilient and efficient energy system. The key mitigation strategies and targets informing the Taxonomy criteria for this sector include:

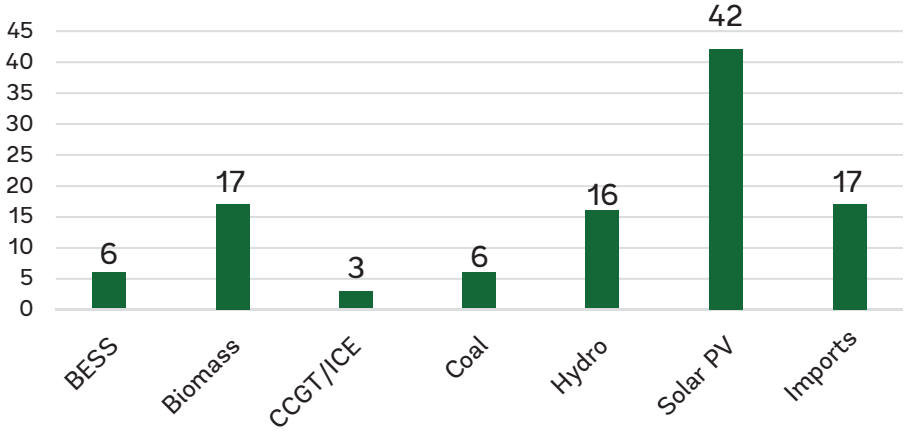
- Renewable energy generation: A substantial increase in the share of renewable energy in installed capacity to 72 percent by 2035 (unconditional), with a conditional target of up to 80 percent. This underpins the "Green" classification for technologies like solar, wind, sustainable biomass and hydropower within the Taxonomy.
- Coal phase-down: Implementation of a "no-new-coal" policy and gradual phase-down of existing coal-fired power plants. This is a critical national commitment that justifies the Taxonomy's strict criteria for fossil fuels and provides the rationale for the "Criteria for the early and managed phase-out of coal-fired power plants" (Annex 2).

- Grid modernization and efficiency: A focus on supply-side energy efficiency through adoption of advanced grid modernization technologies to reduce technical losses. This informs the criteria for enabling activities, such as electricity transmission, distribution and storage.

Therefore, the Taxonomy can serve as a key instrument designed to help channel the necessary investments to reach 2050 goals, estimated at US$20.37 billion, which can easily mitigate the expected future increase of fossil fuels in Cambodia's electricity sector. As a consequence, the TSC for energy activities are directly aligned with these national priorities, ensuring that financed projects contribute meaningfully to Cambodia's low-carbon transition (Royal Government of Cambodia, 2025).

Looking ahead, Cambodia's PDP 2022-2040 provides essential projections for future electricity demand and the generation mix, guiding the country's energy strategy (Royal Government of Cambodia, 2022a). With numerous solar and hydropower projects of significant capacity planned, this Taxonomy can help mobilize additional capital to support their completion.

Figure 4. Number of planned projects according to PDP until 2040



Source: Power Development Master Plan 2022–2040[31]

6.1.2 Energy Sector Criteria and Thresholds

The following is the list of activities for Cambodia's energy sector.

31 The numbers refer to infrastructure projects.

6.1.2.1 Solar energy generation

Sector classification and activity	
Sector and activity	Energy generation with solar technologies
ISIC code/CSIC code	3510/3510
Description	Construction and operation of electricity generation facilities that produce electricity, heating and cooling from Solar PV, Concentrated Solar Power (CSP) or any other types of solar energy-based technologies.
Scope	Construction and operation (electricity generation).
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	All energy generation is eligible.
Amber	N/A

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	351 [021] Electricity generation using solar PV technology. 351 [022] Electricity generation using CSP technology.	Equivalent
Common Ground Taxonomy (2024) [32]	D1.1 Electricity generation using solar PV technology. D1.2 Electricity generation using CSP technology.	Equivalent
EU Taxonomy (2025)	4.1. Electricity generation using solar PV. 4.2. Electricity generation using CSP technology.	Equivalent
China Catalogue of Green Financial Support Projects (2025)[33]	4.2.2 Construction and operation of solar energy utilization facilities.	Equivalent
Singapore Taxonomy (2023)	1.1 Electricity generation using solar PV and CSP including electricity, heat, cool).	Equivalent

6.1.2.2 Wind energy generation

Sector classification and activity	
Sector and activity	Wind energy generation
ISIC code/CSIC code	3510/3510
Description	Construction and operation of electricity generation facilities that produce electricity, heating and cooling from wind power.
Scope	Construction and operation (electricity generation).
The activity makes a substantial contribution to climate change mitigation.	

32 This evaluation is with reference to the M-CGT, which is the multi-jurisdiction Common Ground Taxonomy that is based on the Chinese, European and Singaporean taxonomies.

33 This evaluation includes the latest version of the China's taxonomy.

Metrics and thresholds	
Green	All electricity generation activities from onshore and offshore wind power plants are directly eligible.
Amber	N/A

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	351[030] Electricity generation from wind power.	Equivalent
Common Ground Taxonomy (2024)	D1.3 Electricity generation from wind power.	Equivalent
EU Taxonomy (2025)	4.3. Electricity generation from wind power.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	4.2.1 Construction and operation of wind power generation facilities.	Equivalent
Singapore Taxonomy (2023)	1.2. Electricity generation from wind power.	Equivalent

6.1.2.3 Hydropower energy generation

Sector classification and activity	
Sector and activity	Hydropower energy generation
ISIC code/CSIC code	3510/3510
Description	Construction and operation of electricity generation facilities that produce electricity, heating and cooling from hydropower.
Scope	Construction and operation (electricity generation).
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green[34]	1) A hydropower facility in operation before 2026 is eligible if it meets either criteria: • the electricity generation facility is a run-of-river plant and does not have an artificial reservoir; • A power density > 5W/m2 OR • having GHG emissions intensity < 100g CO_2e/kWh.
	2) A hydropower facility commencing operation in 2026 or after is eligible if it meets the following criteria: • A power density > 10W/m2 OR • GHG emissions intensity < 50g CO_2e/kWh. In addition, pumped storage facilities must also meet one of the following criteria: • The facility is demonstrably purposefully built in conjunction with intermittent renewables

34 The criteria are based on the CBI Hydropower criteria https://www.climatebonds.net/files/files/Hydropower-Criteria-doc-March-2021-release3.pdf

	AND/OR • The facility is contributing to a grid which already has a share of intermittent renewables deployment of at least 20 percent or has credible evidence of programs in place that increase the share of intermittent renewables to this level within the next 10 years. • Evidence of such programs might be the current development of renewable energy facilities that are due to come online in the near term, or the auction of PPAs for renewables. AND/OR The facility can credibly demonstrate that the pumped storage will not be charged with an off-peak grid intensity that is higher than the intensity of the electricity that it will displace when it is discharged. For example, demonstrating that there is no combination of the following in the merit order: (1) mid-merit coal and (2) gas used at times of peak demand. Life-cycle GHG emissions are calculated based on project specific data using ISO 14067:2018 or :2018 or ISO 14064- 2:2019 or equivalent
Amber	Retrofitting that improves either power density or decreases emissions intensity by at least 15 percent is eligible.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	351[040] Electricity generation from hydro power	ASEAN is less stringent
Common Ground Taxonomy (2024)	D1.5 Electricity generation from hydro power	Equivalent
EU Taxonomy (2025)	4.5. Electricity generation from hydropower	EU criteria is more stringent
China Catalogue of Green Financial Support Projects (2025)	4.2.4 Large-scale Construction and operation of hydroelectric power generation facilities	China criteria are less stringent
Singapore Taxonomy (2023)	1.3. Electricity generation from hydro power	Singapore is less stringent

6.1.2.4 Geothermal power generation

Sector classification and activity	
Sector and activity	Geothermal power
ISIC code/CSIC code	3510/3510
Description	Construction and operation of electricity generation facilities that produce electricity, heating and cooling from geothermal power.
Scope	Construction and operation (electricity generation).
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	New facilities meeting the declining Green threshold for the energy sector (Table 3). Life-cycle GHG emissions are calculated based on project-specific data using ISO 14067:2018 or ISO 14064-2:2019 or equivalent.
Amber	Existing facilities meeting the declining Amber threshold for the energy sector with a prescribed sunset date (Table 3). Life-cycle GHG emissions are calculated based on project-specific data using ISO 14067:2018 or ISO 14064-2:2019 or equivalent.

Relation to reference taxonomies		
Name	**Reference**	**Comparison**
ASEAN Taxonomy V3 (2024)	351[050] Electricity generation from geothermal energy.	ASEAN is less stringent
Common Ground Taxonomy (2024)	D1.7 Electricity generation from geothermal energy.	CGT criteria are less stringent
EU Taxonomy (2025)	4.6. Electricity generation from geothermal energy.	EU criteria are less stringent
China Catalogue of Green Financial Support Projects (2025)	3.2.2.6 Construction and Operation of geothermal energy utilization facilities.	China criteria are less stringent
Singapore Taxonomy (2023)	1.4. Electricity generation from geothermal energy.	Singapore is less stringent

6.1.2.5 Bioenergy generation and production

Sector classification and activity	
Sector and activity	Bioenergy generation and production
ISIC code/CSIC code	3510/3510
Description	Construction and operation of electricity generation facilities that produce electricity, heating and cooling from bioenergy (biomass, biogas and biofuels).
Scope	Construction and operation (electricity generation). These criteria apply to assets and projects relating to: • Facilities producing biomass/biofuel • Heating/cooling, and co-generation facilities using biofuel/biomass • Bio-refinery facilities • Supporting infrastructure associated with the above.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	

Green	• New and existing facilities meeting the Green threshold for bioenergy (Table 4).
	• Feedstock used for production of bioenergy should comply with one of the following:
	  o Forest Stewardship Council (FSC)
	  o Biomass Biofuels voluntary scheme (2BSvs)
	  o Bonsucro
	  o International Sustainability and Carbon Certification (ISCC Plus)
	  o Roundtable of Sustainable Biomaterials (RSB)
	  o Roundtable on Responsible Soy (RTRS).
	• Note: if certified in accordance with the above schemes, agricultural waste is eligible.
	Life-cycle GHG emissions are calculated based on project-specific data using ISO 14067:2018 or ISO 14064-2:2019 or equivalent.

Amber	• Only existing facilities are eligible.
	• Life-cycle emission intensity meets Amber thresholds for the energy sector (Table 3).
	• Feedstock used for production of bioenergy should comply with one of the following:
	  o Forest Stewardship Council (FSC)
	  o Biomass Biofuels voluntary scheme (2BSvs)
	  o Bonsucro, International Sustainability and Carbon Certification (ISCC Plus)
	  o Roundtable of Sustainable Biomaterials (RSB)
	  o Roundtable on Responsible Soy (RTRS).
	• Note: if certified in accordance with the above schemes, agricultural waste is eligible.
	Life-cycle GHG emissions are calculated based on project-specific data using ISO 14067:2018 or ISO 14064-2:2019 or equivalent.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	351[014] Electricity generation from bioenergy, including co-firing with fossil fuels.	Less stringent
Common Ground Taxonomy (2024)	D1.3 Electricity generation from wind power.	Equivalent
EU Taxonomy (2025)	4.8. Electricity generation from bioenergy.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	3.2.2.3 Construction and operation of biomass energy utilization facilities.	China criteria are less stringent
Singapore Taxonomy (2023)	1.5. Electricity generation from bioenergy power.	Equivalent

6.1.2.6 Energy production from natural gas

Sector classification and activity	
Sector and activity	Energy production from natural gas
ISIC code/CSIC code	3510/3510
Description	Production of energy from natural gas.
Scope	Conversion and retrofitting projects only.
The activity makes a substantial contribution to climate change mitigation**.**	

Metrics and thresholds	
Green	• Conversion of natural gas plants to use clean hydrogen leading to an emissions intensity of less than 100gCO_2e/kWh measured during the life-cycle. Life-cycle GHG emissions are calculated based on project-specific data using ISO 14067:2018 or ISO 14064-2:2019 or equivalent.
Amber	• Retrofit of existing natural gas plants that leads to life-cycle emissions intensity meeting declining Amber thresholds for the energy sector with a prescribed sunset date (Table 3). • Life-cycle GHG emissions are calculated based on project-specific data using ISO 14067:2018 or ISO 14064-2:2019 or equivalent. • At retrofitting, measurement equipment for monitoring of physical emissions, such as those from methane leakages, is installed or a leak detection and repair program is introduced. • At operation, physical measurement of emissions is reported, and leak is eliminated. • Compliance with the current Amber criteria is verified by an independent third party and must be published for public assessment.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	351[011] Electricity generation from fossil gas.	Less stringent
Common Ground Taxonomy (2024)	N/A.	N/A
EU Taxonomy (2025)	4.29. Electricity generation from fossil gaseous fuels.	EU criteria is more stringent
China Catalogue of Green Financial Support Projects (2025)	N/A.	N/A
Singapore Taxonomy (2023)	This activity is not available in Singapore Taxonomy.	N/A

6.1.2.7 Marine energy generation

Sector classification and activity	
Sector and activity	Marine Energy Generation
ISIC code/CSIC code	3510/3510
Description	Construction and operation of electricity generation facilities that produce electricity, heating, and cooling from ocean energy.
Scope	Construction and operation (electricity generation).
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	All energy generation activities from ocean energy are directly eligible.
Amber	N/A.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	351[060] Electricity generation from ocean energy.	Equivalent
Common Ground Taxonomy (2024)	D1.3 Electricity generation from wind power.	Equivalent
EU Taxonomy (2025)	4.4. Electricity generation from ocean energy technologies.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	3.2.2.7 Construction and operation of marine energy utilization facilities.	Equivalent
Singapore Taxonomy (2023)	1.6. Electricity generation from ocean energy.	Equivalent

6.1.2.8 Electricity generation from renewable non-fossil gaseous and liquid fuels

Sector classification and activity	
Sector and activity	Electricity generation from renewable non-fossil gaseous and liquid fuels
ISIC code/CSIC code	3510/3510
Description	Construction and operation of electricity generation facilities that produce electricity using gaseous and liquid fuels of renewable origin. This activity does not include electricity generation from the exclusive use of biogas and bioliquid fuels.
Scope	Construction and operation (electricity generation).
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	• Life-cycle GHG emissions from the generation of electricity using renewable gaseous and liquid fuels are lower than 100gCO_2e/kWh. Life-cycle GHG emissions are calculated based on project-specific data, where available, using ISO 14067:2018 or ISO 14064-1:2018 or ISO 14064-2:2019 or equivalents.
	• Quantified life-cycle GHG emissions are verified by an independent third party.
Amber	Life-cycle emission intensity meets declining Amber thresholds for the energy sector with a prescribed sunset date (Table 3).

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	353[013] Production of heating/ cooling from renewable non-fossil gaseous and liquid fuels.	Criteria are not directly comparable. ASEAN criteria is only for heating and cooling only (no electricity), but the TSC threshold (100g CO_2/kWh) is equivalent.
Common Ground Taxonomy (2024)	D2.6 Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels (production of heat/ cool from renewable non-fossil gaseous and liquid fuels).	Criteria are not directly comparable. CGT for heating and cooling only (no electricity), but TSC threshold (100g CO_2/kWh is equivalent.
EU Taxonomy (2025)	4.7. Electricity generation from renewable non-fossil gaseous and liquid fuels.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	3.2.3.4 Construction and operation of distributed energy resources projects.	China's criteria less stringent
Singapore Taxonomy (2023)	This activity is not available in Singapore Taxonomy.	N/A

6.1.2.9 Production of heating and cooling using waste heat

Sector classification and activity	
Sector and activity	Production of heating or cooling using waste heat.
ISIC code/CSIC code	3530/3530
Description	Production of heating and cooling using waste heat.
Scope	Operations only.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	The activity produces heating/cooling from waste heat.
Amber	N/A.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	353[015] Production of heating/cooling using waste heat.	Equivalent
Common Ground Taxonomy (2021)	D2.8 Production of heat/cool using waste heat.	Equivalent
EU Taxonomy (2025)	4.25. Production of heat/cool using waste heat.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	1.1.1.10 Waste heat, pressure and gas exploitation facilities.	Equivalent
Singapore Taxonomy (2023)	1.14. Production of heat or cool from waste heat.	Equivalent

6.1.2.10 Installation and operation of electric heat pumps

Sector classification and activity	
Sector and activity	Installation and operation of electric heat pumps.
ISIC code/CSIC code	3530/3530
Description	Installation and operation of electric heat pumps.
Scope	Installation and operations.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	• Refrigerant GWP ≤ 675. • Adherence to a recognized environmental management system (ISO 14001 or equivalent).
Amber	N/A.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	353[040] Production of heating/ cooling using electric heat pump.	Equivalent
Common Ground Taxonomy (2024)	D2.2 Construction, installation and operation of heat pump facilities.	Equivalent
EU Taxonomy (2025)	4.16. Installation and operation of electric heat pumps.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	3.2.2.9 Construction and operation of heat pump facilities.	China's criteria is less stringent
Singapore Taxonomy (2023)	This activity is not available in Singapore Taxonomy.	N/A

6.1.2.11 Heating and cooling distribution

Sector classification and activity	
Sector and activity	Heating and Cooling Distribution
ISIC code/CSIC code	3530/3530
Description	Construction and operation of pipelines and associated infrastructure for distribution of heating and cooling, ending at the sub-station or heat exchanger.
Scope	Construction and operations only.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	The system uses at least 50 percent renewable energy or 50 percent waste heat or 75 percent cogenerated heat or 50 percent of a combination of such energy and heat.
Amber	N/A.
Relation to reference taxonomies	

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	353[020] District heating/cooling distribution.	Equivalent
Common Ground Taxonomy (2024)	N/A.	N/A
EU Taxonomy (2025)	4.15. District heating/cooling distribution.	EU criteria is less stringent
China Catalogue of Green Financial Support Projects (2025)	5.1.1.1 Operation and upgrade of cleaning construction of urban central heating system.	China's criteria is less stringent
Singapore Taxonomy (2023)	1.13. District heating and cooling systems.	Singapore Taxonomy is less stringent

6.1.2.12 Transmission and distribution networks for renewable and low-carbon gases, including hydrogen

Sector classification and activity	
Sector and activity	Transmission and distribution networks for renewable and low-carbon gases, including hydrogen.
ISIC code/CSIC code	3520, 4930/3520, 4930
Description	• Repurposing of gas networks for the distribution of gaseous fuels through a system of mains. • Repurposing of gas networks for long-distance transport of renewable and low-carbon gases by pipelines. • Construction or operation of transmission and distribution pipelines dedicated to the transport of hydrogen or other low-carbon gases.
Scope	Construction, operations, and retrofitting.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	• Transmission and distribution networks of low-carbon gases and green hydrogen are eligible. • Retrofit of natural gas distribution lines to allow 100 percent hydrogen or other low carbon gases is eligible. • The activity includes leak detection and repair of existing gas pipelines and other network elements to reduce methane leakages. • Low carbon gases have life-cycle GHG emissions from the generation of electricity lower than the Green activities threshold from Table 3.
Amber	N/A.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	351[071] Transmission and distribution (T&D) of electricity.	Equivalent
Common Ground Taxonomy (2024)	N/A.	N/A
EU Taxonomy (2025)	4.9. Transmission and distribution of electricity.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	3.1.1.1 Manufacture of intelligent power grid products and facilities.	China's criteria is less stringent
Singapore Taxonomy (2023)	1.7. Transmission and distribution of electricity.	Equivalent

6.1.2.13 Storage of electricity, thermal energy and green hydrogen

Sector classification and activity	
Sector and activity	Storage of electricity, thermal energy and green hydrogen.
ISIC code/CSIC code	No specific ISIC or CSIC code.
Description	Construction and operation of facilities that store electricity, thermal energy and green hydrogen and return it later.
Scope	Construction and operations.
The activity makes a substantial contribution to climate change mitigation**.**	

Metrics and thresholds	
Green	• All electricity storage systems are eligible and green hydrogen storage systems are eligible. • All thermal energy storage systems where the generated energy falls below 100gCO_2e/kWh measured on life-cycle emission basis are eligible (including geothermal energy storage). Life-cycle GHG emissions are calculated based on project-specific data using ISO 14067:2018 or ISO 14064-2:2019 or equivalent.
Amber	N/A.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	351[072] Storage of electricity, including pumped storage. 353 [030] Storage of thermal energy.	ASEAN Taxonomy is less stringent

Common Ground Taxonomy (2024)	D1.8 Storage of electricity X2 Hydrogen storage.	CGT is more stringent for electricity and hydrogen storage
EU Taxonomy (2025)	4.10. Storage of electricity 4.11. Storage of thermal energy 4.12. Storage of hydrogen.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	3.1.1.1 Manufacture of intelligent power grid products and facilities.	China's criteria is less stringent
Singapore Taxonomy (2023)	1.9. Storage of electricity 1.10. Storage of hydrogen or its derivatives.	• Electricity storage: equivalent • Hydrogen storage: Singapore Taxonomy is more stringent

6.1.2.14 Transmission and distribution of electricity

Sector classification and activity	
Sector and activity	Transmission and distribution of electricity
ISIC code/CSIC code	3510
Description	• Construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system. • Construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems. • Construction and operation of interconnections that transport electricity between separate systems.
Scope	Construction and operations
The activity makes a substantial contribution to climate change mitigation**.**	

Metrics and thresholds	
Green	• Transmission and distribution infrastructure dedicated to a direct connection or an expansion of connections between power plants with energy intensities less than 100gCO_2e/kWh (life-cycle emissions). • Transmission and distribution infrastructure that is on a decarbonization trajectory where at least 67 percent of the newly connected generation capacity in the system is below the generation threshold value of 100gCO_2e/kWh measured on a Product Carbon Footprint (PCF) basis over a rolling five-year period. Or the average system grid emissions factor is below the threshold value of 100gCO_2e/kWh measured on a PCF basis, over a rolling five-year average period.
	• Includes all enabling ICT systems and smart management systems for eligible infrastructure. Life-cycle GHG emissions are calculated based on project-specific data using ISO 14067:2018 or ISO 14064-2:2019 or equivalent.
Amber	N/A

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	351[071] Transmission and distribution of electricity.	Equally stringent: TSC thresholds with additional criteria specifying equipment and infrastructure
Common Ground Taxonomy (2024)	N/A	N/A
EU Taxonomy (2025)	4.9. Transmission and distribution of electricity	Equivalent
China Catalogue of Green Financial Support Projects (2025)	3.1.1.1 Manufacture of intelligent power grid products and facilities.	China's criteria is less stringent
Singapore Taxonomy (2023)	1.7. Transmission and distribution of electricity.	Equivalent

6.2 Transport

6.2.1 Overview

Under the business-as-usual scenario, transport GHG emissions are projected to increase from 10.9 million tCO_2e in 2022 to 18.4 million tCO_2e by 2030 and 65.1 million tCO_2e by 2050 (Cambodia National Council for Sustainable Development, 2025). This growth is forecast to be driven by increasing numbers of vehicles and the dominance of road transport, which accounts for 74 percent of the country's transport network (World Bank, 2024).

While the transport sector was responsible for 45 percent of Cambodia's total final energy consumption in 2015 (Royal Government of Cambodia, 2019), by 2019 the sector's thirst for imported oil products had intensified to two-thirds (72 percent) of national oil imports or more than 12 million barrels of oil equivalent in primary energy consumption (Ministry of Public Works and Transport, 2023). Despite a slight reduction in its share of final energy consumption to 31 percent in 2020, transport remains a major energy consumer (World Bank, 2024).

The sector's high energy consumption is largely attributable to the rapid growth in vehicle ownership and prevalence of inefficient, older vehicles. By 2020, there were more than 5,850,000 registered vehicles in Cambodia, with motorcycles constituting 85 percent of the total (Cambodia National Committee on Energy Efficiency, 2022). Additionally, a significant share (44.3 percent) of these vehicles were more than 10 years old, compounded by 8 percent year-on-year growth in vehicle numbers predominantly driven by an influx of second-hand vehicles not meeting modern fuel efficiency and emission standards (Cambodia National Committee on Energy Efficiency, 2022). This reliance on older, less efficient vehicles significantly contributes to GHG emissions and air pollution.

Cambodia's heavy dependence on imported petroleum products to fuel its transport sector not only underscores its significant environmental impact, but also highlights the urgent need for sustainable energy policies. Addressing these challenges is essential for mitigating emissions and promoting cleaner transportation alternatives, which the Taxonomy can directly contribute to.

To address the challenges of rising emissions and fossil fuel dependency, Cambodia's NDC 3.0 sets a clear and ambitious path for the transport sector's low-carbon transition. The strategy aims to develop an efficient and integrated mobility system, providing the primary strategic direction for TSC within this Taxonomy. Key targets by 2035 include:

- *Promotion of public transport:* Achieving a 15 percent modal share for urban public buses to reduce reliance on private vehicles and decrease congestion and emissions in cities.
- *Electrification of mobility.* A significant scaling-up of electric vehicles (EVs), targeting a fleet composition of electric motorcycles (35 percent), electric urban buses (20 percent) and electric cars and tuk-tuks (5 percent). This directly supports the Taxonomy's Green classification for zero-emission vehicles and enabling infrastructure.
- *Modal shift for long-distance travel*: Shifting 5 percent of long-distance freight and passenger transport from road to rail and enhancing waterborne transport, to leverage more energy-efficient modes of transport.
- *Aviation*: Improving operational efficiency and transitioning towards Sustainable Aviation Fuels (SAF), with a target for 80 percent of domestic flights to comply with best practices.

The substantial contribution criteria for the transport sector are designed to identify and promote investments that directly support achievement of these national targets, facilitating the shift towards a sustainable, low-carbon transport system for Cambodia.

6.2.2 Transport Sector Criteria and Thresholds

6.2.2.1 Transport via railways

Sector classification and activity	
Sector and activity	Transport via railways
ISIC code/CSIC code	491/491
Description	Rail transportation of passengers and/or freight using railroad rolling stock.
Scope	Operations only.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	The activity complies with one of the following criteria: • Trains and passenger coaches/wagons have zero direct (tailpipe) CO_2 emissions. • Trains and passenger coaches/wagons have zero direct (tailpipe) CO_2 emissions when operated on a track with necessary infrastructure and use a conventional engine where such infrastructure is not available (bimodal). AND Trains and wagons not dedicated to the transport of fossil fuels.
Amber	• Passenger rolling stock is eligible if direct emissions are below 50 gCO_2e/pkm until 2028 (after this year only rolling stock with zero direct emissions will be eligible).
	• Freight transport by rail is eligible if direct emissions are below 25 gCO_2/tkm until 2028. After that year, only rolling stock with zero direct emissions will be eligible.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	4911[001] Passenger interurban rail transport. 491[001] Infrastructure for rail transport.	More stringent: TSC thresholds with additional criteria specifying trackside infrastructure and earlier cut-off date for Amber (2028 in Cambodia, 2027 in ASEAN)
Common Ground Taxonomy (2024)	H1.4 Passenger interurban rail transport.	Equivalent
EU Taxonomy (2025)	6.1. Passenger interurban rail transport.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	N/A.	N/A
Singapore Taxonomy (2023)	2.1. Transport via railways.	Equivalent

6.2.2.2 Operation of personal mobility devices cycle logistics

Sector classification and activity	
Sector and activity	Operation of personal mobility devices and cycles
ISIC code/CSIC code	4921, 7711/4921, 7711
Description	Selling, purchasing, financing, leasing, renting and operation of personal mobility or transport devices where propulsion comes from the physical activity of the user, from a zero-emissions motor, or mix of zero-emissions motor and physical activity. This includes provision of freight transport services by (cargo) bicycles.
Scope	Operations only (no manufacturing).
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	Propulsion of personal mobility devices comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. Personal mobility devices are allowed to be operated on the same public infrastructure as bikes or pedestrians.
Amber	N/A.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	492[003] Operation of personal mobility devices, cycle logistics.	Equivalent
Common Ground Taxonomy (2024)	N/A.	N/A
EU Taxonomy (2025)	6.3. Urban and suburban transport, road passenger transport.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	N/A.	N/A
Singapore Taxonomy (2023)	2.2. Other passenger land transport.	Equivalent

6.2.2.3 Other passenger land transport

Sector classification and activity	
Sector and activity	Other passenger land transport
ISIC code/CSIC code	4922
Description	This class includes: • passenger cars • scheduled long-distance bus services • charters, excursions and other occasional coach services • taxi operations • airport shuttles • renting of private cars with driver • operation of school buses and buses for transport of employees • passenger transport by human- or animal-drawn vehicles.
Scope	Operations only
The activity makes a substantial contribution to climate change mitigation**.**	

Metrics and thresholds	
Green	Direct (tailpipe) CO_2 emissions of the vehicle are zero.
Amber	The vehicle has direct (tailpipe) CO_2 emissions of no more than 50gCO_2/km.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	492[001] Urban and suburban transport, road passenger transport.	Equivalent
Common Ground Taxonomy (2024)	N/A.	N/A

EU Taxonomy (2025)	6.3. Urban and suburban transport, road passenger transport.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	N/A.	N/A
Singapore Taxonomy (2023)	2.2. Other passenger land transport.	Equivalent

6.2.2.4 Urban and suburban passenger land transport

Sector classification and activity	
Sector and activity	Urban and suburban passenger land transport.
ISIC code/CSIC code	4921/4921
Description	This class includes land transport of passengers by urban or suburban transport systems. This may include different modes of land transport, such as: • motorbus • tramway • streetcar • trolley bus • underground • elevated railways. Transport is carried out on scheduled routes normally following a fixed time schedule, entailing the picking up and setting down of passengers at normally fixed stops. The class also includes: • town-to-airport or town-to-station lines • operation of funicular railways, aerial cableways if part of urban or suburban transit systems.
Scope	Operations only
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	For scheduled passenger road transport, the activity complies with the following criteria: • the activity provides urban or suburban passenger transport, and its direct (tailpipe) CO_2 emissions are zero.
	For scheduled passenger urban or suburban rail transport, the activity complies with one of the following criteria: • trains and passenger coaches have zero direct (tailpipe) CO_2 emissions. • trains and passenger coaches have zero direct tailpipe CO_2 emission when operated on a track with necessary infrastructure and use a conventional engine where such infrastructure is not available (bimode).
Amber	N/A.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	492[001] Urban and suburban transport, road passenger transport.	ASEAN Taxonomy is less stringent
Common Ground Taxonomy (2024)	H1.1 Construction and operation of public transportation system in urban and rural areas.	Equivalent
EU Taxonomy (2025)	6.3. Urban and suburban transport, road passenger transport.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	N/A.	N/A
Singapore Taxonomy (2023)	2.3. Urban and suburban passenger land transport.	Equivalent

6.2.2.5 Freight transport by road

Sector classification and activity	
Sector and activity	Freight transport by road
ISIC code/CSIC code	4923/4923
Description	This class includes: • all freight transport operations by road • logging haulage • stock haulage • refrigerated haulage • heavy haulage • bulk haulage, including haulage in tanker trucks • haulage of automobiles • transport of waste and waste materials, without collection or disposal. This class also includes: • furniture removal • renting of trucks with driver • freight transport by human- or animal-drawn vehicles.
Scope	Operations only.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	The activity complies with the following criteria: • Direct (tailpipe) CO_2 emissions of the vehicle are zero for vehicle mass not exceeding 7.5 tons • vehicle mass exceeding 7.5 tons are one of the following o zero-emission heavy-duty vehicle or

	○ Where technologically and economically not feasible to comply with the criterion of zero-emission heavy-duty vehicle (above criterion), until 31 December 2030 have direct (tailpipe) CO_2 emissions less than 21 $gCO_2e/t\text{-}km$. AND Vehicles not dedicated to fossil fuel transport.
Amber	• Retrofitting of vehicles able to run on low carbon liquid fuels aligned with the Taxonomy (biofuels, see Activity 6.1.2.5). OR • Purchase, financing, renting, leasing and operation of freight vehicles with direct tailpipe emissions of: • Before the end of 2029: less than 42gCO_2e/tkm • from 2031 onwards: less than 21 gCO_2/tkm

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	4923[001] Freight transport services by road.	Equivalent
Common Ground Taxonomy (2024)	N/A.	N/A
EU Taxonomy (2025)	6.6. Freight transport services by road.	More stringent
China Catalogue of Green Financial Support Projects (2025)	N/A.	N/A
Singapore Taxonomy (2023)	2.4. Freight transport by road.	More stringent

6.2.2.6 Enabling infrastructure for low-emission transport

Sector classification and activity	
Sector and activity	Enabling infrastructure for low-emission transport.
ISIC code/CSIC code	No specific code available.
Description	Various types of infrastructure and activities that enable and support low-carbon transportation.
Scope	Construction and operations.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	The activity is compliant with one or more of the following criteria: **Personal mobility and active transport** • Construction, modernization, operation and maintenance of infrastructure dedicated to personal mobility and cycle logistics, including pedestrian zones, pavements, cycle lanes, bridges, tunnels and related assets. • Infrastructure supporting non-motorized and electrically-assisted personal mobility, including roads and facilities primarily designed for pedestrians and bicycles.

	Rail transport infrastructure • Construction, modernization, operation and maintenance of rail and metro infrastructure, including tracks, bridges, tunnels, stations, terminals and rail service facilities. • Infrastructure and systems supporting rail safety, traffic management, signalling and control-command operations. • Rail infrastructure that is electrified, planned for electrification, or designed to be compatible with zero tailpipe emission rail operations within a 10-year transition period. • Ancillary professional services related to rail infrastructure, including architectural design, engineering, surveying, mapping, inspection, and materials testing. **Low-carbon road transport and public transport infrastructure** • Infrastructure enabling zero tailpipe emission road transport, including electric charging points, hydrogen refuelling stations, grid connection upgrades and electric road systems. • Construction, modernization, operation and maintenance of infrastructure dedicated to urban and suburban public passenger transport - such as bus, tram and metro systems - including associated signalling and control systems. • Infrastructure dedicated to freight and passenger transhipment between transport modes**.** **Low-carbon water transport and port infrastructure** • Construction, modernization, operation and maintenance of port and water transport infrastructure enabling zero tailpipe emission vessel operations. • Infrastructure supporting shore-side electricity supply, electric charging or hydrogen refuelling for vessels at berth. • Infrastructure dedicated to the port's own operations with zero direct (tailpipe) emissions. • Terminal infrastructure and superstructures dedicated to loading, unloading and transhipment of goods between transport modes. **Low-carbon airport infrastructure** • Construction, modernization, operation and maintenance of airport infrastructure supporting zero tailpipe emission aircraft or airport ground operations. • Infrastructure for electric charging, hydrogen refuelling and associated electricity grid upgrades. Provision of fixed electrical ground power and preconditioned air to stationary aircraft. • Infrastructure facilitating the use, storage or distribution of sustainable aviation fuels (SAF).
Amber	N/A.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	49[001] Infrastructure for road and public transportation, including infrastructure to enable low-carbon land transport. 49[002] Infrastructure for personal mobility, cycle logistics. 491[001] Infrastructure for rail transport. 50[001] Infrastructure for water transportation, including infrastructure to enable low-carbon water transport. 51[001] Airport infrastructure, including low-carbon assets and facilities.	Equally stringent TSC thresholds with additional criteria specifying requirements for infrastructure of different transport modalities.
Common Ground Taxonomy (2024)	N/A	N/A
EU Taxonomy (2025)	6.15. Infrastructure enabling low-carbon road transport and public transport	Equivalent
China Catalogue of Green Financial Support Projects (2025)	N/A	N/A
Singapore Taxonomy (2023)	2.5. Low-carbon transport infrastructure	Equally stringent thresholds with additional criteria specifying requirements for infrastructure of different transport modalities. Also includes hydrogen.

6.2.2.7 Sea and coastal water transport

Sector classification and activity	
Sector and activity	Sea and coastal water transport
ISIC code/CSIC code	5011/50110
Description	This class includes transport of passengers or freight overseas and coastal waters, whether scheduled or not: • Operation of excursion, cruise or sightseeing boats • Operation of ferries, water taxis • Transport of freight overseas and coastal waters, whether scheduled or not. This class also includes: • Rental of pleasure boats with crew for sea and coastal water transport.
Scope	Operations only
The activity makes a substantial contribution to climate change mitigation**.**	

Metrics and thresholds	
Green	The activity complies with the Green thresholds established for specific kinds of ships (Annex 1).
Amber	Retrofitting measures (fuel shift or improving energy efficiency) attaining at least 20 percent Energy Efficiency Design Index (EEDI) value equivalent to reducing the EEDI reference line by at least below the EEDI requirements applicable on 1 April 2022.
	Vessels are not dedicated to fossil fuel transport.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	5012[001] Sea and coastal freight water transport, vessels for port operations and auxiliary activities. 5011[001] Sea and coastal passenger water transport.	ASEAN Taxonomy is more stringent
Common Ground Taxonomy (2024)	N/A	N/A
EU Taxonomy (2025)	6.11. Sea and coastal passenger water transport.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	N/A	N/A
Singapore Taxonomy (2023)	2.6. Sea and coastal water transport.	Equivalent

6.2.2.8 Inland water transport

Sector classification and activity	
Sector and activity	Inland water transport
ISIC code/CSIC code	502/502
Description	This class includes: • Transport of passenger or freight via rivers, canals, lakes and other inland waterways, including inside harbors and ports. This class also includes: • Rental of pleasure boats with crew for inland water transport.
Scope	Operations only.
The activity makes a substantial contribution to climate change mitigation**.**	
Metrics and thresholds	
Green	The activity complies with the following criteria: • Vessels have zero direct (tailpipe) CO_2 emissions.
	For passenger inland water transport, the activity complies with the following criteria until 31 December 2027: • Hybrid and dual fuel vessels derive at least 50 percent of their energy from zero direct (tailpipe) CO_2 emissions fuels or plug-in power for their normal operations.

Amber	Retrofitting measures (fuel shift or improving energy efficiency) attaining at least 20 percent Energy Efficiency Design Index (EEDI) value equivalent to reducing the EEDI reference line by at least below the EEDI requirements applicable on 1 April 2022.
	Vessels are not dedicated to fossil fuel transport.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	5021[001] Inland passenger water transport.	Equivalent
Common Ground Taxonomy (2024)	N/A.	N/A
EU Taxonomy (2025)	6.7. Inland passenger water transport.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	N/A.	N/A
Singapore Taxonomy (2023)	2.7. Inland water transport.	Singapore's Taxonomy is more stringent

6.2.2.9 Retrofitting of sea and coastal freight and passenger water transport

Sector classification and activity	
Sector and activity	Retrofitting of sea and coastal freight and passenger water transport.
ISIC code/CSIC code	3312/3312
Description	Retrofitting of vessels that leads to their compliance with Amber threshold.
Scope	Retrofitting only.
The activity makes a substantial contribution to climate change mitigation.	
Metrics and thresholds	
Green	Retrofitting of vessels that leads to their compliance with the Green threshold for the shipping sector (Annex 1).
Amber	Retrofitting measures (fuel shift or improving energy efficiency) attaining at least 20 percent Energy Efficiency Design Index (EEDI) value equivalent to reducing the EEDI reference line by at least below the EEDI requirements applicable on 1 April 2022.
	Vessels are not dedicated to fossil fuel transport.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	502[001] Retrofitting of inland water passenger and freight transport.	Equivalent
Common Ground Taxonomy (2024)	N/A.	N/A
EU Taxonomy (2025)	6.12. Retrofitting of sea and coastal freight and passenger water transport.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	N/A.	N/A
Singapore Taxonomy (2021)	N/A.	N/A

6.2.2.10 Freight and passenger air transport

Sector classification and activity	
Sector and activity	Freight and passenger air transport
ISIC code/CSIC code	5110, 5120/5110, 5120
Description	This class includes: • Transport of passengers by air over regular routes and on regular schedules, charter flights for passengers as well as scenic and sightseeing flights. • Transport freight by air over regular routes and on regular schedules, non-scheduled transport of freight by air, launching of satellites and space vehicles and space transport. • Renting of air-transport equipment with operators for the purposes of freight and passenger transportation. • Vehicles and equipment that support ground activities at airports.
Scope	Operations only (no manufacturing)
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	The activity must comply with one of the following criteria: • Zero direct (tailpipe) emissions aircraft. • Aircraft are not dedicated to fossil fuel transport.
	Aircraft using SAF must meet the percentage of SAF in total fuel blending trajectory:

Year	2025	2030	2035	2040	2045	2050
%SAF blend	2	6	20	34	42	70

Source: ReFuelEU Aviation regulation[35]

- Acquisition or retrofitting of aircraft to be able to take up to 75 percent SAF.

  And/or

- Purchase/use and/or measures improving supply chain and availability of SAF.

Amber	N/A

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	N/A	N/A
Common Ground Taxonomy (2024)	N/A	N/A
EU Taxonomy (2025)	6.19. Passenger and freight air transport	Equivalent
China Catalogue of Green Financial Support Projects (2025)	N/A	N/A

35 https://transport.ec.europa.eu/transport-modes/air/environment/refueleu-aviation_en

6.3 Buildings and Construction

6.3.1 Overview

The buildings and construction sector's emissions are projected to rise sharply in the next 10 years, driven by rapid urbanization and increasing energy demands, which could exacerbate the country's overall emissions profile if not managed effectively (Cambodia National Committee on Energy Efficiency, 2022).

As such, the sector is already a major consumer of electricity, with demand from commercial buildings alone projected to increase dramatically from 4,891GWh in 2021 to 9,802GWh by 2030 in the absence of energy efficiency measures (Cambodia National Committee on Energy Efficiency, 2022). This growth is largely attributed to the rising number of commercial buildings, forecast to expand from 21.56 million square meters in 2021 to 43.79 million square meters by 2030 (Cambodia National Committee on Energy Efficiency, 2022).

The sector's current energy consumption distribution is heavily reliant on traditional energy sources, with a significant portion met through biomass and fossil fuels. This reliance poses challenges for GHG emissions reductions, as the sector lacks comprehensive energy efficiency regulations and standards. The absence of effective building codes and energy management systems further complicates efforts to mitigate emissions (Cambodia National Committee on Energy Efficiency, 2022). In response, the government has recognized the need for substantial investments in sustainable building practices, as outlined in its updated NDC (Cambodia National Council for Sustainable Development, 2025).

Along with improved regulations on energy efficiency, the adoption of climate-friendly building designs and materials is crucial for reducing the sector's emissions and enhancing resilience against intensifying climate crisis impacts. Concurrently, the establishment of this Taxonomy will play a pivotal role in mobilizing investments for sustainable building practices, as it aims to provide a clear framework for identifying and classifying economic activities that contribute to sustainable development, particularly in the context of climate change mitigation and A&R. By aligning financial flows with environmental objectives, the Taxonomy will facilitate the transition towards a low-carbon, climate-resilient economy in Cambodia (Cambodia National Council for Sustainable Development, 2025).

The government has reinforced its commitment to a sustainable building sector through its NDC 3.0, providing clear policy goals that can guide substantial contribution criteria for construction, renovation and ownership, as also reflected by the Taxonomy. The strategy focuses on mitigating the sector's growing energy demand and emissions profile through the following key actions:

- Advancement of building energy codes: The NDC prioritizes development and nationwide implementation of these codes. A crucial element is the inclusion of passive cooling performance indicators, which directly addresses Cambodia's climate context by promoting designs that reduce the need for energy-intensive mechanical cooling.

- Green building certification and retrofitting: The strategy aims to certify 500 buildings under green standards by 2035. It also targets retrofitting 5 percent of existing public and commercial buildings by 2030 to improve their energy and environmental performance.

The Taxonomy's criteria for new buildings, renovations, and acquisitions are directly informed by these national objectives.

6.3.2 Buildings and Construction Sector Criteria and Thresholds

6.3.2.1 Construction of new buildings

Sector classification and activity	
Sector and activity	Construction of new buildings
ISIC code/CSIC code	4100/4100
Description	Development of building projects for residential and non-residential purposes that bring together financial, technical and physical means to realize building projects for future sale, as well as the construction of complete residential or non-residential buildings, on an own account for sale, fee or contract basis.
Scope	Construction of new buildings that meet the metrics and thresholds of this activity once in use. Transport, production of materials used in construction are not included in the scope of this activity.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	The building must meet one of the following criteria: • Construction of buildings that comply with eligible international certification schemes and associated requirements (Tables 7 and 8). • For the purpose of alignment with the current Taxonomy, eligibility is valid for a maximum period of three years regardless of requirements of the certification system itself.
Amber	N/A (new buildings need to meet Green criteria).

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	410[001] Construction of new buildings.	More stringent
Common Ground Taxonomy (2024)	F1.1 Construction of new buildings.	Equivalent
EU Taxonomy (2025)	7.1. Construction of new buildings.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	6.1.1 Green building construction and operation. 6.1.2 Ultra-low energy consumption and low carbon building construction and operation.	Equivalent
Singapore Taxonomy (2023)	3.1. Construction of new buildings.	Equivalent

6.3.2.2 Renovation of existing buildings

Sector classification and activity	
Sector and activity	Renovation of the existing buildings
ISIC code/CSIC code	4100, 4330/4100, 4330
Description	Construction and civil engineering works or preparation thereof.
Scope	Renovation of existing buildings.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	A renovation leads to building compliance with the green criteria of the "Construction of new buildings" activity card.
Amber	**Renovation leads to a reduction of Energy Use Intensity (EUI) of at least 15 percent, where:** • The initial EUI and estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method and validated through an energy performance certificate. OR • The 15 percent improvement results from an actual reduction in EUI (where the reductions in net EUI through renewable energy sources are not taken into account) and can be achieved through a succession of measures within a maximum of three years.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	410[002] Renovation of existing buildings.	Equivalent
Common Ground Taxonomy (2024)	F1.2 Renovation of existing buildings.	Equivalent
EU Taxonomy (2025)	7.2. Renovation of existing buildings.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	6.1.3 Existing building greening retrofit and operation.	Equivalent
Singapore Taxonomy (2023)	3.3. Renovation of existing buildings.	Equivalent

6.3.2.3 Acquisition or ownership of buildings

Sector classification and activity	
Sector and activity	Acquisition or ownership of buildings
ISIC code/CSIC code	6810/6810
Description	Buying real estate and exercising ownership of that real estate.
Scope	Building ownership.
The activity makes a substantial contribution to climate change mitigation**.**	

Metrics and thresholds	
Green	Buildings in question are in line with the requirements of Tables 7 and 8 of the Taxonomy.
Amber	For buildings built before 31 December 2025, the building has certification from an applicable internationally recognized building certification program (Tables 7 and 8), but does not meet the requirements listed in the tables (advanced level certification as recognized by GBCI). AND An energy efficiency improvement plan for the building is prepared and upon implementation, it will lead to a reduction in the current energy usage intensity.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	681[001] Acquisition and ownership of buildings.	Equivalent
Common Ground Taxonomy (2024)	N/A.	Equivalent
EU Taxonomy (2025)	7.7. Acquisition and ownership of buildings.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	6.1.1 Green building construction and operation.	Equivalent
Singapore Taxonomy (2023)	3.4. Acquisition or ownership of buildings.	Equivalent

6.3.2.4 Installation, maintenance and repair of special-purpose building equipment

Sector classification and activity	
Sector and activity	Installation, maintenance and repair of special-purpose building equipment
ISIC code/CSIC code	6810/6810
Description	Individual measures and professional services aimed at helping the buildings achieve energy or resource savings and enabling other activities as defined by this Taxonomy.
Scope	Installation, maintenance and repair.
The activity makes a substantial contribution to climate change mitigation**.**	

Metrics and thresholds	
Green	At least one of the following measures must be implemented to comply with the Taxonomy: • Installation of renewable energy equipment, renewable energy charging stations and regulation devices. • Installation of equipment that decreases building operational emissions and consumption of water, gas or electricity. • Installation of infrastructure for charging electric cars using grid electricity.

	• Installation of equipment within the two highest energy efficiency classes for equipment, as determined by relevant international labelling schemes or Cambodian regulations. • Addition of insulation to existing envelope components, such as external walls (including green walls), roofs (including green roofs), lofts, basements and ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for application of insulation to the building envelope (including mechanical fixings and adhesive). • Replacement of existing windows with new energy-efficient windows. • Replacement of existing external doors with new energy-efficient doors. • Installation and replacement of energy-efficient light sources. • Installation, replacement, maintenance and repair of heating, ventilation, air-conditioning and water heating systems, including equipment related to district heating services, with highly efficient technologies. • Installation of low water and energy-using kitchen and sanitary water fittings. • Installation, maintenance and repair of zoned thermostats, smart thermostat systems, and sensing equipment. Motion and daylight control. • Installation, maintenance and repair of building automation and control systems, building energy management systems (BEMS), lighting control systems and energy management systems (EMS). • Installation, maintenance and repair of smart meters for gas, heat, cooling and electricity. • Installation, maintenance, and repair of facade and roofing elements with solar shading or solar control functions, including those that support growth of vegetation.
Amber	N/A.

Name	Reference	Comparison
ASEAN Taxonomy V3 (2024)	This activity is not available in ASEAN Taxonomy.	Equivalent
Common Ground Taxonomy (2024)	CGT: F3.2 Installation, maintenance and repair of renewable energy technologies in buildings.	Equivalent
EU Taxonomy (2025)	7.6. Installation, maintenance and repair of renewable energy technologies.	Equivalent
China Catalogue of Green Financial Support Projects (2025)	5.2.1.3 Application of renewable energy in buildings.	Equivalent
Singapore Taxonomy (2023)	3.2. Installation, maintenance, repair of equipment.	Singapore's Taxonomy is less stringent.

7. DO NO SIGNIFICANT HARM AND MINIMUM SOCIAL SAFEGUARDS

To be aligned with this Taxonomy, an economic activity must meet the Technical Screening Criteria (TSC) for a substantial contribution to mitigation as well as the Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS) requirements.

For this initial version of the Taxonomy, a single set of generic DNSH and MSS criteria is applied across all economic activities. This approach ensures a consistent baseline for environmental and social risk management.

Recognizing that achieving full compliance with all DNSH and MSS requirements can involve significant preparation and data gathering, the Taxonomy incorporates a remediation pathway. A three-year grace period is provided to allow activities to meet these standards. This period commences from the date of regulatory approval for the project or financing.

This pathway is applied as follows:

- *Full Taxonomy compliance*: An activity that meets all TSC for substantial contribution, as well as all DNSH and MSS requirements from the outset, is granted full Taxonomy alignment. It is recommended that an external review verifies this status upon the initial assessment, for example by an external auditor for a large-scale project. Subsequent audits are left to the discretion of the financing institution or relevant parties.
- *Provisional compliance with a remediation plan*: An activity that meets the criteria for substantial contribution and complies with all applicable Cambodian laws and regulations, but does not yet meet all generic DNSH and/or MSS criteria, can be considered "provisionally" aligned.

To achieve this status, the entity must:

- Disclose which specific DNSH and/or MSS criteria are not yet met.
- Develop and disclose a time-bound remediation plan detailing the concrete steps that will be taken to achieve full alignment.

This must be undertaken within a maximum of three years from the date of the activity's regulatory approval.

7.1 Do No Significant Harm

The Do No Significant Harm (DNSH) criteria are applied to taxonomies with multiple environmental objectives to ensure that one objective does not cause harm to another. Since the first version of the Taxonomy focuses only on the climate change mitigation objective, a set of generic DNSH criteria is established to ensure compliance with internationally recognized principles and with Cambodian laws and regulations. In future phase of the Taxonomy's development, activity-specific DNSH may also be introduced.

Table 9. Do No Significant Harm criteria

GENERIC DNSH REQUIREMENTS	
OBJECTIVE	**DESCRIPTION**
Climate change A&R	The physical climate risks that are material to an activity must been identified from those listed in Table 10 in the section "Classification of Climate-Related Hazards" by performing a robust climate risk and vulnerability assessment with the following steps: • Screening the activity to identify which physical climate hazards (Table 10) may affect the performance of the economic activity during its expected lifetime. • If the activity is found to be at risk from one or more of the physical climate hazards listed in the section on climate hazards, a climate risk and vulnerability assessment must be conducted to determine the materiality of the physical climate risks(s). • An assessment of A&R solutions to reduce the identified physical climate hazard(s). The climate risk and vulnerability assessment must be proportionate to the scale of the activity and its expected lifespan. The assessment must be performed using the highest available resolution projections across the existing range of future scenarios[36] consistent with the expected lifetime of the activity. The climate projections and impact assessments must be based on best practice, available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies, in line with the most recent IPCC reports[37], scientific peer-reviewed publications, open or paid sources. For existing and new activities using existing physical assets, the economic operator must implement physical and non-physical solutions, over a period up to five years, that reduce the most significant identified physical climate hazards material to that activity. An A&R plan for implementation of these solutions needs to be prepared accordingly. For new and existing activities using newly-built physical assets, A&R solutions that reduce the most significant identified physical climate risks material to that activity must be integrated in the design and/or construction phases of the activity and must be implemented before the start of operations.

36 Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5.

37 Assessments Reports on Climate Change: Impacts, Adaptation and Vulnerability, published periodically by the Intergovernmental Panel on Climate Change, the United Nations body for assessing the science related to climate change produces, https://www.ipcc.ch/reports/

GENERIC DNSH REQUIREMENTS	
OBJECTIVE	**DESCRIPTION**
Sustainable use and protection of marine and water resources	Risks associated with water consumption and quality must be identified, assessed and managed. Water risk analysis tools must be used for this purpose, such as risk assessments by national environmental authorities, water footprints, WWF Water Risk Filter[38] and WRI Aqueduct.[39] If assets or activities are located in water-stressed areas, ensure that water use and conservation management plans developed in consultation with relevant local entities have been implemented.
Resource resilience and transition to a circular economy	National regulations associated with retirement and dismantlement plans for plants and infrastructure related to the economic activity in question must be applied. Ambition to maximize the efficient use, reduction, repair, recycling and reuse of materials during the activity's operational life-cycle (such as through contractual agreements with recycling companies and integration of the cost of recycling), proper treatment and waste disposal (proper end-of-life management of batteries) and compliance, as a producer, with Extended Producer Responsibility standards, must be demonstrated. The ambition that new installations are designed and manufactured for high durability, easy dismantling, refurbishment and recycling must be demonstrated. Proper repair of facilities and equipment, with accessibility and interchangeability of the activity's equipment components, must be ensured.
Pollution prevention and control	Discharges into water bodies must comply with water discharge permits issued by relevant local authorities. Emissions that pollute the air must have required permits and adhere to relevant regulations, with a particular focus on hazardous waste. Integrated management of waste generated must be carried out by duly authorized waste managers.
Protection and restoration of biodiversity and ecosystems	Newly-financed facilities and infrastructure should not be located in ecosystems crucial for food security, rich in biodiversity or that serve as habitat for endangered species (flora and fauna) in the list of nationally protected areas or on the IUCN Red List.[40] Museums or technical facilities are exempt from this requirement. For sites and operations located in or near biodiversity-sensitive areas (UNESCO World Heritage Sites, key Biodiversity Areas and those defined by the National Protected Areas Systems), an appropriate assessment must be carried out in accordance with criteria set by IFC Performance Standard No.6.[41] For these sites, a long-term biodiversity monitoring and assessment program must be implemented.

38 Source: https://waterriskfilter.org/
39 Source: https://www.wri.org/aqueduct
40 Source: https://www.iucnredlist.org/
41 Source: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps6

7.1.1 Classification of Climate-Related Hazards[42]

Table 10. Classification of climate-related hazards

	Temperature-related	Wind-related	Water-related	Solid mass-related
Chronic	• Changing temperature (air, freshwater, marine water) • Heat stress • Temperature variability.	• Changing wind patterns.	• Changing precipitation patterns and types (rain, hail) • Precipitation or hydrological variability • Ocean acidification • Saline intrusion • Sea level rises • Water stress.	• Coastal erosion • Soil degradation • Soil erosion • Solifluction.
Acute	• Heat wave • Wildfires.	• Typhoon • Storm.	• Drought • Heavy precipitation (rain, hail) • Flood (coastal, fluvial, pluvial, ground water).	• Landslide • Subsidence.

7.2 Minimum Social Safeguards

Together with its alignment with the substantial contribution criteria and the DNSH criteria, the activity must also ensure it meets a set of minimum social standards and international social commitments adhered to by Cambodia. For this reason, the Minimum Social Safeguards (MSS) is a set of standards and best practices that entities must adhere to guarantee a minimum level of social and governance protection for economic activities. MSS generally refer to social and governance best practices applied at the entity level, differing from the substantial contribution and DNSH components, which are both used at the activity level.

To fulfil the MSS requirements, the user of the Taxonomy must comply with the applicable legislative and regulatory frameworks as well as policies of Cambodia, align with internationally-recognized principles and conventions, and establish a strong social management system. These core components are essential for the effective establishment, implementation, and long-term maintenance of social safeguards. More specifically, in order to demonstrate alignment under the Taxonomy, users must adhere to the following international standards and best practices:

42 Developed by EU Technical Expert Group: https://www.openriskmanual.org/wiki/Climate-Related_Risk_Taxonomy

United Nations convention:

- United Nations Guiding Principles on Business and Human Rights (2011)

International Labour Organization core conventions:

- Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
- Right to Organize and Collective Bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

International Bill of Human Rights conventions:

- Universal Declaration of Human Rights (1948)
- International Covenant on Civil and Political Rights (1966)
- International Covenant on Economic, Social and Cultural Rights (1966).

In addition, the practices of the entity must, where applicable, be consistent with and not contradict the relevant IFC Performance Standards[43]:

- ***Performance Standard 1:*** Assessment and Management of Environmental and Social Risks and Impacts.
- ***Performance Standard 2:*** Labor and Working Conditions.
- ***Performance Standard 3:*** Resource Efficiency and Pollution Prevention (where it does not contradict the DNSH requirements of the Taxonomy).
- ***Performance Standard 4:*** Community Health, Safety, and Security.
- ***Performance Standard 5:*** Land Acquisition and Involuntary Resettlement.
- ***Performance Standard 6:*** Biodiversity Conservation (in parts where it does not contradict to the DNSH requirements of the Taxonomy).
- ***Performance Standard 7:*** Indigenous Peoples.
- ***Performance Standard 8:*** Cultural Heritage.

Entities are expected to have processes in place to comply with these standards. If the entity in question does not comply with the MSS criteria, but otherwise passes relevant Technical Screening Criteria, the activity can be considered eligible under the corresponding Green or Amber category if the entity submits a complementary contingency plan indicating how it will correct the identified deficiencies.

43 International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability are a globally recognized benchmark for identifying and managing environmental and social risks in private sector projects. Their primary purpose is to provide a framework for companies to avoid, mitigate, and remedy adverse impacts on workers, communities, and the environment.

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ANNEX 1. DECARBONIZATION PATHWAYS FOR DIFFERENT SHIP TYPES

No	Type	Size	Target AER 2020-2029	Target AER 2030-2039	Target AER 2040-2049	Target AER 2050
1	**Bulk carrier**	0-9999 DWT	24.6	16.4	8.2	0
2	**Bulk carrier**	10000-39000 DWT	6.6	4.4	2.2	0
3	**Bulk carrier**	35000-59999 DWT	4.6	3.1	1.5	0
4	**Bulk carrier**	60000-99999 DWT	3.6	1.4	1.2	0
5	**Bulk carrier**	100000-199999 DWT	2.4	1.6	0.8	0
6	**Bulk carrier**	200000+ DWT	2.3	1.5	0.8	0
7	**Chemical tanker**	0-4999 DWT	35.4	23.6	11.8	0
8	**Chemical tanker**	5000-9999 DWT	19	12.7	6.3	0
9	**Chemical tanker**	10000-19999 DWT	11.9	7.9	4	0
10	**Chemical tanker**	20000+ DWT	6.5	4.3	2.2	0
11	**Container**	0-999 TEU	16.9	11.3	5.6	0
12	**Container**	1000-1999 TEU	14.8	9.9	4.9	0
13	**Container**	2000-2999 TEU	10	6.7	3.3	0
14	**Container**	3000-4999 TEU	8.3	5.5	2.8	0
15	**Container**	5000-7999 TEU	7.8	5.2	2.6	0
16	**Container**	8000-11999 TEU	6.7	4.5	2.2	0
17	**Container**	12000-14500 TEU	4.6	3.1	1.5	0
18	**Container**	14500+ TEU	4.6	3.1	1.5	0
19	**General cargo**	0-4999 DWT	24.2	16.1	8.1	0
20	**General cargo**	5000-9999 DWT	16.7	11.1	5.6	0

21	**General cargo**	10000+ DWT	13.1	8.8	4.4	0
22	**Other liquid tanker**	0+ DWT	97.6	65.1	32.5	0
23	**Refrigerated bulk**	0-1999 DWT	48.7	32.5	16.2	0
24	**Ro-Ro**	0-4999 GT	212.4	141.6	70.8	0
25	**Ro-Ro**	5000+ GT	45.9	30.6	15.3	0
26	**Vehicle**	0-3999 vehicles	46	30.7	15.3	0
27	**Vehicle**	4000+ vehicles	13.8	9.2	4.6	0
28	**Cruise**	60000-99999 GT	1738613.6	1159075.7	579537.9	0
29	**Cruise**	100000+ GT	1337274.9	891516.6	445758.3	0
30	**Ferry-RoPax**	0-1999 GT	822123.9	548082.6	274041.3	0
31	**Ferry-RoPax**	2000+ GT	1137003.8	758002.5	379001.3	0
32	**Ferry-pax only**	0-1999 GT	1272135.8	848090.5	424045.3	0
33	**Ferry-pax only**	2000+ GT	1740606.6	1160404.4	580202.2	0
34	**Cruise**	0-1999 GT	2044403.4	1362935.6	681467.8	0
35	**Cruise**	2000-9999 GT	1286641.3	857760.8	428880.4	0
36	**Cruise**	10000-59999 GT	1495064.7	996709.8	498354.9	0

Source: Climate Bonds Green Shipping Criteria

AER for cargo ships (lines 1-27) is measured in **gCO_2-e/ton-nm**. In the case of passenger ships (lines 28-39), **gCO_2-e/GT** is used instead.

- DWT: Dead Weight Tons (weight of cargo)
- TEU: Twenty-foot Equivalent Unit
- GT: Gross tonnage, a proxy for the number of passengers.

ANNEX 2. CRITERIA FOR THE EARLY AND MANAGED PHASE-OUT OF COAL-FIRED POWER PLANTS IN CAMBODIA

1. Context and rationale for coal phase-out criteria

The global energy transition, driven by the imperative to limit global warming to 1.5°C, necessitates a rapid phase-out of unabated coal-fired power generation. The IEA's ***Net-Zero by 2050*** scenario requires OECD countries to phase-out unabated coal power by 2030, and all other countries, including Cambodia, by 2040. This timeline is consistent with Cambodia's NDC 3.0, which supports a no-new-coal policy and the gradual phase-down of existing coal-fired power as part of its strategy to increase the share of renewable energy to up to 80 percent by 2035.

Cambodia is striving for economic development and energy security, while meeting growing energy demand sustainably. Coal power has been part of the energy mix and may see planned expansions. However, continued reliance on unabated coal is incompatible with:

- Cambodia's NDC commitments
- The long-term goal of carbon neutrality by 2050
- Global climate targets.

Innovative climate finance tools or coal transition mechanisms are emerging to facilitate early retirement or repurposing of coal-fired power plants. For credibility and to avoid greenwashing, robust criteria are essential.

Objectives of these criteria within the Taxonomy:

- Define a credible, 1.5°C-aligned early and managed phase-out of coal-fired power plants eligible for transition finance
- Ensure real, verifiable emission reductions
- Support a just transition for workers and communities
- Prevent misallocation of sustainable finance.

2. Hybrid approach: taxonomy and transition planning

A credible early coal phase-out requires a hybrid approach, combining:

- *Facility-level criteria (taxonomy-based)* to assess the specific coal plant and its replacement
- *Entity/system-level criteria (transition plan-based)* to assess the owner and broader system context.

Key questions addressed:

- Is it climate-credible to finance this plant's phase-out?
- Is the replacement aligned with a 1.5°C trajectory?
- Does the process include robust social protection measures?

3. Facility-level criteria for early coal phase-out

A coal-fired power plant qualifies under this Taxonomy only if it meets **all** of the following criteria:

i. Financial close date

- The plant must have reached financial close before a cut-off date.

ii. Positive fair value

- The plant must have a positive fair value, verified by an independent third party.

iii. Positive absolute emissions savings

- The early phase-out must result in verifiable GHG emissions savings compared to a no-phase-out scenario.

iv. 1.5°C-aligned retirement deadline

- The plant must retire permanently by 2040 at the latest.

v. Operational lifespan cap

- The plant must retire within 25 years of its operational start date or by 2040, whichever is earlier.

vi. No lifetime extension of coal combustion

- No investment may extend coal combustion beyond the deadlines in criteria iv and v.

vii. 1-for-1 replacement with clean resources and equivalent services

- a. The electricity must be replaced on a 1-for-1 basis (based on actual generation, not capacity).
- b. Replacement must use "clean resources", such as renewable energy ($<100 gCO_2e/kWh$).
- c. Replacement must provide equivalent services (e.g. baseload, dispatchable power).
- d. Replacement resources should ideally be developed within Cambodia.

viii. Just transition plan (facility-level)

The owner/operator must implement a just transition plan that includes:

- Advance notice (6–12 months)
- Stakeholder consultations
- Environmental and social impact assessments
- Worker transition support (such as re-skilling, severance, social protection)
- Community economic impact mitigation

- Consideration of energy affordability
- Safe decommissioning and repurposing of the site.

4. Entity and system-level criteria (transition planning approach)

A. Entity-level criteria

Applies to all owners or operators of the coal plant:

- i. **No new unabated coal development**
  A legally binding commitment to no new coal projects after a set cut-off date.
- ii. **No new or extended coal PPAs**
  A commitment not to sign or extend power purchase agreements unless they include a phase-out aligned with these criteria.
- iii. **Paris Agreement-aligned transition plan**
  The entity must disclose a credible transition plan that:
  - Covers all operations and investments
  - Includes clear, time-bound decarbonization targets
  - Is independently verified (e.g. SBTi, TPI)
  - Shows progress by 2030 or 2035.

B. Power system-level criteria

Required if full clean replacement cannot be met at facility level:

- i. **1.5°C-aligned national or regional power sector plan**
  Cambodia must implement a system-wide, science-based plan ensuring clean replacement by 2040.

5. Guidance on application and review

Scope

- These criteria apply only to early retirement of existing, unabated coal plants.
- They do not apply to financing new coal plants or retrofits that extend coal use.

Verification

Independent third-party verification is required for:

- Fair value assessments
- Emissions savings
- Just transition plans
- Paris-aligned transition plans.

Transparency

All plans and assessments must be publicly disclosed.

Periodic review

- Criteria will be reviewed every three to five years.
- Initial validity may run through 2028 or 2030, with updates thereafter.

ANNEX 3. WHITELIST ACTIVITIES

Energy

Sector classification and activity	
Sector and activity	Energy generation with solar technologies
ISIC code/CSIC code	3510/3510
Description	Construction and operation of electricity generation facilities that produce electricity, heating and cooling from Solar Photovoltaic, Concentrated Solar Power (CSP) or any other types of solar energy-based technologies.
Scope	Construction and operation (electricity generation).
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	All energy generation is eligible.

Sector classification and activity	
Sector and activity	Wind energy generation
ISIC code/CSIC code	3510/3510
Description	Construction and operation of electricity generation facilities that produce electricity, heating and cooling from wind power.
Scope	Construction and operation (electricity generation).
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	All electricity generation activities from onshore and offshore wind power plants are directly eligible.

Sector classification and activity	
Sector and activity	Marine Energy Generation
ISIC code/CSIC code	3510/3510
Description	Construction and operation of electricity generation facilities that produce electricity, heating, and cooling from ocean energy.
Scope	Construction and operation (electricity generation).
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	All energy generation activities from ocean energy are directly eligible.

Sector classification and activity	
Sector and activity	Production of heating or cooling using waste heat.
ISIC code/CSIC code	3530/3530
Description	Production of heating and cooling using waste heat.

Scope	Operations only.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	The activity produces heating/cooling from waste heat

Sector classification and activity	
Sector and activity	Storage of electricity (only).
ISIC code/CSIC code	No specific ISIC or CSIC code.
Description	Construction and operation of facilities that store electricity, thermal energy and green hydrogen and return it later.
Scope	Construction and operations.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	• All electricity storage systems are eligible and green hydrogen storage systems are eligible. • [Thermal storage activities are not whitelist activities, for reference see Activity 6.1.2.13]

Transport

Sector classification and activity	
Sector and activity	Other passenger land transport
ISIC code/CSIC code	4921, 7711/4921, 7711
Description	Selling, purchasing, financing, leasing, renting and operation of personal mobility or transport devices where the propulsion comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. This includes provision of freight transport services by (cargo) bicycles.
Scope	Operations only (no manufacturing)
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	The propulsion of personal mobility devices comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity.
	The personal mobility devices are allowed to be operated on the same public infrastructure as bikes or pedestrians.

Sector classification and activity	
Sector and activity	Other passenger land transport
ISIC code/CSIC code	4922
Description	This class includes: • Passenger cars • Scheduled long-distance bus services

	• Charters, excursions and other occasional coach services • Taxi operation • Airport shuttles • Other renting of private cars with driver • Operation of school buses and buses for transport of employees • Passenger transport by human- or animal-drawn vehicles.
Scope	Operations only
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	Direct (tailpipe) CO_2 emissions of the vehicle are zero

Sector classification and activity	
Sector and activity	Enabling infrastructure for low-emission transport.
ISIC code/CSIC code	No specific code available.
Description	Various types of infrastructure and activities that enable and support low-carbon transportation.
Scope	Construction and operations.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	The activity is compliant with one or more of the following criteria: • Infrastructure for personal mobility, cycling logistics, construction, modernization, maintenance and operation of infrastructure for personal mobility, including construction of roads, motorways bridges, tunnels and other infrastructure dedicated to pedestrians and bicycles, with or without electric assistance. • Infrastructure for rail transport, construction, modernization, operation and maintenance of railways and subways as well as bridges and tunnels, stations, terminals, rail service facilities, safety and traffic management systems including provision of architectural, engineering, drafting, building inspection, surveying and mapping services as well as performance of physical, chemical and other analytical testing of all types of materials and products. • Infrastructure enabling low-carbon road transport and public transport construction, modernization, maintenance and operation of infrastructure required for zero tailpipe CO_2 operation of zero-emissions road transport, as well as infrastructure dedicated to transhipment, and infrastructure required for operating urban transport. • Infrastructure enabling low-carbon water transport, construction, modernization, operation and maintenance of infrastructure required for zero tailpipe CO_2 operation of vessels or the port's own operations, as well as infrastructure dedicated to transhipment. • Low-carbon airport infrastructure, construction, modernization, maintenance and operation of infrastructure required for zero tailpipe CO_2 operations of aircraft or airport operations, as well as for provision of fixed electrical ground power and preconditioned air to stationary aircraft.

Buildings and Construction

Sector classification and activity	
Sector and activity	Installation, maintenance and repair of special-purpose building equipment
ISIC code/CSIC code	6810/6810
Description	Individual measures and professional services aimed at helping the buildings achieve energy or resource savings and enabling other activities as defined by this Taxonomy.
Scope	Installation, maintenance and repair.
The activity makes a substantial contribution to climate change mitigation.	

Metrics and thresholds	
Green	At least one of the following measures must be implemented to comply with the Taxonomy: • Installation of renewable energy equipment, renewable energy charging stations and regulation devices. • Installation of equipment that decreases building operational emissions and consumption of water, gas or electricity. • Installation of infrastructure for charging electric cars using grid electricity. • Installation of equipment within the two highest energy efficiency classes for equipment, as determined by relevant international labelling schemes or Cambodian regulations. • Addition of insulation to existing envelope components, such as external walls (green walls), roofs (green roofs), lofts, basements and ground floors (measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for the application of insulation to the building envelope (mechanical fixings and adhesive). • Replacement of existing windows with new energy-efficient windows. • Replacement of existing external doors with new energy-efficient doors. • Installation and replacement of energy-efficient light sources. • Installation, replacement, maintenance and repair of heating, ventilation, air-conditioning and water heating systems, including equipment related to district heating services, with highly efficient technologies. • Installation of low water and energy-using kitchen and sanitary water fittings. • Installation, maintenance, and repair of zoned thermostats, smart thermostat systems, and sensing equipment. Motion and daylight controls. • Installation, maintenance and repair of building automation and control systems, building energy management systems, lighting control systems and energy management systems. • Installation, maintenance and repair of smart meters for gas, heat, cooling and electricity. • Installation, maintenance, and repair of façade and roofing elements with solar shading or solar control functions, including those that support growth of vegetation.

ANNEX 4. CALCULATION OF AMBER THRESHOLD FOR ENERGY

All thresholds are grams CO_2 equivalent per kWh	2025-2029	2030-2034	2035-2040	2041-2045	2046-2050
Green Activities	100	100	100	50	50
Amber Activities	286	187	134	N/A	N\A
Ineligible Activities	>286	>187	>134	>50	>50

This Taxonomy adopts the Transition Pathway Initiative (TPI) electricity utilities methodology (v4, November 2021) as the analytical reference for defining transitional performance thresholds in the power sector (Transition Pathway Initiative, 2021).

Under this approach, the Sectoral Decarbonization Approach (SDA) translates the global carbon budget consistent with the Paris Agreement into sector and region-specific emission-intensity trajectories.

According to TPI (Table 2 of the 2021 methodology on projections regarding regional emissions electricity production), the non-OECD "Below 2°C" pathway for power generation declines from 0.426gCO_2/kWh in 2025 to 0.286gCO_2/kWh by 2030, eventually reaching net-zero by 2050 (Transition Pathway Initiative, 2021).

Why Cambodia's Amber threshold starts at 286 gCO_2/kWh in 2025–2029

Adoption of the Below 2°C non-OECD pathway

Cambodia classifies itself as a non-OECD developing economy, hence the relevant decarbonization benchmark is the non-OECD Below 2°C scenario in the TPI framework. The 286gCO_2/kWh value marks the non-OECD benchmark intensity for 2030, representing the inflection point at which power-sector emissions must begin a sharper decline to reach net-zero by 2050.

Five-year alignment window (2025–2029)

In Cambodia's Taxonomy, the Amber band represents transitional activities that are on a credible decarbonization trajectory but not yet fully "Green."

Because TPI's benchmark provides only decadal data (2025, 2030, 2035), the 2025–2029 period is treated as the ramp-up phase toward the 2030 benchmark. Setting 286gCO_2/kWh as the upper bound ensures that activities during this period are already aligned with the 2030 Paris Agreement-consistent intensity, not the higher 2025 level (426gCO_2/kWh). This creates a more ambitious starting point and avoids locking in carbon-intensive generation that would otherwise be misaligned within a few years.

Early decarbonization advantage and renewable potential

Characterized by large hydropower and growing solar capacity, Cambodia's electricity mix is already cleaner than the non-OECD average that underpins TPI modelling (dominated by coal-reliant systems in China, India and Indonesia).

Adopting the 2030 benchmark five years earlier (using 286gCO_2/kWh from 2025) better reflects Cambodia's current emissions baseline and realistic trajectory given its resource endowment and investment pipeline.

Consistency with the SDA's convergence principle

The SDA assumes that all countries and utilities converge to a common global intensity by 2050 as technologies diffuse and costs fall. Cambodia's earlier alignment with the 286gCO_2/kWh threshold demonstrates accelerated convergence consistent with this principle—starting below the non-OECD average, while maintaining the same long-term rate of decline.

Maintaining taxonomy integrity

The 286gCO_2/kWh value ensures that the integrity of the Taxonomy is maintained, as this threshold still exclude most unabated fossil fuel-based generation.

ANNEX 5. USER GUIDE

A5.1 Introduction

This User Guide translates the Taxonomy's technical framework into clear, practical instructions for identifying, assessing, and reporting environmentally sustainable activities. It outlines the scope and definitions, explains eligibility screening (including substantial contributions, Do No Significant Harm, and Minimum Social Safeguards), and specifies the required evidence and data for consistent application. To support implementation, it provides decision trees, templates, and illustrative examples. By standardizing how companies, investors, and lenders apply the Taxonomy, this guide enhances comparability, transparency and helps prevent greenwashing, while aligning capital flows with environmental objectives and policy goals.

While providing selected examples and practical tips to support the application of the Taxonomy, this guide is not exhaustive and does not cover every possible scenario. Users should exercise professional judgment and consult the full Taxonomy and any relevant sectoral regulations or supervisory guidance as required. As such, this User Guide is designed to be practical tool for a wide range of market participants to support the transition to a climate-resilient economy. Key users include:

- **Financial institutions:** Banks (commercial, investment, and retail), asset managers, insurance companies, and other financial intermediaries can use the Taxonomy to:
    - Develop and structure green financial products, such as green loans, green bonds, and sustainable investment funds.
    - Align lending and investment portfolios with Cambodia's national climate and environmental objectives.
    - Manage climate-related financial risks and report on the sustainability of their assets to stakeholders.
- **Companies and project developers:** Corporates and developers across sectors that have activities linked to energy, transport, buildings and construction sectors can use the Taxonomy to:
    - Assess whether their planned projects and ongoing activities meet national sustainability criteria.
    - Align their business strategies and investment plans with Cambodia's transition pathway.
    - Attract green financing from local and international sources by demonstrating their Taxonomy alignment.
- **Policymakers and regulators:** Royal Government of Cambodia, relevant ministries, the National Bank of Cambodia and regulatory agencies are central users of the Taxonomy to:

- Develop supportive policies, regulations, and incentives that steer capital towards sustainable activities.
- Monitor the progress of Cambodia's transition to a low-carbon, climate-resilient economy.
- Create a common, credible language for sustainable finance to prevent "greenwashing" and enhance market integrity.

- **Verifiers and assurance providers:** Independent third-party entities, such as auditors and environmental consultants will use the Taxonomy as the official benchmark to:
  - Provide external reviews and verification of green financing instruments and sustainability reports.
  - Assure the credibility of Taxonomy-alignment claims made by companies and financial institutions.

A5.2 Key Definitions used in the Taxonomy

In the context of the Taxonomy, an **economic activity** is the fundamental building block for assessment. It refers to a specific process of producing goods or providing services.

The Taxonomy primarily uses the **International Standard Industrial Classification (ISIC)** system to define and categorize these activities. This approach ensures consistency with international best practices and allows for clear identification.

A single company or entity can, and often does, undertake multiple economic activities. For example, a resort might engage in several distinct activities:

- **Accommodation services** (its primary business) (not in scope of the current Taxonomy)
- **Wastewater management** (not in scope of the current Taxonomy)
- **Operating a vehicle fleet** for guest transport (electric and hybrid vehicles are included in the Taxonomy)
- **Electricity generation** via rooftop solar panels (rooftop solar is included in the Taxonomy).

It is important to note that all economic activities can be assessed individually against the Taxonomy. In the case of the highlighted example above, only two activities are included in this iteration of the Taxonomy and would be included in the first stage of the assessment. As such, this activity-level focus is crucial because it allows a company to seek financing for its "green" activities (like installing a solar plant), even if its other operations are not yet aligned. It provides a precise and transparent way to channel finance directly to where it can make the most positive environmental impact.

Financial flows the Taxonomy can be applied to include:

- **Revenue (or Net Turnover)**: This refers to the proportion of a company's revenue generated from products or services associated with Taxonomy-aligned economic activities. It is a key metric for understanding the "greenness" of a company's business model.

- **Capital Expenditure (CapEx)**: This refers to investments made to acquire or upgrade physical assets for Taxonomy-aligned activities. It can provide a forward-looking indicator of a company's transition strategy. Taxonomy-aligned CapEx is an investment in an economic activity that meets the Green or Amber criteria (see Section A5.2.3).
- **Operating Expenditure (OpEx)**: This refers to the day-to-day, non-capitalized costs associated with maintaining the performance of assets for Taxonomy-aligned activities. This can include costs for research and development, maintenance, building renovation, and other short-term operational expenses that support the activity's green credentials.

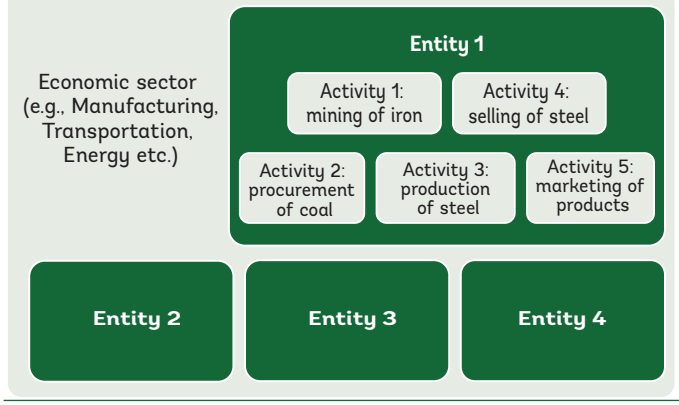
A5.2.1 Taxonomy Alignment

Taxonomy alignment is the process of verifying whether an economic activity, a financial product, or an investment portfolio meets the specific Technical Screening Criteria (TSC) set out in the Taxonomy. Alignment can be determined at the:

- **Activity level:** This is the core of the assessment. It involves checking a specific project, like the construction of a solar farm or renovation of a commercial building, against the technical criteria.
- **Financial product level:** A financial product, such as a **green loan** or **green bond**, is considered aligned if its proceeds are exclusively used to finance or refinance Taxonomy-aligned activities. For example, a bank provides a green loan to a household to finance the installation of rooftop solar panels.
- **Portfolio level:** Financial institutions can also assess and disclose the alignment of their entire loan book or investment portfolio by aggregating the alignment of the individual activities and assets within it.

The foundation for all these applications is the assessment at the activity level. Figure A5.1 provides a step-by-step guide on how to determine if an economic activity is aligned with the TSC.

Figure A5.1. Hypothetical example of a relationship between sectors, entities, and activities



Taxonomy eligibility (whether the activity included in the Taxonomy or not, regardless of compliance with criteria):

- Activity 1: no
- Activity 2: no
- Activity 3: **yes**
- Activity 4: no
- Activity 5: no

Source: Climate Bonds Initiative

How to determine if an activity is "Taxonomy-aligned"

For an eligible economic activity to be considered taxonomy-aligned, in other words fully compliant with the Taxonomy, it must satisfy the Technical Screening Criteria, which consists of three sets of criteria:

1. **Substantial Contribution:** The activity must meet the specific performance thresholds defined in the Green or Amber category of the Taxonomy (please see section A5.2.2 about the traffic light system). These thresholds define what it means to make a "substantial contribution."
2. **Do No Significant Harm (DNSH):** While making a substantial contribution to one objective, the activity must not cause significant harm to any of the other environmental objectives. This ensures that environmental benefits in one area do not come at the expense of another.
3. **Minimum Social Safeguards (MSS):** The entity carrying out the activity must comply with fundamental social and governance standards, including national labor laws and key international conventions on human rights. This ensures that all "green" activities are also socially responsible.

A5.2.2 Assessment of Activities

The Cambodian Taxonomy employs a **traffic light system** to classify and evaluate activities based on their contribution to the mitigation objective. This system categorizes all activities defined in the Taxonomy into two distinct groups: Green (has a direct pathway to net-zero emissions) and Amber (transitional – is transitioning to a direct pathway to net-zero emissions). This classification not only enables access to various forms of sustainable financing, it also facilitates transparent disclosures.

By adopting this methodology, the Taxonomy provides a clear and intuitive framework for assessing the climate credentials of economic activities, whilst also promoting more informed decision-making and encouraging the adoption of sustainable practices.

Figure A5.2. Substantial contribution checklist for Taxonomy user

1. **Check the activity's eligibility** under the Taxonomy via the activity's name, description or the ISIC/CSIC code.
2. **Check the requirements** for the activity to be aligned with the Green or Amber category. Collect activity-related data necessary to determine alignment.
3. **Check if the activity parameters comply with Green or Amber category.** If they do, then the activity is making a substantial contribution to the objectives of the Taxonomy.

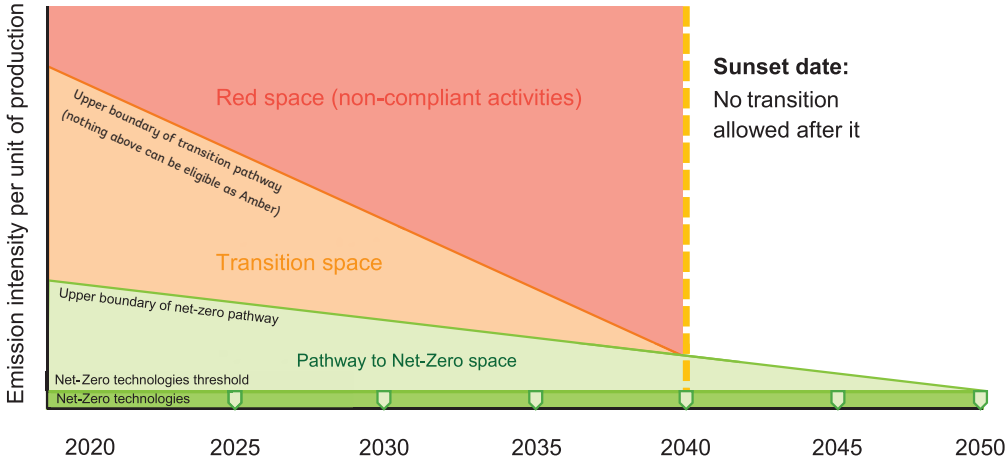
Sector classification and activity		
Sector and activity	Geothermal power	
ISIC code/CSIC code	3510/3510	
Description	Construction and operation of electricity generation facilities that produce electricity, heating, and cooling from geothermal power	
Scope	Construction and operation (electricity generation)	
The activity makes a substantial contribution to climate change mitigation		
Metrics and thresholds	Green	New facilities meeting the declining Green threshold for the energy sector (Table 3). Life-cycle GHG emissions are calculated based on project-specific data using ISO 14067:2018 or ISO 14064-2:2019 or equivalent
	Amber	Existing facilities meeting the declining Amber threshold for the energy sector with a prescribed sunset date (Table 3). Life-cycle GHG emissions are calculated based on project-specific data using ISO 14067:2018 or ISO 14064-2:2019 or equivalent.

Source: Climate Bonds Initiative

It is also important to note that additional considerations need to be considered for Amber assets to ensure "greenwashing" is avoided:

- Transitional assets should not be permanent. The Amber activity should be adjusted – within a given timeframe in the future – to be 1.5C° aligned towards a net-zero trajectory (refer to Section 3.3 for further details).
- Ensuring that the transitional assets in question will indeed be aligned towards a net-zero trajectory, "sunset dates" must be defined – after which the activity would be determined to be either aligned or not.

Figure A5.3. Traffic light system



Source: Climate Bonds Initiative Analysis, 2025

A5.2.3 Traffic Light System summary

A brief summary of the traffic light system is shown below:

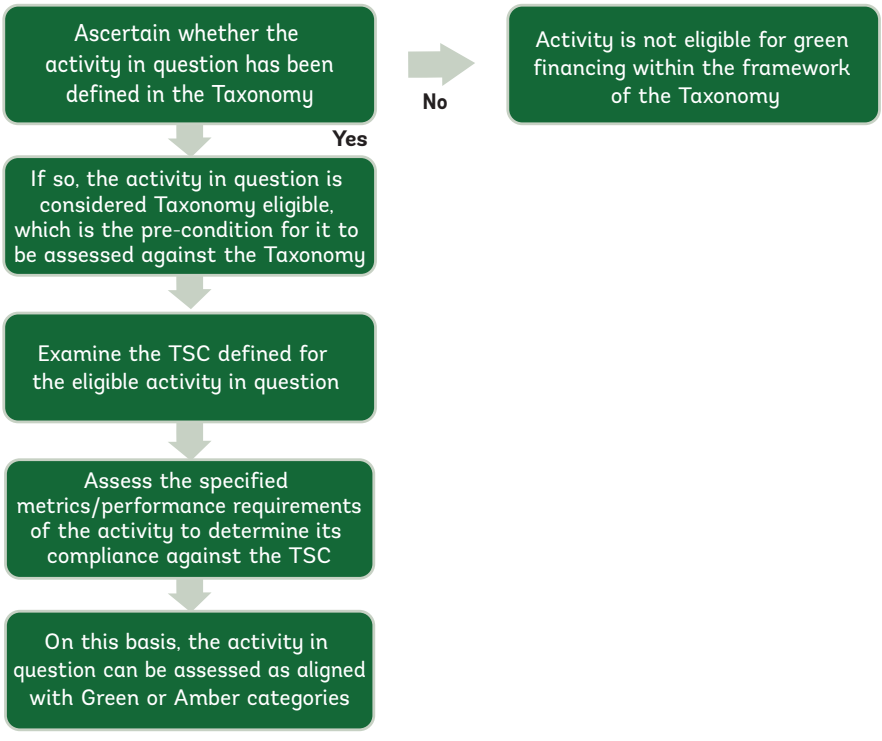
Traffic light color	Description
Green (aligned)	Substantial contribution to the specified environmental objective. In the scenario where climate change mitigation is selected as the primary environmental objective: • Near zero: activities already operating at or near zero emissions that might require further decarbonization, but not a major transition, such as solar, wind or electric vehicle infrastructure. • Clear pathway to net-zero activities: activities that are not net-zero currently, but have a clearly defined Paris Agreement-aligned decarbonization pathway that can be followed. • This category is applicable to both OpEx and CapEx of new facilities in compliance with the Taxonomy's requirements. • Revenue obtained from such activities can be considered Taxonomy-aligned for reporting.

	• Energy and transport are common examples of sectors with clear green activities. Quantitative pathways can often be defined by the relation between their utility and emissions (e.g. gCO_2e/kWh). • It is important to note that TSC are often not defined for most waste management activities. In the occasion where they are, they are related to the effective removal and usage of potent GHGs, such as methane (CH4).
Amber (transition)	TSC defined for Amber activities is dependent on the activity and could come in the form of: • Decarbonization pathways (for example, energy), which the activity must follow to be deemed transitional. Changes must lead to a decrease in the emissions pathway to attract transitional finance. • Relative performance improvements (for example, buildings and construction). A quantified improvement relative to a baseline needs to be reached for the financing raised to be deemed transitional. • A list of applicable measures referring to individual technologies that can be applied to improve the climate and environmental credentials of the activity in question. Funds raised for implementing such measures can be considered transitional. • Best current techno-economically feasible options refer to technologies that may not necessarily achieve Green criteria, but are: (i) an improvement on existing common practices, (ii) the best option realistically feasible at that location, and (iii) tend to support future transition to a 'Green' activity. Specifically, regarding mitigation, Amber activities have relatively high emissions, but are: • Facilitating significant short-term emissions reductions, with reliable decarbonization pathways and sunset dates. • Enabling other green activities. This can occur even when the activity itself is not Green (e.g. grid infrastructure expansion). Note that for some activities, no Amber TSC has been set. In such cases, the activity may only be defined as Green or not eligible (Red, but is not included in the current Taxonomy).

This methodology is applicable to all sectors included within the Taxonomy. Additionally, it is important to note that the Taxonomy allows for the assessment of activities, not the assessment of entities with multiple separate activities. Each activity must be assessed individually in the event of an entity with multiple activities.

Figure A5.4 describes how the assessment of an activity's contribution to an environmental objective is conducted.

Figure A5.4. Assessment of an environmental objective



*Notes on TSC assessment:

- For existing activities, robust and granular data may be required to demonstrate compliance with the TSC.
- For planned future activities, evidence may be required in the form of a design document/plan describing the specifications for the equipment or infrastructure to be used/built under the activity.
- Where applicable, data verification should be conducted in a manner consistent with industry-wide codes of conduct for external reviewers, such as ISSA 5000.[44]

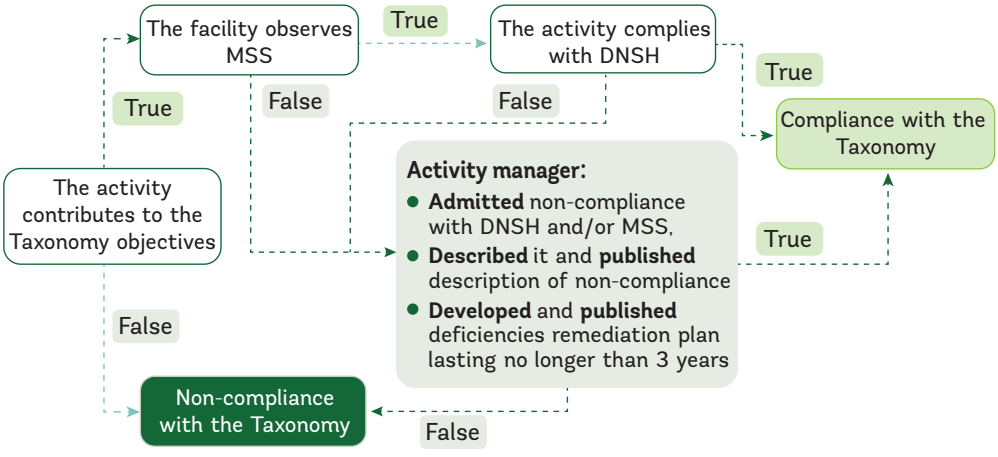
A5.2.4 Assessment of DNSH & MSS Compliance

Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS) are complementary criteria that establish essential safeguards for sustainable finance taxonomies, ensuring the prevention of environmental or social harm on activities under the Taxonomy.

44 International Standard on Sustainability Assurance (ISSA) 5000 is a global assurance standard issued by the International Auditing and Assurance Standards Board (IAASB). It provides a comprehensive framework for independent practitioners to perform high-quality assurance engagements on sustainability-related information.

More specifically, DNSH stipulates that an activity significantly contributing to one particular objective should not negatively affect another objective, whilst MSS ensure that entities adhere to international treaties and national regulations safeguarding minimum social and labor rights.

Figure A5.5. Decision flowchart for determining compliance with Taxonomy



Source: Climate Bonds Initiative

The flowchart above presents a visualization of the process to determine Taxonomy-alignment.

In brief, for an eligible activity to be deemed Taxonomy-aligned it must:

Comply with TSC and DNSH and MSS.

OR

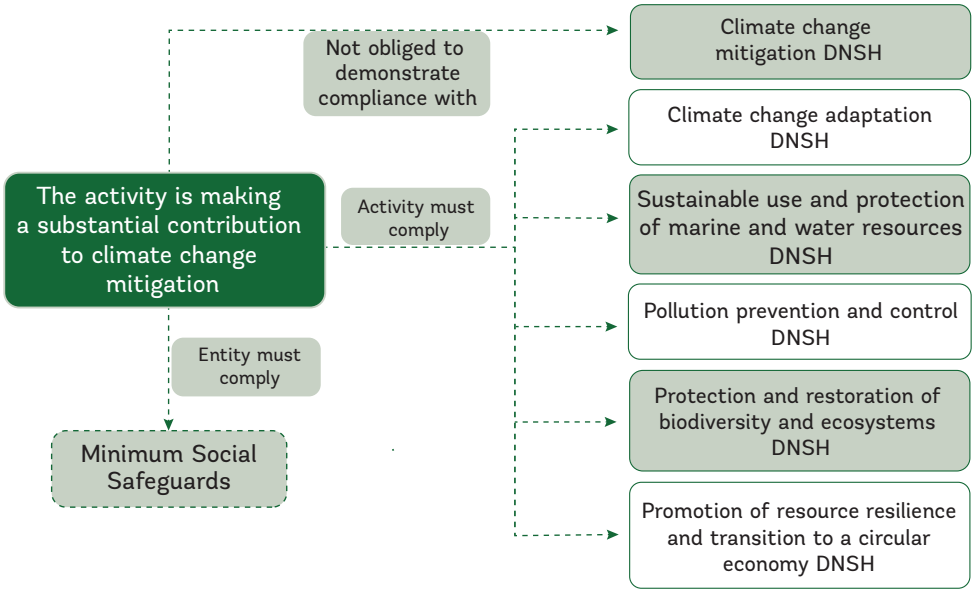
Fully comply with TSC and disclose non-compliance with DNSH/MSS, and develop a remediation plan lasting no longer than three years from the date of the assessment.

Adherence to the DNSH and MSS criteria is not mandatory, yet these criteria are intentionally kept broad, incorporating sector-specific input where applicable. This approach ensures the Taxonomy maintains the necessary level of stringency, while simultaneously enhancing usability without overcomplicating reporting.

This means that, even when an activity meets the TSC under a specific environmental objective, but does not comply with DNSH against other objectives, it can still be considered compliant with the corresponding Green or Amber category as long as a time-sensitive remediation plan is submitted.

Below is a visual representation of a DNSH and MSS requirement assessment process.

Figure A5.6. DNSH compliance



Source: Climate Bonds Initiative

A5.3 Usability Examples and Case Studies (Financial Institution Perspective)

This section provides illustrative case studies to guide financial institutions in the application of the Taxonomy when structuring and assessing green financial products.

A5.3.1 Case study 1: Bank A – green loan for a new solar power plant

Scenario:

Client A (the Client), a renewable energy project developer, approaches Bank A (the Bank) seeking a US$10 million loan to finance the construction and commissioning of a new 20MW utility-scale solar photovoltaic (PV) power plant in a province of Cambodia. The Client intends for this project to be recognized as a "green" project and hopes the loan can be classified as a "green loan" by the Bank.

A5.3.1.1 Bank A's Taxonomy application and verification process:

It is assumed that the Bank's internal green finance framework requires alignment with the Taxonomy for a loan to be designated as a "green loan" and ensure the Bank can benefit from regulatory incentives.

The Bank undertakes the following steps:

Step 1: Activity identification

- **Client-provided information:** Client A provides a detailed project proposal, including technical specifications, site location, land use agreements, an Environmental Impact Assessment (EIA) conducted as per national regulations and financial projections.
- **Bank's identification:** The core economic activity is **"Electricity generation from solar PV."**

Step 2: Check if the activity is within the Taxonomy's scope

- The Bank refers to the Taxonomy document.
- **Finding:** Solar energy generation is listed under the **Energy Sector (Activity 6.1.2.1 "Solar energy generation" in the Taxonomy, ISIC/CSIC code 3510/3510)**.
- **Conclusion:** The activity is in scope.

Step 3: Assess for substantial contribution (apply Technical Screening Criteria - TSC) The Bank now assesses if the project makes a substantial contribution to climate change mitigation by applying the TSC for solar energy generation.

- **Reference the Taxonomy:**
  - **Description:** "Construction and operation of electricity generation facilities that produce electricity from Solar Photovoltaic."
  - **Scope:** "Construction and operation (electricity generation)."
  - **Metrics and thresholds (TSC):**
    - **Green:** "All energy generation is eligible."
    - **Amber:** "N/A."
- **Bank's verification actions and findings:**
  - The Bank confirms the project involves the construction and operation of a solar PV plant for electricity generation, fitting the description and scope.
  - Based on the "Green" TSC ("All energy generation is eligible"), the project *prima facie* qualifies as Green.
  - The Bank scrutinizes the project design and purpose to verify that the solar power plant is a standalone renewable energy project. The Client provides documentation confirming connection to the national grid for general electricity supply.
- **Conclusion for substantial contribution:** The project meets the "Green" TSC for a substantial contribution to climate change mitigation.

Step 4: Assess Do No Significant Harm (DNSH) – *voluntary assessment by the Bank*

Although DNSH is voluntary under the current Cambodian Taxonomy, the Bank's internal green finance policy encourages a DNSH review for enhanced due diligence and to align with international best practices.

- **The Bank's DNSH review, based on general principles of the Taxonomy and potential risks for solar projects, focuses on:**
  - **Climate change A&R:** The Bank reviews the project's EIA and site selection studies for resilience to potential physical climate risks (such as flooding, extreme heat affecting panel efficiency). The Client demonstrates that the site is not at risk or appropriate site elevation and drainage considerations have been incorporated into the project plans.
  - **Sustainable use and protection of water and marine resources:** The Bank assesses water requirements for panel cleaning, ensuring the Client has a plan for water-efficient cleaning methods and sustainable water sourcing that does not negatively impact local water availability.
  - **Transition to a circular economy:** The Bank *inquires* about the Client's plans for end-of-life management of solar panels, encouraging consideration of recycling options where feasible in the future.
  - **Pollution prevention and control:** The Bank reviews the EIA for measures to manage waste during construction and operation and to mitigate any potential soil or water contamination.
  - **Protection and restoration of biodiversity and ecosystems:** The Bank verifies through the EIA and site documentation that the project is not located in officially protected areas or critical habitats and that planning is in place to minimize and mitigate any potential impacts on local biodiversity. The Client provides evidence that the land is designated for industrial/energy use in accordance with Cambodian national laws.
- **Conclusion for DNSH:** The voluntary DNSH review indicates no significant harm is anticipated to other environmental objectives.

Step 5: Assess entity's adherence to Minimum Social Safeguards (MSS) – *voluntary assessment by the Bank*

Similar to DNSH, the Bank voluntarily assesses MSS (based on the requirements of the Taxonomy).

- **The Bank's MSS review, based on general principles of the Taxonomy, referencing IFC Performance Standards[45], focuses on (relevant legislation has also been indicated):**

45 The IFC Performance Standards are a set of eight environmental and social risk management standards that define how private sector projects should identify, avoid, mitigate, and manage impacts on people, workers, communities, and the environment.

- **Labor and Working Conditions (PS2):** The Bank reviews the Client's commitments to fair labor practices for construction and operational staff, adherence to Cambodian labor laws, and health and safety protocols. This also involves verifying compliance with the Labor Law (1997) governing employer-worker relations and safety standards, the Law on Social Security Schemes (2019), and the Law on Trade Unions (2016) regarding the right to form professional organizations.
- **Community Health, Safety, and Security (PS4):** The Bank assesses measures to ensure the safety of local communities during construction and operation (e.g., site security and traffic management), also ensuring alignment with the Law on Construction (2019).
- **Land Acquisition and Involuntary Resettlement (PS5):** The Bank verifies that land acquisition was conducted transparently and fairly in accordance with PS5 as well as with the Land Law (2001) regarding property rights and the Law on Expropriation (2010) which mandates fair compensation for public infrastructure. (In this case, the Client confirms the land was acquired on a "willing-buyer-willing-seller" basis from a private entity, with no physical or economic displacement of prior users).
- **Indigenous Peoples (PS7):** The Bank reviews the project to ensure the protection of indigenous rights, specifically checking against Articles 23 to 28 of the Land Law (2001) which recognize the rights of indigenous communities to collective ownership (Indigenous Communal Land Titles).
- **Cultural Heritage (PS8):** The Bank assesses the project's impact on tangible and intangible heritage to ensure compliance with the Law on the Protection of Cultural Heritage (1996) aimed at preserving national cultural assets.

- **Conclusion for MSS:** The voluntary MSS review indicates the entity is operating in line with minimum social safeguards.

Step 6: Conclude on Taxonomy alignment and loan structuring

- **Overall alignment:** Based on the project meeting the "Green" TSC for solar energy generation (Step 3) and the satisfactory outcomes of the Bank's voluntary DNSH (Step 4) and MSS (Step 5) reviews, the Bank concludes that the Client's **20MW solar PV project is "Green"** and therefore aligned with the Taxonomy.

- **Loan structuring:**
  - The Bank designates the US$10 million loan as a "Green loan."
  - Loan covenants include:
    - **Use of proceeds:** Funds must be exclusively used for the development, construction and commissioning of the specified 20MW solar PV plant.
    - **Reporting** (optional, depends on the Bank's green loan framework): The Client may provide annual reports to the Bank on the project's operational status and electricity generated.

- **Internal and external reporting:**
  - The Bank includes this loan in its internal tracking of green assets.
  - The Bank can report this loan as part of its green loan portfolio in its sustainability reports or disclosures to regulator and investors, citing alignment with the Taxonomy.

A5.3.2 Case study 2: Bank B – green loan for electrical grid expansion

Scenario: Client B (the Client), a national transmission system operator, approaches Bank B (the Bank) for a US$50 million loan. The proceeds will be used to finance the construction of new high-voltage transmission lines and a substation to connect a newly planned 100MW solar power park operated by the Client to the national grid and to reinforce the grid in a rapidly developing industrial zone. The Client aims for this loan to be classified as a "Green loan."

A5.3.2.1 The Bank's Taxonomy application and verification process:

The Bank's green loan framework mandates alignment with the Taxonomy. The assessment process is as follows:

Step 1: Activity identification

- **Client-provided information:** The Client provides detailed plans for the grid expansion project, including:
  - Route and specifications of the new transmission lines.
  - Location and capacity of the new substation.
  - Technical studies on the grid impact, including connection details for the 100MW solar power park.
  - Projected load growth in the industrial zone.
  - Environmental (DNSH requirements) and Social (MSS requirements) Impact Assessments as per national legislation and IFC Performance Standards requirements where relevant.
- **Bank's identification:** The economic activities are:
  - Transmission and distribution infrastructure dedicated to a direct connection or an expansion of connections between power plants (the solar power park) with energy intensities of less than 100 gCO_2e/kWh (life-cycle emissions) (relates to the line connecting the solar power park).
  - General transmission and distribution infrastructure (relates to the reinforcement for the industrial zone).

Step 2: Check if the activity is within the Taxonomy's scope

- The Bank consults the Taxonomy.

- **Finding:** "Transmission and distribution of electricity" (Activity 6.1.2.14 in the Taxonomy, ISIC/CSIC code 3510/3510), which encompasses grid expansion and enabling infrastructure for renewables, is listed under the energy sector.
- **Conclusion:** The activities are in scope.

Step 3: Assess for substantial contribution (apply Technical Screening Criteria - TSC)

The Bank assesses each component of the grid expansion against the relevant TSC.

- **Component 1:** transmission line and substation connecting the 100MW solar power park
  - **Reference Taxonomy (Activity 6.1.2.14, Metrics and Thresholds - Green):**
    - *"Transmission and distribution infrastructure dedicated to a direct connection or an expansion of connection between power plants with energy intensities less than 100 gCO_2e/kWh (life-cycle emissions)."*
  - **Bank's verification actions and findings:**
    - The Bank verifies that the primary purpose of this specific segment of the new infrastructure is to connect the 100MW solar power park.
    - **Crucially, the Bank needs to verify the "energy intensities less than 100 gCO_2e/kWh (life-cycle emissions)" for the solar park.** Solar PV generation itself is generally considered to have life-cycle emissions well below this threshold. The Bank requests and reviews documentation from the Client regarding the solar park's technology, expected performance, and any available life-cycle assessment data or industry benchmarks for similar solar PV projects. For utility-scale solar, this is usually straightforward, as industry benchmarks can be used.
  - **Conclusion for Component 1:** This component meets the "Green" TSC, as it is dedicated to connecting a low-carbon (solar) generation source.
- **Component 2: Grid reinforcement for the industrial zone**
  - **Reference taxonomy (Activity 6.1.2.14, Metrics and Thresholds - Green):**
    - *"Transmission and distribution infrastructure that is on a decarbonization trajectory where at least 67 percent of the newly connected generation capacity in the system is below the generation threshold value of 100 gCO_2e/kWh measured on a Product Carbon Footprint (PCF) basis, over a rolling five-year period.*
    - *OR the average system grid emissions factor is below the threshold value of 100 gCO_2e/kWh measured on a PCF basis, over a rolling five-year average period."*
  - **Bank's verification actions and findings:**
    - This infrastructure is not dedicated solely to a new renewable plant, but serves a general load area. Therefore, the system-level criteria apply.

- **Option A (67 percent new low-carbon capacity):** The Bank requests data from the Client on all new generation capacity connected to this part of the grid (or the broader interconnected system it is part of) over the last five years and planned for the near future. It would need to analyze the proportion of this new capacity that is from sources with <100 gCO_2e/kWh (e.g., solar, hydro meeting criteria, wind). This requires significant data from the grid operator.
- **Option B (System grid emissions factor <100 gCO_2e/kWh):** The Bank requests the official average grid emissions factor for the relevant interconnected system, ideally on a life-cycle (PCF) basis, averaged over the last five years. This data would typically come from the Ministry of Mines and Energy or the Electricity Authority of Cambodia. If PCF-based data is not available, operational emissions data might be used as a proxy, with clear justification and acknowledgement of limitations.
- **Data challenge:** Obtaining precise, PCF-based, five-year rolling average data for either option in the Cambodian context might be challenging. The Bank may need to:
  - Work with the Client to estimate these figures based on the best available data (e.g., generation mix, plant efficiencies, standard emission factors for different fuel types).
  - Use conservative assumptions where precise data is lacking.
  - Refer to national energy plans, like the Power Development Master Plan (PDP) that project the increase in renewable energy share, which can support the "decarbonization trajectory" argument.
- For this case, it is assumed that based on the PDP and recent additions, the Client can demonstrate that newly connected capacity in the relevant grid region over the last three years (projecting for a five-year window) is trending towards meeting the 67 percent low-carbon threshold, largely driven by new solar and some existing hydro.

- **Conclusion for Component 2:** This component is determined to meet the "Green" TSC under the "decarbonization trajectory" clause, supported by national plans and recent renewable energy additions to the grid. The Bank documents the data sources and assumptions used.

Step 4: Assess Do No Significant Harm (DNSH) – *voluntary assessment by the Bank*

Although DNSH is voluntary under the current Cambodian Taxonomy, the Bank's internal green finance policy encourages a DNSH review for enhanced due diligence and to align with international best practices.

- **Bank's DNSH review focus:**
  - **Climate change A&R:** Resilience of new lines and substations to extreme weather (typhoons, flooding). The Client provides EIA details on design standards and climate risk assessment.

- **Pollution prevention and control:** Management of any hazardous materials in substations (e.g., SF6 gas in switchgear – plans for leak detection and end-of-life management).
- **Protection and restoration of biodiversity and ecosystems:** Route selection for transmission lines to avoid sensitive habitats, national parks, and critical biodiversity areas. EIA includes biodiversity impact assessment and mitigation measures (e.g., bird diverters and re-vegetation plans).

- **Conclusion for DNSH:** Voluntary DNSH review suggests adequate mitigation measures are in place.

Step 5: Assess Minimum Social Safeguards (MSS) – *voluntary assessment by the Bank*

- **The Bank's MSS review, based on general principles of the Taxonomy, referencing IFC Performance Standards[46], focuses on (relevant legislation has also been indicated):**
  - **Labor and Working Conditions (PS2):** The Bank reviews the Client's commitments to fair labor practices for construction and operational staff, adherence to Cambodian labor laws, and health and safety protocols. This also involves verifying compliance with the Labor Law (1997) governing employer-worker relations and safety standards, the Law on Social Security Schemes (2019), and the Law on Trade Unions (2016) regarding the right to form professional organizations.
  - **Community Health, Safety, and Security (PS4):** The Bank assesses measures to ensure the safety of local communities during construction and operation (e.g., site security and traffic management), also ensuring alignment with the Law on Construction (2019).
  - **Land Acquisition and Involuntary Resettlement (PS5):** The Bank verifies that land acquisition was conducted transparently and fairly in accordance with PS5 as well as with the Land Law (2001) regarding property rights and the Law on Expropriation (2010) which mandates fair compensation for public infrastructure. (In this case, the Client confirms the land was acquired on a "willing-buyer-willing-seller" basis from a private entity, with no physical or economic displacement of prior users).
  - **Indigenous Peoples (PS7):** The Bank reviews the project to ensure the protection of indigenous rights, specifically checking against Articles 23 to 28 of the Land Law (2001) which recognize the rights of indigenous communities to collective ownership (Indigenous Communal Land Titles).
  - **Cultural Heritage (PS8):** The Bank assesses the project's impact on tangible and intangible heritage to ensure compliance with the Law on the Protection of Cultural Heritage (1996) aimed at preserving national cultural assets.

46 The IFC Performance Standards are a set of eight environmental and social risk-management standards that define how private-sector projects should identify, avoid, mitigate, and manage impacts on people, workers, communities, and the environment. The IFC Performance Standards can be found at: https://www.ifc.org/content/dam/ifc/doc/2010/2012-ifc-performance-standards-en.pdf

- **Conclusion for MSS:** The voluntary MSS review indicates the entity is operating in line with minimum social safeguards.

Step 6: Conclude on Taxonomy alignment and loan structuring

- **Overall alignment:** Both components of the grid expansion project are assessed as aligned with the Green category of the Taxonomy:
  - Component 1 (solar connection) directly enables a Green activity.
  - Component 2 (industrial zone reinforcement) is on a decarbonization trajectory consistent with Green criteria for the grid.
- The Bank concludes the overall project is **"Green Aligned"** with the Taxonomy.
- **Loan Structuring:**
  - The Bank designates the US$50 million loan as a "Green Loan."
  - Loan covenants include:
    - **Use of Proceeds:** Funds must be demonstrably allocated to the specified grid expansion projects.
    - **Reporting (optional):** The Client may provide annual reports on the project's completion, operational status and potentially on the evolution of the connected generation mix or system grid emission factor for the area served by Component 2 (as part of ongoing monitoring of the "decarbonization trajectory" argument).
- **Internal and external reporting:**
  - The Bank includes this loan in its green loan portfolio.
  - The Bank can report this as contributing to grid modernization and renewable energy integration, aligned with the Cambodian Taxonomy.

Key guidance for financial institutions from this example:

- **Disaggregation:** Grid projects may have multiple components with different justifications for Taxonomy alignment. Each needs to be assessed.
- **Data dependency:** Aligning general grid infrastructure often relies on system-level data (new capacity mix, grid emission factors). Financial institutions need to work closely with grid operators or national authorities to obtain or credibly estimate this data.
- **Trajectory argument:** For grid infrastructure not directly connected to 100 percent renewables, demonstrating it is on a "decarbonization trajectory" is key. This can be supported by national energy plans, recent trends and commitments from the grid operator.
- **Documentation:** The basis for concluding on system-level criteria (like the 67 percent rule or grid factor) must be well-documented, including data sources, timeframes and any assumptions made.

A5.4 Role of Verification and Selection of Verifiers

While self-assessment of alignment with the Cambodian Sustainable Finance Taxonomy is the initial step for any user, obtaining independent, third-party verification significantly enhances the credibility, transparency, and market confidence in claims of Taxonomy alignment. This section provides guidance on the role of verifiers, how to select them, and the interplay with existing certifications and standards.

A5.4.1 Role of Verifiers

Independent verification serves several crucial purposes, as it:

- **Enhances credibility:** Provides an objective assessment that an activity meets the stringent criteria of the Cambodian Taxonomy.
- **Prevents greenwashing:** Reduces the risk of misrepresenting an activity's environmental performance.
- **Builds market confidence:** Assures investors, lenders, and other stakeholders that financial products (like green loans or bonds) are genuinely supporting sustainable, climate-mitigating activities.
- **Facilitates access to green finance:** Verifier reports are often a prerequisite or a strong supporting document for accessing dedicated green finance pools.
- **Supports robust reporting:** Provides a credible basis for companies and financial institutions to report on their Taxonomy-aligned activities.

A5.4.2 What is a Verifier?

A verifier is an independent third-party entity with the necessary expertise and competence to assess and confirm whether an economic activity, project, or the use of proceeds from a financial instrument aligns with the requirements of the Taxonomy. Verifiers do not define the Taxonomy criteria but apply them to the specific case.

Selecting a qualified verifier and using certifications

Choosing a competent and credible verifier is critical. Users (such as project developers seeking finance, financial institutions structuring green products) should look for verifiers demonstrating the following:

- **A. Key competencies and expertise:**
  - **Understanding of the Taxonomy:** Deep familiarity with its objectives, principles, the three covered sectors (Energy, Transport, Buildings and Construction), specific TSCs, and the (voluntary) DNSH and MSS considerations.
  - **Sector-specific technical knowledge:** Expertise relevant to the activity being verified (renewable energy technologies, transport systems, building energy efficiency).

- **GHG accounting and Environmental Impact Assessment skills:** Ability to understand and assess emissions data and broader environmental impacts.
- **Audit and assurance experience:** Proven experience in conducting third-party assessments, audits (provision of limited and reasonable assurance), or verifications, preferably in sustainability, ESG or environmental fields.
- **Knowledge of local Cambodian context:** Familiarity with relevant Cambodian environmental regulations, industry practices, and socio-economic conditions.

- **B. Indicating and suggesting verifiers:**
  - **Current landscape:** As this Taxonomy is newly established, a formal national accreditation system or an official list of "Cambodia Taxonomy Approved Verifiers" does not yet exist.
  - **Interim approach:** In the interim, users should seek verification bodies that can demonstrate the competencies listed above. This might include:
    - Established environmental consulting firms with audit/assurance arms.
    - International verification bodies active in the ASEAN region with relevant sectoral experience.
    - Accounting and auditing firms with specialized sustainability service teams.
    - Organizations accredited under reputable international sustainable finance verification schemes (e.g., Climate Bonds Standard Approved Verifiers[47], if their scope and expertise align).
  - **Future developments:** It is anticipated that the regulator and/or other relevant authorities may, in the future, provide further guidance on recognized verifiers or establish a domestic accreditation process. Users should stay updated on such developments.

- **C. Utilizing existing certifications to support verification:**
  - While this Taxonomy has its own specific TSCs, existing local and international certifications **can provide valuable supporting evidence** to the verifier. They do **not** automatically equate to Taxonomy alignment but can streamline the verification process.

  - **Examples:**
    - **Buildings:** An internationally recognized green building certificate (e.g., LEED, EDGE or relevant Cambodian certifications like HEPS, ECON, and ZEB as described in Section 5.3) can provide evidence of energy performance. However, the verifier must still explicitly check if the certified performance level meets the specific gCO_2e/m^2/year or energy efficiency improvement TSCs of the Taxonomy.
    - **Energy:** ISO 50001 (Energy Management) certification can demonstrate robust energy management practices.
    - **General:** ISO 14001 (Environmental Management) can indicate good environmental management systems are in place.

47 The full list of Climate Bonds Approved Verifiers can be found at: https://www.climatebonds.net/data-insights/market-data/approved-verifiers

- **Process:** The project developer/company should provide evidence of such certifications to the verifier. The verifier will then assess how the criteria met under these certifications map to the specific requirements of the Cambodian Taxonomy's TSC and (if assessed) DNSH/MSS. **Direct alignment with the Taxonomy's specific thresholds remains paramount.**

A5.4.3 Minimum Requirements for Verifiers (Local and International Standards)

Verifiers undertaking assessments against the Taxonomy should operate to high professional standards. While Cambodia may develop specific local standards for verifiers over time, the following minimum requirements should be expected as drawn from international best practice:

- **1. Independence and objectivity:**
  - Verifiers must be independent of the entity whose activity is being verified and free from any conflicts of interest that could compromise their impartiality.
  - They should adhere to codes of ethics like those from the International Ethics Standards Board for Accountants (IESBA Code) or similar professional bodies regarding integrity, objectivity, and professional behavior.
- **2. Competence and due care:**
  - Possess and maintain the necessary knowledge, skills, and experience relevant to the Cambodian Taxonomy and the specific sectors/activities being verified.
  - Exercise due professional care and skepticism throughout the verification process.
  - Employ staff or contractors with appropriate qualifications and experience.
- **3. Methodology and process:**
  - **International Standard Reference:** Verification engagements should ideally be conducted in line with principles of established international assurance standards, such as ISSA 5000 (Revised) - *General Requirements for Sustainability Assurance Engagements* or other relevant standards for sustainability/ESG assurance. This provides a framework for planning, executing, and reporting on the verification.
  - **Evidence-based:** Conclusions must be based on sufficient appropriate evidence gathered through a systematic process.
  - **Transparency:** The verification process, scope, criteria applied, and findings should be clearly documented and communicated in a verification report.

- **4. Local regulatory adherence:**
    - Verifiers must be aware of and, where applicable, operate in compliance with any Cambodian laws or regulations governing verification, auditing, or environmental consulting services.
    - If providing services within Cambodia, they should comply with local business registration and licensing requirements.
- **5. Confidentiality:**
    - Verifiers must maintain the confidentiality of information obtained during the engagement, except where disclosure is required by law or authorized by the Client.

By engaging verifiers who meet these indicative minimum requirements and leveraging existing relevant certifications as supporting evidence, users can significantly bolster the credibility of their Taxonomy alignment claims. The financial institution, in turn, gains greater assurance when providing green financing.

A5.4.4 Verification Process (Overview)

While the specifics can vary, a typical verification process against the Cambodian Taxonomy would involve:

1. **Engagement:** The user commissions a selected verifier.
2. **Scoping:** Defining the precise activity(ies) and Taxonomy criteria to be assessed.
3. **Document review:** The verifier reviews all relevant project documentation, self-assessments, data, calculations, and evidence of existing certifications.
4. **Evidence gathering:** This may include interviews, site visits (if necessary), and further data requests.
5. **Assessment:** The verifier evaluates the collected evidence against the Taxonomy's TSCs (and voluntarily, DNSH/MSS).
6. **Reporting:** The verifier issues a formal verification report or statement outlining the scope, methodology, findings, and a clear conclusion on the activity's alignment (Green – aligned, Amber – transitional) or Red – not aligned).

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