International Platform on Sustainable Finance

Assessment note on the integration of Do No Significant Harm (DNSH) provisions in taxonomies

Acknowledgements

This report was coordinated by the European Commission, with substantial contributions from IPSF members and observers, in particular from the Taxonomies Working Group.

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1. Introduction

Background and Objectives

Over recent years, sustainable finance taxonomies have expanded rapidly across the globe, guiding investment towards activities that contribute to environmental and social goals, improving market transparency, and building confidence in sustainable finance. To enhance cross-border comparability of these different sustainable finance taxonomies, several initiatives have sought to identify shared principles and design features, whether through bilateral comparison studies or broader frameworks such as the G20 Sustainable Finance Working Group principles[1] or the Roadmap for Advancing Interoperability and Comparability of Sustainable Finance Taxonomies (Taxonomy Roadmap Initiative)[2].

These initiatives identified some common ground among the different taxonomies design features. Principle 2 of the Taxonomy Roadmap's Interoperability Principles for example calls for the use of common taxonomy elements including sector classifications, shared objectives, screening criteria, minimum safeguards, and transition approaches.[3] This aligns with the G20 Sustainable Finance Roadmap, notably Action 1 of Focus Area 1, which establishes the principle to avoid negative contribution to other sustainability goals, for (e.g., through do no significant harm to any sustainability goal requirements)'.[4]

Among these different design features, the 'minimum safeguards' or 'negative contributions' have been comparatively less explored. While screening criteria define what qualifies as sustainable, safeguards ensure that such activities do not cause significant harm to such a sustainability objective This safeguard principle therefore most commonly referred to as the Do No Significant Harm (DNSH) principle. The DNSH principle ensures that economic activities contributing to one environmental objective do not significantly undermine others. It operationalises this idea through defined screening criteria, which may be generic or activity-specific, and expressed in quantitative or qualitative terms. Alongside a taxonomy's

[1] https://g20sfwg.org/roadmap/.
[2] http://www.TaxonomiesRoadmap.org.
[3] 'Principles for Taxonomy Interoperability'.
[4] https://g20sfwg.org/roadmap/

'substantial contribution' criteria, DNSH provides a baseline for environmental performance and helps avoid significantly harmful trade-offs between objectives. By embedding DNSH, taxonomies adopt a more holistic approach to environmental protection, strengthening their overall integrity and reducing the risk of greenwashing.

Across the world, many jurisdictions have recognised the value of such safeguards and integrated them into their taxonomy frameworks. Yet their approaches differ in scope, level of stringency, and the sources they draw upon, from national legislation to international standards. These variations can influence how easily taxonomies can be compared and how smoothly cross-border sustainable investment operates. Stakeholders increasingly acknowledge the need for greater interoperability in DNSH criteria to support the credibility of sustainable finance and to facilitate global capital flows towards genuinely sustainable activities.

As taxonomies continue to evolve, DNSH has become both a unifying reference point and a source of divergence. Some jurisdictions define it through detailed legal or technical requirements, while others apply broader frameworks based on risk management, legal compliance, or recognised international standards. These differences reflect diverse regulatory contexts and policy priorities but can also create barriers to comparability and cross-border investment.

This note aims to improve the understanding of how DNSH is interpreted and applied across different sustainable finance taxonomies.

The analysis identifies both common approaches and key differences in how these systems operationalise DNSH, with the aim of developing practical principles to support implementation. Technically, robust DNSH integration underpins the credibility of any taxonomy by safeguarding environmental integrity and preventing greenwashing. Strategically, this work supports the IPSF's role as a platform for cooperation on sustainable finance taxonomies and contributes to the objectives of the G20 Sustainable Finance Roadmap and the Taxonomy Roadmap launched at COP29.

2. Methodology

2.1. Information sources

The analysis presented in this note draws on two complementary sources: questionnaire responses provided by IPSF members and targeted desk research carried out by the study team. Together, these sources form the basis for assessing how DNSH is interpreted and operationalised across six frameworks: Australia (AU), the European Investment Bank (EIB),

the Hong Kong Monetary Authority (HKMA), the Monetary Authority of Singapore (MAS), the People's Bank of China (PBoC), and the EU Taxonomy.

1. Questionnaire responses

A common questionnaire was circulated to ensure like-for-like inputs. It asked how DNSH provisions are defined, implemented, verified, and how they interact with adjacent elements such as technical criteria, sector scope, evidence requirements and governance. The format combined closed questions for comparability and open questions for context.

The same questions were asked of every respondent, but the level of information to be drawn from the replies varied. Some authorities provided detailed technical explanations with supporting references; others offered concise policy summaries. To preserve the integrity of the comparison, responses were analysed on their own terms rather than forced into a uniform comparison model. Consistent with the limitations set out below, replies were not independently cross-checked beyond the contextual review undertaken through desk research.

2. Desk research and sources

Questionnaire inputs were supplemented with systematic desk research to triangulate and, where needed, clarify respondent statements. The desk review focused on primary, authoritative material, including:

- The EU Taxonomy Regulation and its technical screening criteria in the Climate and Environmental Delegated Acts[5] and Commission webpages describing the role of delegated acts and technical screening criteria.
- Recent Commission guidance on applying DNSH in adjacent EU instruments, to reflect current practice and interpretation.
- The EIB Environmental and Social Standards[6] and related policy pages, which set binding requirements for EIB-financed projects.
- MAS Guidelines on Environmental Risk Management for banks[7], as a supervisory reference for DNSH-type safeguards in financial institutions.

[5] Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council and Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council

[6] The EIB Group Environmental and Social Sustainability Framework

[7] The 2023 Singapore-Asia Taxonomy for Sustainable Finance (SAT)

- HKMA materials on the Hong Kong Taxonomy[8], including Phase 2A updates and consultation artefacts.
- PBoC's Green Bond Endorsed Projects Catalogue[9] as the core reference for China's taxonomy-related DNSH safeguards.
- IPSF publications on taxonomy interoperability and the Common Ground Taxonomy as well as Multi-Jurisdiction Common Ground Taxonomy[10]; and
- The G20 Sustainable Finance Roadmap [11]for broader policy context.

The analysis sought to balance information obtained through the questionnaires with findings from public documentation. Where discrepancies, ambiguities, or information gaps arose, priority was given to primary legal and official sources such as legislation, regulatory guidance, or institutional standards. However, it is important to note that the consistency and completeness of information varied across jurisdictions. Differences in terminology, interpretation, disclosure practices, and the timing of regulatory updates mean that absolute comparability could not be achieved. Consequently, the findings should be understood as indicative rather than exhaustive, reflecting the best available evidence at the time of analysis.

Analytical approach

The assessment proceeds in three steps.

- **Mapping**

  For each framework, we identify how DNSH is positioned, its environmental scope, activity coverage, and the operational structure used to evidence and verify compliance. The EU Taxonomy's six environmental objectives are used as a common reference point for scope, as they are shared across the majority of analysed taxonomies.

- **Comparison**

  We examine commonalities and divergences with particular attention to legal enforceability, breadth of environmental coverage, activity granularity, the design of the

[8] The Hong Kong Taxonomy for Sustainable Finance
[9] Green Bond Endorsed Projects Catalogue
[10] The International Platform on Sustainable Finance presents the Multi-Jurisdiction Common Ground Taxonomy to enhance interoperability of taxonomies across EU, China and Singapore
[11] Roadmap - G20 Sustainable Finance Working Group

DNSH test (outcome-based versus management-based), and verification practices. Desk research is used to ground these differences in source texts.

- **Principle development**
  We synthesise operational lessons into initial principles aimed at improving clarity and usability without assuming identical approaches across jurisdictions. The framing reflects international work on interoperability and good regulatory design.

The analysis remains qualitative and evidence-based rather than quantitative or score-driven. This reflects the diversity of legal frameworks, varying levels of technical detail, and the evolving nature of DNSH criteria across jurisdictions. Questionnaire responses were balanced with public documentation. As information quality and depth differed between jurisdictions, full comparability was not possible. The findings should therefore be viewed as indicative, based on the best available evidence at the time of analysis.

2.2. Comparison criteria overview

The analysis concentrates on the environmental dimension of DNSH, defined in the EU Taxonomy Regulation through six objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Each framework reflects a distinct policy rationale. The EU Taxonomy translates DNSH into law, linking activities to measurable thresholds and EU Regulation and delegates acts. The EIB applies DNSH through its environmental and social standards, combining life-cycle assessment with project-level due diligence. The MAS and PBoC embed DNSH principles in financial supervision and taxonomy guidance, focusing on risk identification, compliance and the use of standards as indicators of sound environmental practice. The Australian[12] approach builds on the EU taxonomy principles and adapts it to its local needs using a risk-based model

[12] The 2025 Australian Sustainable Finance Taxonomy

that stresses compliance, measurable outcomes and the use of recognised international standards.

The purpose of this note is not to rank or score the frameworks, but to understand how each defines and applies DNSH in practice. It considers the structure of the questions asked, the type of evidence required, the treatment of thresholds and proportionality, and how broad safeguards are translated into operational requirements.

Placing the EU Taxonomy alongside the five IPSF member frameworks enables comparison a spectrum of approaches. Some focus on a more regulation-driven model, others apply a more risk-based and flexible framework designed to guide financial markets in diverse regulatory and industrial contexts. This dual perspective highlights areas of alignment such as pollution control, waste management and hazardous substances and identifies where further guidance or convergence could improve comparability, reduce administrative burden and build market confidence. Ultimately, the analysis supports the development of a shared and practical understanding of environmental DNSH that is robust enough to preserve integrity yet adaptable to different legal and institutional realities.

2.3. Limitations

This analysis is shaped by several methodological and practical boundaries. These limitations do not undermine the validity of the findings, but they do frame how results should be interpreted and the degree to which comparisons can be generalised.

The scope of the note is limited to the environmental dimension of the DNSH principle and does not consider other safeguards, such as minimum social or governance safeguards of social DNSH criteria. This choice reflects both the maturity and the comparability of environmental safeguards across jurisdictions. While the majority of jurisdictions have developed specific environmental DNSH criteria, the six environmental objectives defined under the EU Taxonomy Regulation climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems provide a structured and measurable basis for assessment. In contrast, the social and governance dimensions of DNSH remain less developed internationally, with limited technical criteria and fewer common indicators. Concentrating on environmental DNSH therefore allows for a more meaningful cross-jurisdictional comparison while acknowledging that this represents only one possible component of a taxonomy safeguards.

The findings draw exclusively on information from jurisdictions and institutions that submitted questionnaire responses: AU, the EIB, the HKMA, the MAS, the PBoC, and the EU Taxonomy. Together these frameworks provide a diverse sample encompassing regulatory, supervisory, and institutional perspectives. However, the analysis does not cover all IPSF members or other emerging taxonomies that are still under development or revision. The results should therefore be seen as illustrative of current practice among these active contributors but are far from a definitive global overview. Future work could broaden participation to capture a more comprehensive picture of evolving DNSH integration across the globe.

The analysis is based primarily on questionnaire responses complemented by targeted desk research. The questionnaires used a common template with identical questions for all respondents, designed to capture how DNSH is defined, applied, and verified. While this provided a consistent framework for comparison, the level of information and detail in the responses varied considerably across jurisdictions. Some authorities provided detailed explanations with supporting documents, while others offered higher-level summaries. Importantly, responses were not independently cross-checked or verified beyond the accompanying desk research.

Desk research helped to supplement and validate questionnaire inputs by reviewing legislative texts, taxonomy documents, environmental standards, and official guidance. Nonetheless, both sources are constrained by the availability and transparency of public information. Differences in interpretation, terminology, and disclosure practices mean that comparisons are indicative rather than exact.

The frameworks differ substantially in legal enforceability, institutional mandate, and the granularity of DNSH requirements. The EU Taxonomy is legally binding under EU law, the EIB enforces DNSH through contractual obligations, while AU, MAS, and HKMA apply it through policy guidance or supervisory expectations. PBoC operates primarily through administrative direction and incentive-based compliance. These structural differences shape how DNSH is interpreted, implemented, and verified, limiting strict one-to-one comparison. Similarly, the level of technical detail varies: the EU and EIB provide highly granular, activity-level criteria, whereas other frameworks apply broader sectoral guidance. For this reason, the analysis focuses on structural patterns and operational principles rather than attempting a comprehensive comparison.

The taxonomy landscape is still evolving. The EU is revising its technical screening criteria to simplify reporting and expand coverage, and other jurisdictions are progressively refining their

approaches to DNSH. This note captures a snapshot of current frameworks at a specific point in time. Subsequent regulatory updates, new taxonomies, or enhanced data availability may shift some of the comparative observations presented here.

Taken together, these limitations define the boundaries of the analysis. By focusing on environmental DNSH, relying on jurisdictions that submitted structured responses, and supplementing them with desk-based research, the note provides a foundation for assessing how DNSH is integrated across these frameworks. As taxonomies evolve, more jurisdictions participate, and verification processes strengthen, future work will be able to test these findings with greater precision and expand the comparison to include social and governance dimensions of DNSH.

3. General observations on jurisdictional approaches

This section reflects inputs from six questionnaires (Australia, EIB, HKMA, MAS, PBoC and the EU) and triangulated desk research.

The six frameworks examined: AU, EIB, HKMA, MAS, PBoC and the EU Taxonomy embed DNSH in distinct ways that reflect their institutional mandates and stages of development. Together they illustrate the current landscape, from the EU's comprehensive, legally binding model to more flexible supervisory systems that aim to steer investment behaviour.

The EU Taxonomy defines the concept of DNSH for each of its six environmental objectives in the Taxonomy Regulation. In the Delegated Acts, technical screening criteria for the substantial contribution and DNSH are established for each activity across and each of the six environmental objectives. The DNSH apply a mix of generic and specific criteria. Activity-specific DNSH often refer to other EU environmental or sector-specific legislation, covering both qualitative and quantitative criteria, such as such as emissions limits, waste treatment performance or water quality standards. The DNSH build on these sector-specific legislation, oftentimes specifying or adding to the requirements found there to adapt them to the context of the EU Taxonomy. Additionally, some uniform or generic DNSH criteria are defined (Appendix A-F), which some of the individual activities cross-reference to. The DNSH provisions are legally binding, and compliance must be demonstrated through verifiable data or certification.

Australia equally uses DNSH criteria, embedded in their voluntary taxonomy. The criteria themselves are a mix of generic and specific criteria. The generic criteria are principles-based but underpinned by environmental protections legislation. A quantitative approach is applied

for selected DNSH criteria. DNSH is assessed through a mix of legal compliance, operational data and recognised standards.

The EIB integrates DNSH criteria across its policy framework. It has integrated parts of the EU Taxonomy in some of its processes, referring to the DNSH as defined by the Taxonomy Regulation and applies DNSH and other safeguards, such as E&S Standards, across different frameworks, for example as a benchmark for the EIB's Paris Alignment framework. Their general E&S standards are generic and applied on a risk-based and proportional approach for each investment. For their Paris Alignment framework criteria are largely qualitative, with some qualitative thresholds, for example for CO2 emissions or for energy intensive industries.

HKMA does not currently utilize the term DNSH but considers developing DNSH criteria for a future phase of their taxonomy. Their taxonomy in its first phase introduced substantial contribution criteria for climate change mitigation for voluntary use by the industry. They aim to align future phases of the taxonomy with common design features, such as DNSH as found in the EU Taxonomy.

MAS embeds DNSH within its Singapore-Asia Taxonomy, with a section dedicated to DNSH criteria for various sectors. It covers four environmental objectives, namely climate change adaptation, protect healthy ecosystems and biodiversity, promote resource resilience and circular economy, and pollution prevention and control. The criteria are generic for climate change adaptation and resemble the EU's generic adaptation criteria (Appendix A), while applying specific qualitative and quantitative criteria for different sectors, such as energy, transport or industry. Application of the DNSH criteria is not mandatory, but it is recommended that taxonomy users disclose whether they meet the DNSH criteria. MAS is considering the make the DNSH test mandatory in the future.

PBoC does not utilise the term DNHS, but a principle called environmental, climate, energy efficiency and social compliance. It requires that projects comply with mandatory relevant industry laws and regulations, as well as national and local industry policies. Criteria are found in these laws, regulations and policies, which include both qualitative and quantitative criteria and are subject to changes and updates of the respective sectoral legislation. Compliance is assessed via a combination of self-declaration, third-party assessment and government permits. Projects need to comply with these laws, regulations and policies to qualify for green financing. Four environmental objectives are covered, namely pollution prevention and control, climate change responses, ecological and biodiversity conservation and resource efficiency.

The six mapped frameworks show a broadly consistent structure but different levels of depth and varied approaches to the stringency of the framework. Some place a strong emphasis on outcomes and verification, while others focus on balancing regulatory compliance with practical usability.

4. Identified commonalities and divergences

4.1. Common trends

All six frameworks share a clear purpose: to ensure that activities contributing to environmental objectives do not cause harm to others. Each position DNSH as a central safeguard for maintaining environmental coherence within sustainable finance frameworks. Despite variations in maturity and design, the underlying principles are broadly aligned.

Across the six systems, several elements are common. All frameworks rely, to some degree, on recognised standards and certification schemes, and each applies proportionality so that the depth of assessment matches the scale and materiality of risk. Legal compliance serves as the baseline everywhere, providing minimum assurance of environmental integrity. Specific DNSH topics common across the different taxonomies[13] thinking, recognising that environmental harm can arise at any stage of an activity, from sourcing and manufacturing to use and end-of-life.

4.2. Differences

Beyond these shared principles, significant differences appear in scope, coverage, and legal status.

Scope and legal enforceability

The most pronounced divergence concerns how DNSH is embedded within regulatory systems. In the EU Taxonomy, DNSH is a legal requirement anchored in EU law. In-scope companies need to report for which of their activities they are taxonomy-eligible and aligned. This requires them to identify which of their business activities are covered by the Taxonomy, whether they meet the criteria for substantial contribution to one of the six environmental objectives, whether they meet the DNSH criteria for the remaining five environmental objectives and showcase their compliance with minimum social safeguards. All in-scope companies are therefore legally required to conduct and publish a full DNSH assessment of all their taxonomy-eligible activities. The EIB also embeds the DNSH principle within its

[13] OECD Ensuring Environmental Compliance (report – published in 2009)

Environmental and Social Sustainability Framework, notably through its E&S Standards. These standards are legally binding on all EIB-financed operations and are reflected in the Bank's contractual agreements with borrowers and project promoters. The EIB conducts thorough environmental due diligence to verify compliance, including on-site assessments and, where appropriate, independent third-party reviews. This process ensures that all financed activities adhere to the EIB's DNSH principles and that the funds are used in a manner consistent with its environmental objectives.

AU and MAS equally integrated DNSH in their taxonomy framework but rely more on voluntary use and market practices for its uptake, offering greater flexibility in interpretation and implementation. HKMA does not have a mandatory nor binding DNSH but is considering their inclusion in the future. PBoC requires compliance with mandatory relevant laws, regulations and policies as a way to safeguard environmental, climate, energy efficiency and social compliance.

This variation from legally binding requirements to advisory frameworks directly shapes both the depth of DNSH assessment and the level of verification applied.

Environmental objectives and scope of application

The frameworks also differ in the range of environmental objectives they cover. The EU Taxonomy explicitly applies DNSH across all six of its defined environmental objectives set out in EU law: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems. The EIB's Climate Bank Roadmap[14] and its Environmental and Social Sustainability Framework, notably through the E&S Standards, refer to the same six environmental objectives. Together, they guide the Bank's lending and investment operations under a dual requirement: that financed activities make a substantial contribution to at least one environmental objective while doing no significant harm to the others.

Australia applies similar objectives, namely climate change mitigation, biodiversity and ecosystem protection, climate change adaptation and resilience, sustainable use and protection of water resources, pollution prevention and control and transition to a circular economy. MAS gives emphasis to adaptation, protection of healthy ecosystems and biodiversity, promotion of resource resilience and circular economy as well as pollution prevention and control.

[14] EIB Group Climate Bank Roadmap 2021-2025 (November 2020).

Overall, the objectives pursued under DNSH vary slightly depending on national priorities and context, with some aiming for broad and detailed coverage while others focus on narrower, risk-prioritised application.

Activity coverage and granularity

All taxonomies are divided in sectors and activities and apply criteria for each. The main difference lies in the level of granularity, whereby some establish specific DNSH per activity, others per sector, and beyond that generic DNSH which can apply to all activities. The EU framework follows a mixed approach with detailed activity-specific DNSH, complemented by certain generic DNSH. AU equally applies a mix of generic and specific criteria and generally follows a principles-based approach. The level of detail is linked to the material impacts of the sector and to what degree they are covered by the generic criteria.

MAS approach DNSH through generic DNSH screenings, as well as activity-specific criteria for specific sectors namely energy, transport, real estate/ construction, industry, forestry, carbon capture and storage, ICT, and waste, water and agriculture. PBoC requires compliance with relevant sector-specific legislation and regulation. The result is a spectrum reaching from more granular activity-based assessments to broader sector-level or generic guidance, with many taxonomies applying a different mix of these three approaches.

Design of the DNSH test

Each framework tests DNSH differently. The EU Taxonomy uses both qualitative and quantitative thresholds, with the latter being tied to sector-specific thresholds such as emissions limits, energy efficiency benchmarks, or recovery rates that need to be met and reported for each activity. Australia and MAS combine qualitative and quantitative indicators[15] with management evidence[16], such as environmental management systems or internal risk controls, a principles-based approach, adjusted according to the level of risk. PBoC relies on compliance with environmental regulations and the use of industry values. These differences reflect differing policy priorities, favouring precision and comparability or accessibility and scalability.

Verification and assurance

Verification of DNSH compliance aligns with each framework's legal strength. The EU Taxonomy and the EIB require independent verification for activities with high

[15] Developing an Australian sustainable finance taxonomy – initial phase (Grant report for Treasury – June 2024).
[16] Guidance for Leveraging the Singapore-Asia Taxonomy in Green and Transition Financing

environmental or financial exposure. In the EU, DNSH alignment must be demonstrated through reporting under the Corporate Sustainability Reporting Directive and verified by external reviewers under the EU Green Bond Standard[17]. The EIB embeds DNSH checks in its Environmental and Social Standards, applying due diligence and engaging third-party experts to verify compliance where risks are higher[18].

MAS applies supervisory discretion, relying on management evidence and calling for third-party reviews only when risk levels justify it. Users of the Australian taxonomy are not required to obtain third-party verification. However, sustainability claims, including claims of taxonomy alignment, must comply with Australian consumer law and corporate regulations, which prohibit misleading or deceptive conduct. The Australian Securities and Investments Commission (ASIC) has issued guidance to help businesses avoid greenwashing, emphasising that disclosures should be based on reasonable grounds, use plain language that investors can understand and be accurate and data driven. Singapore's Singapore-Asia Taxonomy allows DNSH to be evidenced through management systems or proxy data, with third-party verification required when quantitative criteria apply[19]. PBoC relies largely on self-declaration, complemented by periodic or risk-based reviews and some certification schemes. The PBoC requires third-party evaluation and certification of environmental performance[20].

Circular economy and service models

The treatment of circular economy activities varies significantly across frameworks. The HKMA taxonomy stands out, notably for explicitly including repair and refurbishment within building renovation activities, as well as separate collection and transport of non-hazardous waste in source-segregated fractions[21] as part of circular economy practices. The EIB[22] and the EU Taxonomy Regulation focus circularity primarily through product-standards, extended-life-cycle design and waste legislation, promoting reuse and material-loop closure. The Australian Taxonomy equally covers circular economy as one of its focus areas.

In Singapore's case, the Singapore-Asia Taxonomy identifies 'waste/circular economy' as one of its focus areas, signalling intent to cover reuse, recycling and materials-loop concepts though detailed business-model criteria[23] (such as product-as-a-service) are not yet publicly

[17] Corporate Sustainability Reporting Directive (CSRD), Directive (EU) 2022/2464.
[18] EIB, Environmental and Social Sustainability Framework, 2022 and the Climate Bank Roadmap 2021–2025
[19] Monetary Authority of Singapore, *Singapore-Asia Taxonomy for Sustainable Finance*, 2023
[20] Green Bond Guidelines Issued by China's National Development and Reform Commission (NDRC)
[21] Hong Kong Taxonomy for Sustainable Finance
[22] The EIB Circular Economy Guide - supporting the circular transition - May 2023.
[23] The Monetary Authority of Singapore publishes the Singapore-Asia Taxonomy

specified. The PBoC[24] approach is framed around cleaner production and compliance with lawful waste-management standards.

Biodiversity, water, and location sensitivity

Approaches to biodiversity and water risk differ across frameworks. The EU Taxonomy[25] and the EIB[26] both require explicit screening for projects located near protected habitats, Natura 2000 sites, or in water-stressed regions, consistent with EU environmental directives. These checks include mandatory Environmental Impact Assessments and biodiversity safeguards embedded in technical screening criteria. The MAS[27], Australia[28], and PBoC[29] frameworks rely largely on national environmental permitting systems or general compliance with local regulation to manage biodiversity and water risks.

5. Conclusion

The comparative assessment across six frameworks: Australia, the European Investment Bank, the Hong Kong Monetary Authority, the Monetary Authority of Singapore, the People's Bank of China, and the EU Taxonomy, confirms a shared purpose for DNSH.

Certain commonalities have been found across all the frameworks, which aim to prevent activities that contribute to environmental objectives from causing harm to others. Almost all position a type of safeguard for maintaining environmental protection within their taxonomy. Oftentimes a mix of specific and generic criteria, as well as qualitative and quantitative thresholds are required. Life-cycle thinking is applied, recognising that environmental harm can occur at any stage, from sourcing and manufacturing to use and end-of-life. Some type of compliance serves as a baseline and the frameworks rely to some extent on recognized standards, sector-specific legislation and guidance, as well as certification schemes. DNSH topics common across the different taxonomies include climate change adaptation, pollution prevention and control, conservation of ecosystems and biodiversity, and resource efficiency and circular economy.

[24] Green Finance Framework and Financial Instruments in China
[25] Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council and Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council
[26] European Investment Bank (2022), Environmental and Social Standards
[27] Monetary Authority of Singapore (2023), Singapore-Asia Taxonomy for Sustainable Finance
[28] Developing an Australian sustainable finance taxonomy – initial phase (Grant report for Treasury – June 2024).
[29] How China's green commitments are shaping its financial regulation

Beyond these broader commonalities the analysis shows substantial divergence in maturity and design, including how DNSH is embedded and evidenced.

The EU Taxonomy and the EIB represent the most formalised approaches, with legally binding or contractually binding, activity-level DNSH criteria that combine measurable thresholds where applicable with qualitative requirements, typically supported by an independent third party (such as an accredited auditor, technical expert, or external reviewer). Australia adapts similar logic through a proportionate meaning targeting potential high risks, risk-based model. MAS and HKMA rely on supervisory expectations and qualitative safeguards that activate deeper evidence requirements through risk triggers. PBoC focuses on compliance with national environmental and sector-specific law and standards and pollution control as the practical expression of DNSH.

Differences are most visible in legal enforceability, activity granularity, verification practices, and the scope of environmental objectives covered. The EU and EIB link their criteria to activity-specific measurable outcomes such as emissions levels or efficiency targets, as well as qualitative and generic criteria. Australia and MAS combine quantitative data with management-based evidence, while PBoC depends primarily on compliance and certification regimes.

Based on the questionnaires, identifying truly common operational principles proved difficult. Variations in legal architecture, terminology, and evidence depth limit the scope for detailed alignment at this time, even though broad conceptual agreement exists on the role of DNSH as a safeguard.

Accordingly, this analytical work is limited to showcasing how DNSH is interpreted and applied, indicating where there is alignment, and explaining where divergence is structural. Developing shared high-level principles would require expanding the comparison to additional taxonomies and obtaining deeper insight into their specific DNSH criteria.