



BDCB
BRUNEI DARUSSALAM
CENTRAL BANK

Brunei Darussalam

Sustainable Finance Roadmap 2025 – 2030

A Sustainable and Climate-Resilient Financial Sector



Produced by:
Brunei Darussalam Central Bank

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Brunei Darussalam

Sustainable Finance Roadmap 2025 – 2030

A Sustainable and Climate-Resilient Financial Sector



**His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah
ibni Al-Marhum Sultan Haji Omar 'Ali Saifuddien Sa'adul Khairi Waddien,
Sultan and Yang Di-Pertuan of Brunei Darussalam**

Excerpts from His Majesty's Titah

“ *Brunei juga akan terus komited, tidak akan menarik diri dari bekerjasama dengan masyarakat antarabangsa untuk menangani cabaran-cabaran semasa yang utama, seperti isu perubahan iklim, pencemaran alam sekitar...* ”

Titah by His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah
ibni Al-Marhum Sultan Haji Omar 'Ali Saifuddien Sa'adul Khairi Waddien,
Sultan and Yang Di-Pertuan of Brunei Darussalam

In conjunction with His Majesty's 73rd Birthday

12 Zulkaedah 1440 corresponding to 15 July 2019

“ *Prinsip kerjasama dan saling memahami ini juga menekankan kepentingan pelaksanaan komitmen negara di peringkat serantau dan antarabangsa.*

Antaranya ialah yang berkaitan dengan perubahan iklim menerusi komitmen ‘Perjanjian Paris’ dengan sasaran pengurangan pelepasan gas hijau negara sebanyak 20 peratus menjelang 2030.

Kerajaan Beta sedang menyediakan Pelan Adaptasi Kebangsaan ke arah meningkatkan kedayatahanan negara terhadap impak perubahan iklim.

Di samping itu, dalam melaksanakan pembangunan, kelestarian alam akan terus menjadi agenda utama negara, kerana ia akan diwarisi oleh generasi akan datang.

Semoga usaha-usaha yang bermakna ini akan terus dipertingkatkan, dengan gandingan seluruh tenaga, kepakaran dan pengalaman yang ada, untuk bersama-sama merealisasikan aspirasi negara. ”

**Titah by His Majesty Sultan Haji Hassanal Bolkiah Mu’izzaddin Waddaulah
ibni Al-Marhum Sultan Haji Omar ‘Ali Saifuddien Sa’adul Khairi Waddien,
Sultan and Yang Di-Pertuan of Brunei Darussalam**

In conjunction with His Majesty’s 78th Birthday

9 Muharram 1446 corresponding to 15 July 2024

Abbreviations

ACCC	ASEAN Climate Change Centre
ACMF	ASEAN Capital Markets Forum
ADB	Asian Development Bank
AFMGM	ASEAN Finance Ministers' and Central Bank Governors' Meeting
AI	Artificial Intelligence
AMS	ASEAN Member States
ASCC	ASEAN Socio-Cultural Community
ASEAN	Association of Southeast Asian Nations
ATB	ASEAN Taxonomy Board for Sustainable Finance [ATB]
AWGCC	ASEAN Working Group on Climate Change
BCCO	Brunei Climate Change Office
BCCS	Brunei Climate Change Secretariat
BDCB	Brunei Darussalam Central Bank
BIS	Bank of International Settlements
BNCCC	Brunei Darussalam National Council on Climate Change
BNCCP	Brunei Darussalam National Climate Change Policy
COP	UN Climate Change Conference
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
FinTech	Financial Technology
FSBP	Financial Sector Blueprint
GHG	Greenhouse Gas
IFC	International Finance Corporation
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
MIB	Melayu Islam Beraja
MOFE	Ministry of Finance and Economy
MRV	Measurement, Reporting and Verification
MSMEs	Micro, Small and Medium Enterprises
NDCs	Nationally Determined Contributions
NGFS	Network for Greening the Financial System
SBFN	Sustainable Banking and Finance Network
SDComm	Sustainability Development Committee
SDGs	Sustainable Development Goals
SFR	Brunei Darussalam Sustainable Finance Roadmap
SFTF	Sustainable Finance Task Force
UN	United Nations
UNDP	United Nations Development Programme
UNEP FI	United Nations Environment Programme Finance Initiative
UNFCCC	United Nations Framework Convention on Climate Change
UNPRB	United Nations Principles for Responsible Banking
UNPRI	United Nations Principles for Responsible Investment
UNPSI	United Nations Principles for Sustainable Insurance

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Brunei Darussalam Central Bank extends its gratitude to the entities that have supported the preparation of the Brunei Darussalam Sustainable Finance Roadmap, particularly:

Government Agencies

Prime Minister's Office

- Brunei Climate Change Office
- Brunei Darussalam National Council on Climate Change
- Department of Energy
- Department of Information
- Wawasan Office

Ministry of Finance and Economy

- Department of Economic Planning and Statistics
- Financing Office
- National Development Plan Office

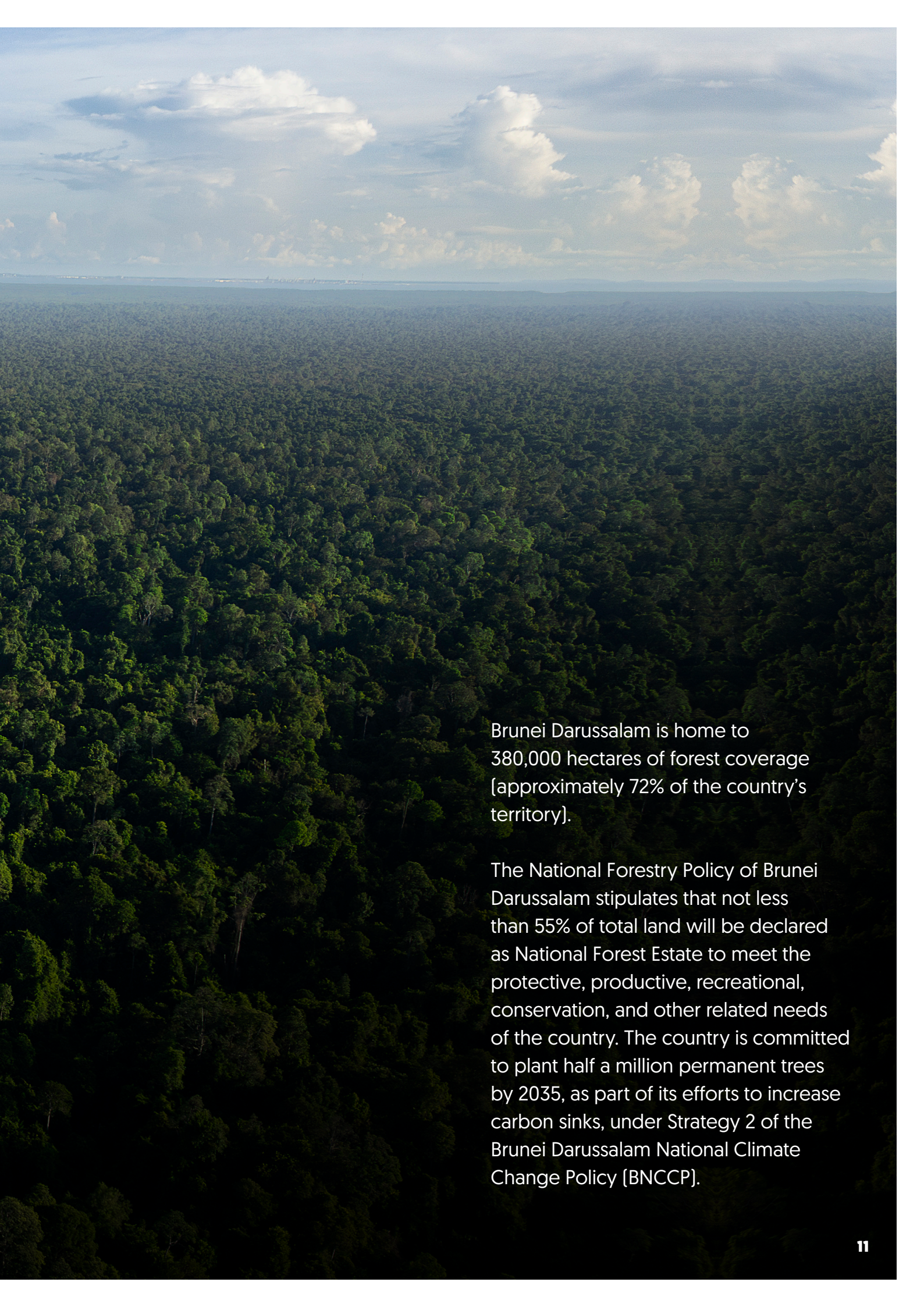
Ministry of Primary Resources and Tourism

- Department of Forestry

Private Sector

- AIA Singapore Private Limited (Brunei Branch)
- Baiduri Bank Berhad
- Bank Islam Brunei Darussalam Berhad
- Oceanic Quest Sdn. Bhd.
- Perbadanan Tabung Amanah Islam Brunei
- Standard Chartered Bank
- Syarikat Takaful Brunei Darussalam Sdn. Bhd.
- UOB Asset Management (B) Sdn. Bhd.





Brunei Darussalam is home to 380,000 hectares of forest coverage [approximately 72% of the country's territory].

The National Forestry Policy of Brunei Darussalam stipulates that not less than 55% of total land will be declared as National Forest Estate to meet the protective, productive, recreational, conservation, and other related needs of the country. The country is committed to plant half a million permanent trees by 2035, as part of its efforts to increase carbon sinks, under Strategy 2 of the Brunei Darussalam National Climate Change Policy [BNCCP].

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بسم الله الرحمن الرحيم
السلام عليكم ورحمة الله وبركاته
الحمد لله رب العالمين، والصلاة والسلام على أشرف المرسلين
سيدنا محمد وعلى آله وصحبه أجمعين، وبعد

Chairman's Message

The adverse impact of climate change has become increasingly evident in recent years. The International Monetary Fund (IMF) in 2020 estimated that climate-related disasters inflicted staggering damages of approximately USD1.3 trillion between 2010 and 2020. In 2023, the Asian Development Bank (ADB) estimated that the region's economy could shrink by 11% by the end of the century due to the collective effect of climate change on agriculture, tourism, energy demand, labour productivity, human health and ecosystems.

Addressing climate change has emerged as a global imperative. In response, world leaders came together in 2015 to adopt the United Nations Sustainable Development Goals (UN SDGs) and the Paris Agreement. These transformative accords have been instrumental in charting global pathways towards a sustainable and resilient future.

Brunei Darussalam has responded to the global call for climate action through a number of initiatives, including being a signatory to the Paris Agreement in 2016, and the declaration of its Nationally Determined Contributions (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2020, amongst others, to promote sustainable development, whilst reducing greenhouse gas emissions. Further, in 2021, Brunei Darussalam announced its ambition to move towards net zero by 2050 that will be driven mainly through energy transition and forest preservation.

At the national level, Brunei Darussalam has undertaken significant efforts to advance sustainability through the implementation of two crucial policies. Firstly, the Brunei Darussalam National Climate Change Policy (BNCCP) was published in 2020 by the Brunei Darussalam National Council on Climate Change (BNCCC), which serves as a guiding framework to steer the country towards a low-carbon and climate-resilient economy. Secondly, the Economic Blueprint for Brunei Darussalam was published in 2020 by the Ministry of Finance and Economy (MOFE) to set out the country's aspiration for developing the green and blue economy, whilst conserving our precious forests and reducing the nation's carbon footprint.

Both documents are deeply rooted in the Maqasid al-Syariah and our unique Melayu Islam Beraja (MIB) values, with an overarching goal of contributing to Wawasan Brunei 2035's vision of creating an economy that is dynamic and sustainable.

For a smooth transition to a low-carbon and sustainable economy, it is important to ensure that effective strategies are in place and that sufficient capital and resources are mobilised to support initiatives and projects for this goal. A whole-of-nation approach is required in this transformative process. The financial sector plays a key enabling role in channelling or redirecting investments towards sustainable businesses and projects, spearheading sustainable finance initiatives, and embracing sustainable practices.

I wish to record my sincere appreciation to the former Chairman of the BDCB Board of Directors, Yang Mulia Dato Seri Paduka Awang Haji Khairuddin bin Haji Abdul Hamid, for his invaluable leadership and dedication in guiding this roadmap to its finalisation.

Alhamdulillah, with the blessings of Allah Subhanahu Wa Ta'ala, it is with great pleasure that I present the Brunei Darussalam Sustainable Finance Roadmap (SFR). Recognising the pressing urgency of climate action and the importance of the financial sector's role, the SFR serves as a foundational guide, leading the transition towards "a sustainable and climate-resilient financial sector," while encapsulating Environmental, Social and Governance (ESG) principles.

The SFR outlines four key pillars that set forth the strategic directions to drive the adoption and integration of sustainability by the financial sector through climate adaptation and mitigation measures. These, amongst others, include measures to increase readiness for managing sustainability-related risks, creating innovative products and services for sustainable finance, and adopting corporate sustainability.

It is hoped that the SFR could further strengthen market confidence in Brunei Darussalam's financial sector through increased transparency, particularly in terms of data availability and effective disclosure practices. The SFR also aims to develop the necessary talents, skills, and expertise within the financial sector and increase the public's understanding on sustainable finance.

Insya Allah, the SFR is envisioned to serve as an essential guide for the financial sector in becoming one of the main driving forces in the country's endeavour towards becoming a low-carbon, sustainable and climate-resilient economy.



**Yang Berhormat
Dato Seri Setia Dr Haji Abdul Manaf
bin Haji Metussin**

Minister of Primary Resources and Tourism

As the Chairman of Board of Directors
Brunei Darussalam Central Bank

Executive Summary

Climate change poses significant challenges to global economies, necessitating urgent actions to address its impacts. In response to climate change, many governments and financial institutions globally strive to address extreme weather events and longer-term shifts in climate patterns [climate adaptation] and to transition towards a low-carbon future [climate mitigation] through promoting and driving sustainable economic growth and development.



As part of the country's effort to pave for Brunei Darussalam's low carbon and climate-resilient pathways for a sustainable nation, Brunei Darussalam published the Brunei Darussalam National Climate Change Policy [BNCCP] and Economic Blueprint for Brunei Darussalam in 2020.

In support of the national sustainability agenda, Brunei Darussalam Central Bank [BDCB] published the Brunei Darussalam Sustainable Finance Roadmap [SFR] in 2025, which sets forth the strategic directions to guide the financial sector's transition towards sustainability and climate resilience.

The SFR incorporates Environmental, Social and Governance (ESG) factors into 16 strategic directions, which are categorised into four pillars as follows:

Pillar I:
Establish a Robust Sustainability Risk Management Framework

Strengthen financial sector's capabilities to manage sustainability-related risks effectively through supportive financial policies and regulatory initiatives.

Pillar II:
Develop Innovative and Sustainable Financial Products and Services

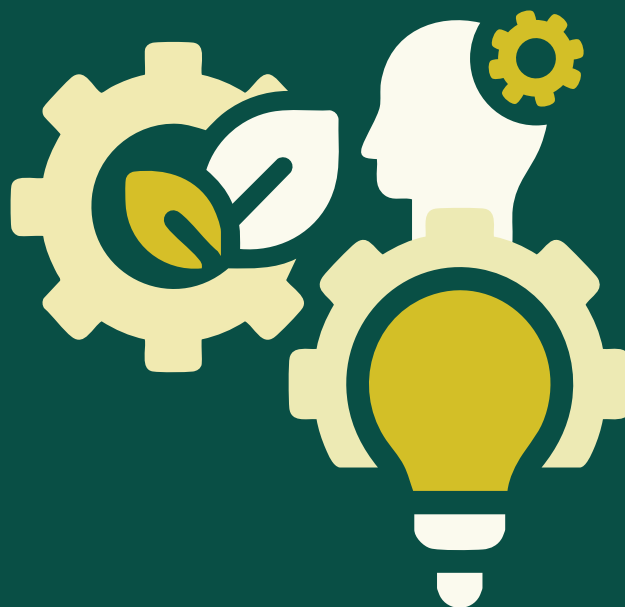
Promote the innovation of sustainable financial products and services by financial institutions to support the national sustainability initiatives outlined in the BNCCP and Economic Blueprint.

Pillar III:
Enhance International Cooperation

Increase Brunei Darussalam's financial sector's contribution to regional and international efforts for sustainable finance.

Pillar IV:
Strengthen Knowledge, Skills and Talent Development

Enhance the capacity of regulators, supervisors and the financial sector for the adoption and integration of sustainable finance, and increase consumers' level of understanding.



In conclusion, the SFR lays out the foundation for the financial sector in Brunei Darussalam to effectively adopt sustainable finance and its practices.

Through its implementation, the financial sector can ensure its resilience against sustainability-related risks, innovate to develop sustainable financial products and services, and embrace corporate sustainability, whilst contributing to the overall social well-being of the country. With the financial sector playing a pivotal role in driving sustainable finance initiatives, Brunei Darussalam can foster a more sustainable future for generations to come.

BDCB plays a key role in supporting the country in achieving its sustainability agenda, through integrating sustainability-related factors into its mandates, which include maintaining monetary and financial stability, acting as a financial supervisor, and developing the financial sector.



On an international level, BDCB also lends its support to sustainability, particularly through the ASEAN Capital Markets Forum (ACMF) and ASEAN Taxonomy Board for Sustainable Finance (ATB).



Background

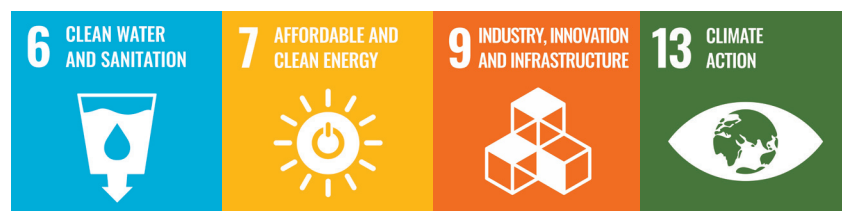


SUSTAINABLE DEVELOPMENT GOALS

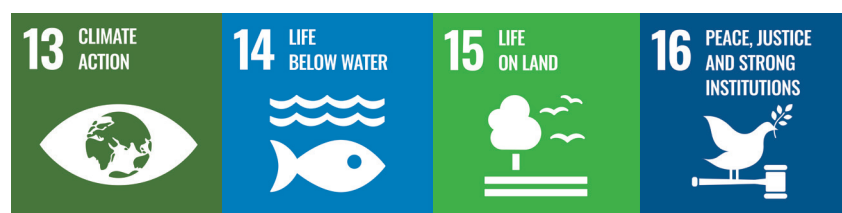
United Nations Sustainable Development Goals (UN SDGs)

In 2015, member states of the United Nations [UN], including Brunei Darussalam, agreed on 17 Sustainable Development Goals [SDGs] to replace the UN Millennial Goals. The SDGs became the UN's blueprint to address key global challenges, including poverty, inequality, climate change, environmental degradation, peace, and justice.

Although the SDGs are geared towards government policies, the financial services sector also plays a pivotal role in supporting these goals. According to the SDG Industry Matrix [2015] produced jointly by the UN Global Compact and KPMG, there are areas of synergy between SDGs and services offered by the financial sector. These include:



- Providing support to SDGs 6, 7, 9 and 13, which will require substantial long-term capital inflow by developments in debt and equity markets and investments by various stakeholders, such as asset managers, pension funds and insurers.



- Supporting SDGs 13, 14, 15 and 16 through the adoption of ESG practices within their organisations, influencing corporate clients and investee companies by taking active stewardship and engagement, and improving product pricing to reflect ESG risks and opportunities.

Photo Courtesy:

United Nations, Sustainable Development Goals



- Enhancing financial inclusion for individuals, micro, small and medium enterprises (MSMEs) and governments by providing access to secure payments and remittance facilities, savings, credit and insurance. This, in turn, will provide financial protection and support more efficient allocation of capital, thus indirectly supporting most SDGs, particularly SDGs 1, 2, 3, 4, 5, 7, 13, 14 and 15.

Photo Courtesy:

United Nations, Sustainable Development Goals



Paris Climate Agreement

In parallel to the UN SDGs, the Paris Agreement was negotiated as a distinct international agreement within the United Nations Framework Convention on Climate Change (UNFCCC). The legally binding international treaty on climate change was adopted by 196 parties, including Brunei Darussalam, at the 2015 UN Climate Change Conference (COP21) in Paris, France and came into force in November 2016. The overarching goal is to keep the rise in global average temperature well below 2°C above pre-industrial levels, while actively pursuing efforts to limit the increase to 1.5°C.

United Nations Framework Convention on Climate Change (UNFCCC)

Brunei Darussalam officially submitted its Nationally Determined Contributions (NDCs) under the Paris Agreement to the UNFCCC in 2020, which include the target of reducing Greenhouse Gas (GHG) emissions by 20% relative to business-as-usual levels by 2030. Overall, Brunei Darussalam's NDCs aim to reduce the country's GHG emissions and promote sustainable development, while also contributing to the global effort of limiting the increase in global average temperature to 1.5°C above pre-industrial levels.

In line with this aspiration, Brunei Darussalam declared its ambition to move towards net zero by 2050 during the UN Climate Change Conference (COP26) in 2021 in Glasgow, United Kingdom. This will mainly be driven through a just energy transition and forest preservation.

ASEAN Working Group on Climate Change (AWGCC)

As a member of the Association of Southeast Asian Nations (ASEAN), Brunei Darussalam has made several commitments to address climate change under the AWGCC.

The AWGCC was established in 2009 to facilitate ASEAN cooperation on climate change. It functions as a consultative and collaborative platform to enhance regional cooperation and action to address the adverse impacts of climate change, formulate the region's interests, concerns and priorities, as well as promote coordination and collaboration amongst various ASEAN sectoral bodies dealing with sectors impacted by climate change.

The role of the AWGCC is to implement relevant actions set out in the ASEAN Socio-Cultural Community (ASCC) Blueprint 2025, through the formulation and implementation of AWGCC Action Plan 2019-2025, which is divided into eight core themes:

Core Theme 1

Climate change adaptation

Core Theme 2

Long-term planning and assessment of NDCs

Core Theme 3

Climate change mitigation

Core Theme 4

Climate modelling and assessment

Core Theme 5

Measurement, reporting and verification (MRV) and stock take of GHG emissions

Core Theme 6

Climate financing and market

Core Theme 7

Cross-sectoral coordination

Core Theme 8

Technology transfer

In collaboration with the ASEAN Secretariat and UNFCCC-Regional Collaboration Centre, Brunei Darussalam co-led a project under Core Theme No. 6 with the Republic of the Philippines. The project aimed to facilitate the development of an ASEAN Climate Finance Mobilisation and Access Strategy to address the challenge of mobilising climate finance at the required scale to meet the targets set out in the Paris Agreement. Additionally, the Strategy aspires to catalyse climate finance and investment for the implementation of priority climate change adaptation and mitigation actions.

The Guidebook for Accessing Climate Finance for ASEAN Member States (AMS) was also developed in collaboration with the UNFCCC, United Nations Development Programme (UNDP) and Japan International Cooperation Agency (JICA). It provides an overview of the ASEAN regional context on climate finance, outlines the national frameworks required to effectively mobilise and access climate finance, details available sources and instruments of finance for the region, and includes a brief manual on climate project development processes.

ASEAN Climate Change Centre (ACCC)

During the 2021 Brunei Darussalam ASEAN Chairmanship, Brunei Darussalam initiated the establishment of the ASEAN Climate Change Centre (ACCC) in the country to facilitate regional cooperation and coordination on climate change initiatives among AMS with relevant national governments and regional and international organisations. The ACCC also provides policy recommendations on addressing climate change to AMS. Brunei Darussalam has contributed USD1.5 million to the ACCC for its first three years of operations. On 23 August 2023, the Agreement on the Establishment of the ACCC was successfully completed, culminating in a handover ceremony of the signed Establishment Agreement of the ACCC to Secretary-General of ASEAN.

Brunei Darussalam National Climate Change Policy (BNCCP)

In 2020, the Brunei Darussalam National Council on Climate Change (BNCCC) launched the Brunei Darussalam National Climate Change Policy (BNCCP), which focuses on 10 strategies to shape Brunei Darussalam towards becoming a sustainable, low-carbon and climate-resilient country by 2035. The BNCCP is guided by the Maqasid al-Syariah and Wawasan Brunei 2035.

The 10 strategies of the BNCCP are divided into:

- Six mitigation strategies: reducing emissions from industries, expanding forest coverage, promoting the adoption of electric vehicles, increasing the share of renewable energy in the energy mix, and enhancing power management and waste management;
- Three enabling strategies: carbon pricing, carbon inventory, and awareness and education; and
- One resilience and adaptation strategy.

The successful implementation of the BNCCP requires a whole-of-nation approach and active participation from various stakeholders, including government agencies, private sector, and civil society. Government agencies, including the Central Bank, are crucial for developing and implementing policies, regulations, and incentive mechanisms to encourage sustainable development.

The private sector, including financial institutions and businesses, also plays a critical role in adopting sustainable practices and investing in clean technologies and renewable energy. Additionally, the civil society, including non-governmental organisations, community-based organisations, and educational institutions can contribute through raising public awareness on climate change issues, promoting behaviour change and instilling a sense of responsibility towards the environment.



10 Strategies of the BNCCP

Strategy 1:
Industrial Emissions

Strategy 2:
Forest Cover

Strategy 3:
Electric Vehicles

Strategy 4:
Renewable Energy

Strategy 5:
Power Management

Strategy 6:
Carbon Pricing

Strategy 7:
Waste Management

Strategy 8:
Climate Resilience and Adaptation

Strategy 9:
Carbon Inventory

Strategy 10:
Awareness and Education



The Role of the Financial Sector

Global Financial System

In playing their role to develop and execute climate mitigation policies and support initiatives that promote sustainable development, financial institutions may consider the following:



Investment in sustainable businesses and projects

Financial institutions can invest in sustainable businesses and projects that are focused on supporting BNCCP strategies such as reducing carbon emissions, promoting renewable energy, and protecting natural resources.



Sustainable finance initiatives

This refers to introducing sustainable financial products and services that consider ESG principles. This includes issuance of green loans or financing, social impact bonds and sukuk, as well as other financial instruments that are designed to support sustainable development.



Corporate sustainability

Financial institutions can also play a role in promoting sustainability through Corporate Social Responsibility (CSR) initiatives and encouraging companies to adopt sustainable practices and integrate ESG principles into their decision-making processes. This can include providing incentives for companies to reduce their carbon footprint, increase their use of renewable energy, and improve their social and environmental impacts.

Acknowledging the financial sector's role in the advancement of sustainability, the UN has played a critical role in pioneering initiatives such as the establishment of UN Environment Programme Finance Initiative (UNEP FI) in 1992. Currently, it has more than 300 members including banks, insurers and investors, aimed at catalysing the integration of sustainability into financial market practices. This initiative has led to the creation of the following principles:

United Nations Principles for Responsible Investment (UNPRI)

A network of investors established in 2006 by UNEP FI and the UN Global Impact with the objective of promoting sustainable investments through the incorporation of ESG elements into investment processes. The principles are currently applied by more than 5,345 signatories equivalent to USD128.4 trillion of assets under management as at 2024 (UNPRI, 2024).

United Nations Principles for Sustainable Insurance (UNPSI)

A global framework launched at the 2012 UN Conference on Sustainable Development to provide guidance on the integration of ESG risks and opportunities into the insurance industry. The UNPSI has more than 160 signatories and 113 supporting institutions, as of 2024 (UNPSI, 2024).

United Nations Principle for Responsible Banking (UNPRB)

A framework launched in 2019 at the UN General Assembly by 130 founding banks. The objective of this principle is to align signatory banks' strategies and practices with the vision set out in the UN SDGs and Paris Agreement. There are more than 345 signatories representing almost USD98.7 trillion in assets, equivalent to 54% of global banking assets, as of 2024 (UNPRB, 2024).

Central Banks and Financial Regulators

In 2020, the Bank of International Settlements (BIS), an international financial institution aimed at fostering international monetary and financial cooperation and serves as a bank for central banks, published “The Green Swan: Central Banking and Financial Stability in the Age of Climate Change”. The book discusses ‘green swan’ risks, which refer to potentially extreme financially disruptive events that could contribute to the next systemic financial crisis.

BIS highlighted the important role central banks can play in avoiding such outcome by improving their understanding of climate-related risks through developing tools such as forward-looking scenario-based analysis and joining hands with other policymakers to coordinate measures to fight climate change. In BIS’s view, these actions are deemed as essential to preserve long-term financial and price stability in the age of climate change.

In line with this view, central banks and financial regulators globally have undertaken initiatives to advance the development of sustainability, especially in addressing climate adaptation and mitigation measures brought about by climate change, such as publishing national action plans or roadmaps. Additionally, central banks and financial regulators have accelerated their efforts by joining hands to form international networks to scale up the agenda. Two main organisations include the Network for Greening the Financial System (NGFS) and Sustainable Banking and Finance Network (SBFN).

Network for Greening the Financial System (NGFS)

Launched at the Paris One Planet Summit in 2017, the NGFS is a network of central banks and financial regulators that aims to share best practices and contribute to the development of environment and climate risk management in the financial sector. Additionally, it aspires to mobilise mainstream finance to support transition towards a sustainable economy. There are more than 140 members including regional central banks, and 21 observers, as of October 2024 [NGFS, 2024].

Sustainable Banking and Finance Network (SBFN)

SBFN is a platform for knowledge sharing and capacity building on sustainable finance for financial sector regulators and industry associations across emerging markets. This network is facilitated by the International Finance Corporation (IFC) as its secretariat, and is supported by the World Bank Group. As of 2024, there are 72 member countries and more than 90 member institutions, holding USD68 trillion (equivalent to 92% of total banking assets in emerging markets) [SBFN, 2024].

Brunei Darussalam's Financial Sector

The actions and initiatives that have been undertaken by global financial institutions to advance sustainable development can be emulated by the financial sector in Brunei Darussalam. This includes adopting corporate sustainability, investing in sustainable businesses and projects, and developing sustainable financial products and solutions.

In March 2022, BDCB issued a survey to gauge the financial sector's readiness in the adoption of sustainable finance.

According to the survey findings, the financial sector supported the country's transition towards sustainable finance, and viewed that BDCB's guidance on the sector's expected roles to support the national agenda on sustainability as paramount in assisting the sector's transition.

Issuance of regulatory requirements and guidance on sustainability-related risk management framework and disclosure requirements were also identified as supporting factors.

Furthermore, appropriate capacity building programmes on sustainable finance could enhance the sector's capability to meet the requirements set out by BDCB.

In line with the findings, the financial sector can play a role in supporting a number of initiatives outlined in the BNCCP and Economic Blueprint for Brunei Darussalam, including:

Investment in sustainable businesses and projects

- Mobilise capital towards investments in scaling up adaptation as well as catalysing mitigation efforts to support large-scale projects with environmental and social impacts, such as resilience infrastructure to the national housing development schemes, early warning systems and renewable energy projects.
- Support research and development into climate adaptation and mitigation measures, as well as environmentally-friendly and resource-efficient technologies, to develop the country's green and blue economies.

Sustainable finance initiatives

- Create sustainable financial products and services for retail, corporate, and institutional consumers to support the development of a sustainable economy.
- Promote and invest in climate friendly, energy-efficient, or ESG-related technologies, infrastructures, and industries.

Corporate sustainability

- Incorporate sustainability factors into business strategies and decision-making processes of financial institutions. This may include reducing emissions, integrating ESG factors into investment mandates, and reporting sustainability-related matters in financial statements, corporate governance reports, or product disclosures.
- Increase understanding and awareness among customers of financial institutions (retail, corporate, and institutional) regarding sustainable finance.
- Participate in national assessments and studies to derive the appropriate policies and products for climate adaptation and mitigation to build resilience.

The Roles of BDCB

The four key objectives of BDCB are:



To achieve and maintain domestic price stability.



To ensure stability of the domestic financial system, through financial regulations and prudential standards.



To establish and maintain efficient payment systems.



To foster and develop a sound financial services sector.

BDCB resonates with BIS's views on the potential climate change impact on financial and price stability and acknowledges the financial sector's critical role in support of Brunei Darussalam's national and international commitments, in particular the BNCCP.

BDCB also views the importance of sustainable finance development in the perspectives of Pillar I: Monetary and Financial Stability, and Pillar II: Competitive and Innovative Financial Institutions in the Financial Sector Blueprint (FSBP) 2016-2025, with these priorities expected to continue and evolve in future iterations.

In view of the above, BDCB established an internal platform in 2020, which is now known as Sustainability Development Committee (SDComm)*, to monitor the development of sustainable finance and review suitable plans for its development in Brunei Darussalam including climate action and adoption of ESG principles from regional and global perspectives. Since its establishment, the SDComm has engaged multiple stakeholders to understand the readiness on the adoption of sustainable finance with a focus on climate change, collaborated with other government agencies to implement climate change policies, and conducted various capacity-building programmes to increase awareness on sustainable finance.

In 2021, BDCB, through the SDComm, began developing the Brunei Darussalam Sustainable Finance Roadmap (SFR) to set forth the strategic directions to provide guidance in the transition towards a sustainable and climate-resilient financial sector.

* To remain aligned with the evolving landscape of sustainable finance, BDCB expanded the scope of the Sustainable Finance Task Force (SFTF) in 2024 to support the effective implementation of the strategic directions set out in the Sustainable Finance Roadmap (SFR). As part of this enhancement, the SFTF was restructured and renamed the Sustainability Development Committee (SDComm), reflecting its broader scope and responsibilities.

Sustainable Finance Initiatives Undertaken by BDCB



Regulations

The Guidelines on the Issuance of Debentures, which was issued by BDCB in 2022 and amended in 2024, included the Guidelines for Issuance of ASEAN Green Bonds, ASEAN Social Bonds, ASEAN Sustainability Bonds, ASEAN Sustainability-Linked Bond Standards.



Capacity building

Facilitated workshops on sustainable finance for the financial sector and government agencies.



International commitments

Appointed as Chair of the ASEAN Taxonomy Board for Sustainable Finance (ATB) from April 2021 to 31 March 2026.

Appointed as Chair of the ASEAN Capital Markets Forum (ACMF) in 2021.



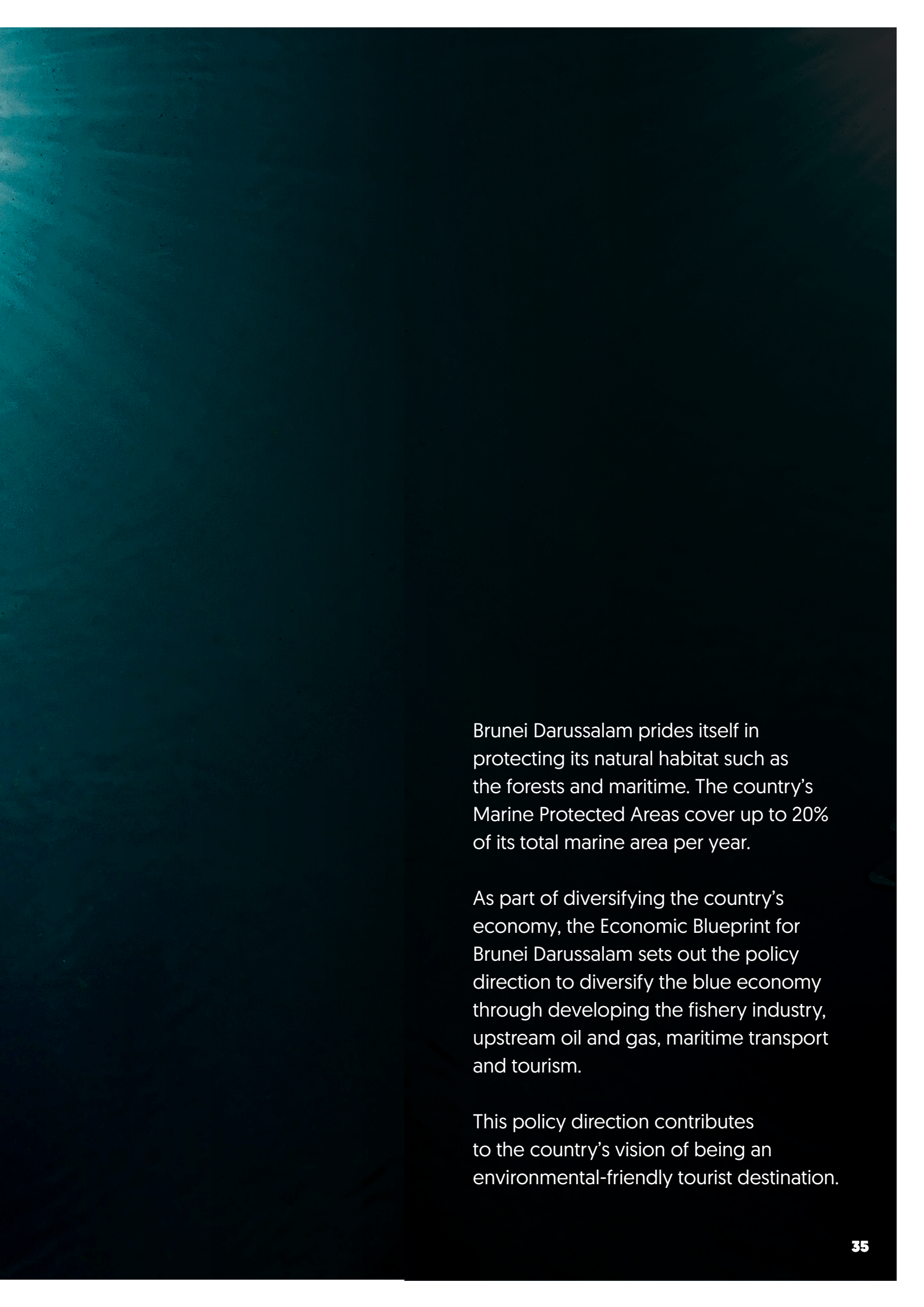
Stakeholder engagement

Engaged with government agencies to support policies under BNCCP.

Engaged with industry stakeholders on the proposed ASEAN sustainable finance standards, e.g. ASEAN Sustainable Funds Standards.



Photo Courtesy:
Oceanic Quest Sdn Bhd

A deep blue, almost black, underwater scene with sunlight filtering through the water from the top left, creating a shimmering effect. The water has a textured, slightly grainy appearance.

Brunei Darussalam prides itself in protecting its natural habitat such as the forests and maritime. The country's Marine Protected Areas cover up to 20% of its total marine area per year.

As part of diversifying the country's economy, the Economic Blueprint for Brunei Darussalam sets out the policy direction to diversify the blue economy through developing the fishery industry, upstream oil and gas, maritime transport and tourism.

This policy direction contributes to the country's vision of being an environmental-friendly tourist destination.

Brunei Darussalam's Sustainable Finance Roadmap

For the purpose of the SFR, the concept of sustainable finance refers to the following:

“

Sustainable finance refers to a practice that incorporates or integrates ESG factors into financial models and decision-making processes, with the aim to promote sustainable economic growth and development, whilst ensuring long-term social well-being of society and biodiversity in the transition towards a sustainable future.

”

The SFR is issued to guide the Brunei Darussalam financial sector in the adoption and integration of sustainable finance, taking into account both climate adaptation and mitigation measures. The strategic directions in the SFR are crafted to not only set out the foundations for the adoption of sustainable finance but also to ensure that the transition towards a sustainable and climate-resilient future is just and orderly through a whole-of-nation approach.

The SFR is guided by two overarching objectives:

Objective 1 To support Brunei Darussalam's sustainability agenda contained in the BNCCP, Economic Blueprint for Brunei Darussalam, and Financial Sector Blueprint (FSBP) for Brunei Darussalam.

Objective 2 To support and enhance initiatives undertaken by the financial sector in addressing sustainability-related risks.

Overview

The SFR is guided by three main documents:

The Brunei Darussalam National Climate Change Policy (BNCCP)

outlines the national strategies “towards a low carbon and climate-resilient Brunei Darussalam”. The BNCCP underpins the principles, values, and strategies aimed at promoting economic security, sustainability, and prosperity through a low-carbon approach in the country’s pursuit of oil and gas exports, environmental sustainability, and economic diversification.

The Economic Blueprint for Brunei Darussalam contains aspirations to realise the third goal of Wawasan Brunei 2035, which is to develop Brunei Darussalam’s economy to be dynamic and sustainable. Amongst others, the Economic Blueprint aims to:

1. Promote research, development and innovation of environmentally-friendly and resource-efficient technologies
[Aspiration 4 – Sustainable Environment].
2. Promote and invest in environmentally-friendly and sustainable industries
[Aspiration 4 – Sustainable Environment].
3. Increase good governance in both public and private sectors through transparency, accountability and adherence to the law
[Aspiration 6 – Good Governance and Public Service Excellence].

The Financial Sector Blueprint (FSBP) 2016 - 2025 outlines the plans to develop the financial sector into one that is dynamic and diversified through *Pillar I: Monetary and Financial Stability* and *Pillar II: Competitive and Innovative Financial Institutions*.



The burning of fossil fuels such as coal, oil and gas, has been the primary contributing factor to climate change. High levels of GHG emissions generated into the atmosphere have led to long-term shifts in temperatures and weather patterns, resulting in extreme weather events such as loss of biodiversity, intense droughts, water scarcity, melting polar ice caps, rising sea levels, flooding, and catastrophic storms.

Global efforts to address climate change have been largely categorised into two areas: climate adaptation and climate mitigation.

Climate adaptation

DEFINITION

Adaptation measures go beyond addressing climate change impacts and are vital for building resilience against significant risks, particularly extreme weather events such as storms, flooding, forest fires, as well as long-term shifts in climate patterns, such as rising global average temperatures and sea levels.

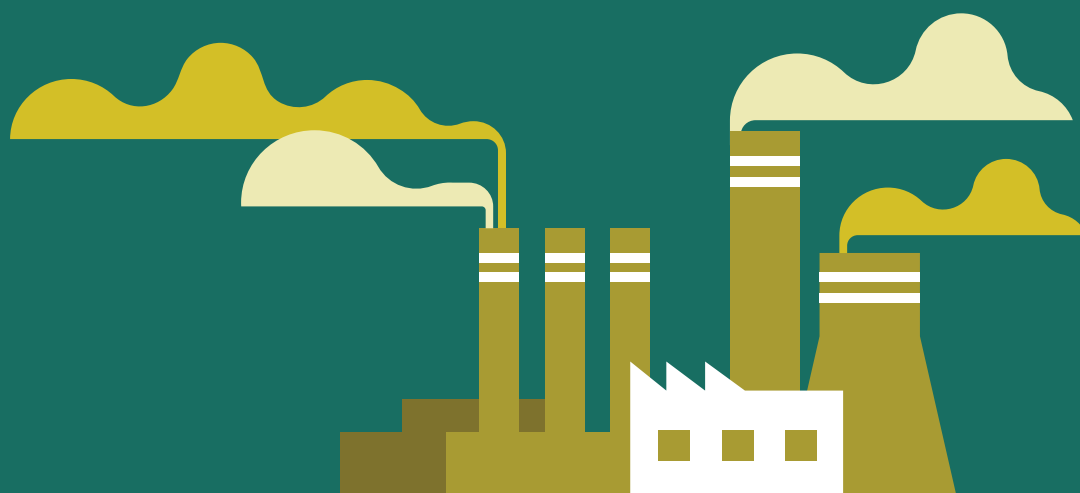
KEY ASPECTS

Adaptive financial and insurance mechanisms to help individuals, businesses, and governments recover from climate-related losses, enhance infrastructure resilience and efficient urban planning to create more sustainable and resilient cities, strengthen disaster preparedness and early warning systems, and develop public health strategies to address climate-related health risks.

Climate mitigation

Actions and strategies undertaken to reduce or prevent the emission of GHG and other activities that contribute to global warming and climate change. Climate mitigation calls for a just and orderly transition towards a low-carbon and sustainable future.

Transitioning towards renewable energy sources, afforestation and reforestation programmes, reduction of GHG emissions through energy efficiency, adoption of proper waste management, transition towards a circular economy, adoption of sustainable agriculture, and utilisation of carbon capture and storage technologies.



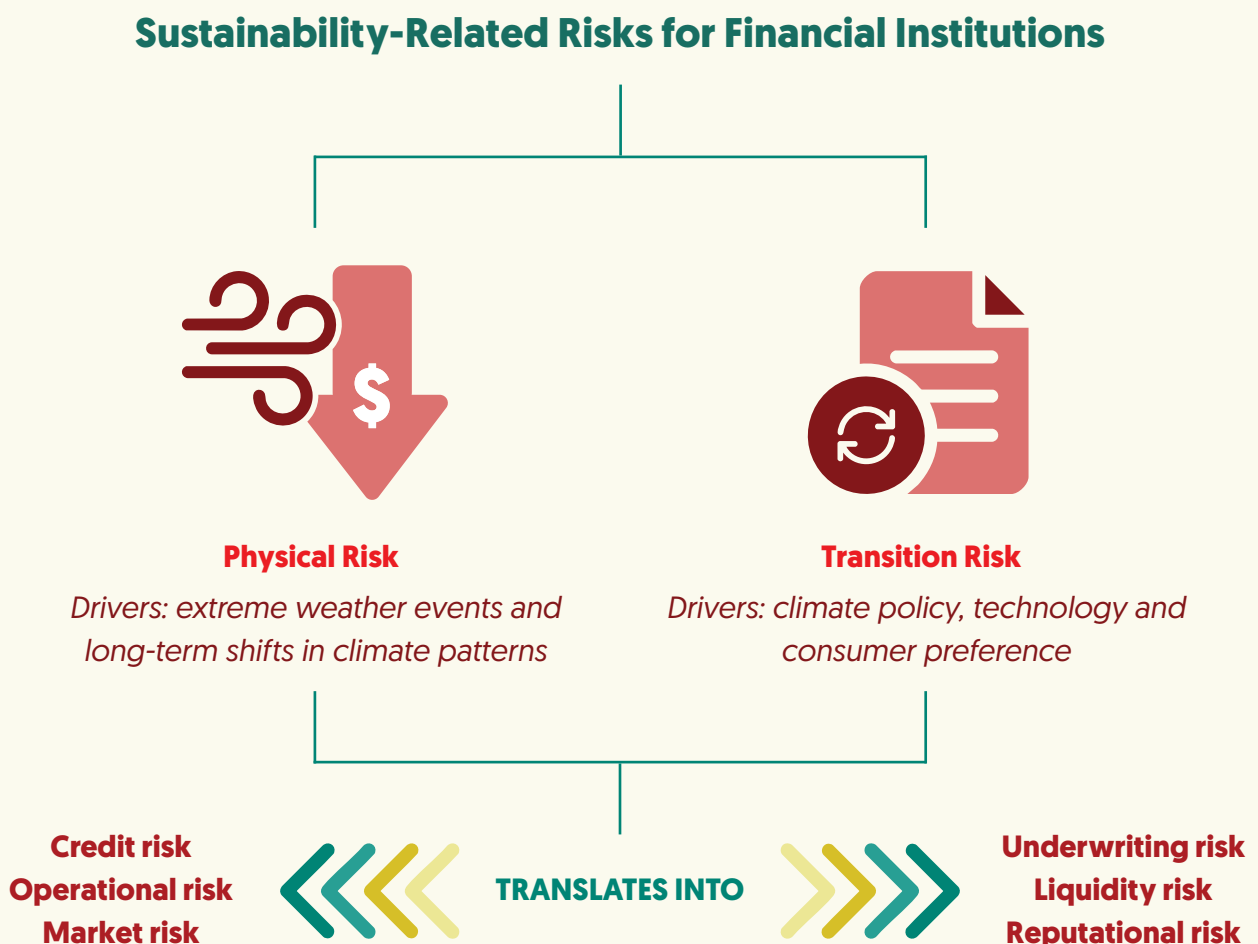
In response to climate change, climate adaptation and mitigation measures have identified two main sustainability-related risks, namely, physical risks and transition risks.

Physical risks refer to potential economic costs and financial losses as a result of increased severity and frequency of extreme climate change related events and longer-term progressive shifts in the climate [Basel Committee on Banking Supervision, 2020].

Transition risks refer to the impacts and financial risks arising from the process of adjusting towards a lower carbon and circular economy, e.g. changes in climate and environmental policy, technology or market sentiment [NGFS, 2020].

A sustainable and climate-resilient financial sector that is able to effectively manage sustainability-related risks arising from climate adaptation and mitigation measures is crucial in the transition towards a low-carbon and sustainable future.

The diagram below represents the relationship of sustainability-related risks for financial institutions:



[NGFS, 2020]

Overview of the Brunei Darussalam Sustainable Finance Roadmap



Vision

A Sustainable and Climate-Resilient Financial Sector.



Purpose

To set forth strategic directions to drive the adoption of sustainable finance by the financial sector.



Time Horizon

A time horizon of 6 years (2025-2030) has been set to achieve the strategic directions in the SFR.

GOALS



Increase readiness in managing impacts
of sustainability-related risks on financial stability



Facilitate the development
of sustainable financial products and services



Enhance the adoption of sustainable practices
in financial institutions' business models and strategies





Pillar I:
Establish a Robust Sustainability Risk Management Framework

Strengthen financial sector's capabilities to manage sustainability-related risks effectively through supportive financial policies and regulatory initiatives.

Pillar III:
Enhance International Cooperation

Increase Brunei Darussalam's financial sector's contribution to regional and international efforts for sustainable finance.

Pillar II:
Develop Innovative and Sustainable Financial Products and Services

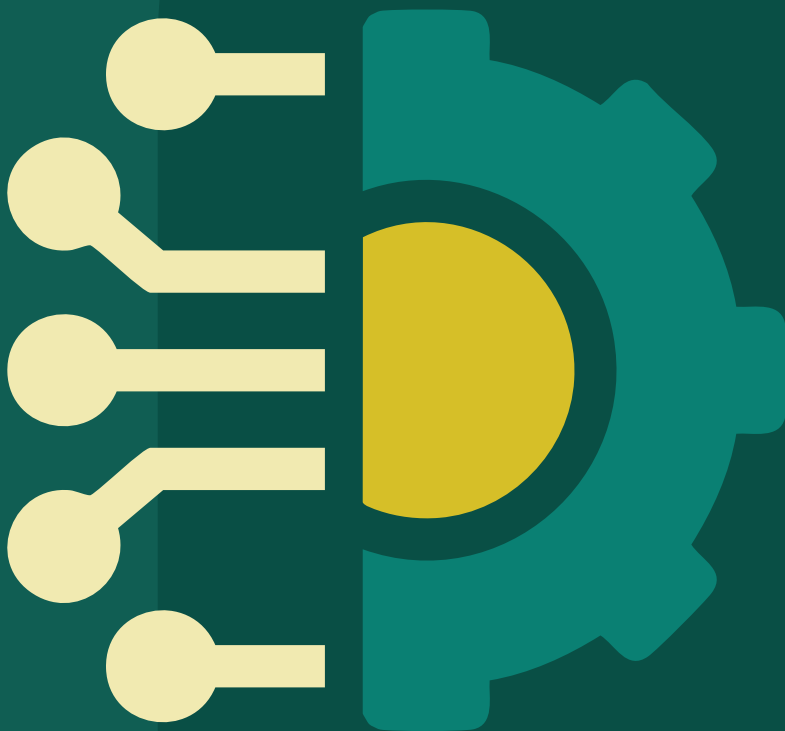
Promote the innovation of sustainable financial products and services by financial institutions to support the national sustainability initiatives outlined in the BNCCP and Economic Blueprint.

Pillar IV:
Strengthen Knowledge, Skills and Talent Development

Enhance the capacity of regulators, supervisors and the financial sector for the adoption and integration of sustainable finance, and increase consumers' level of understanding.



Pillar I: **Establish A Robust** **Sustainability Risk** **Management** **Framework**



Brunei Darussalam has a dual financial system, consisting of both Islamic (Syariah-compliant) and conventional financial institutions.

Islamic finance and sustainable finance converge in a shared ethos, emphasising social and responsible financial practices to cultivate long-term growth for collective well-being, environmental preservation, and economic prosperity. Guided by the principles of Maqasid al-Syariah, which aim to realise public benefit (*Maslahah*) and eliminate harm and destruction (*Mafsadah*), these overarching ideals include the protection of life, preservation of religion, upholding the integrity of the human intellect, safeguarding lineage, and ensuring the protection of lawfully owned property.

These principles have been integral in shaping national strategies, providing clear guidance for steering the country's transition toward establishing an innovative and sustainable economy.



Pillar I: Establish A Robust Sustainability Risk Management Framework

Pillar I aims to strengthen the financial sector's capability and capacity to manage sustainability-related risks effectively through supportive financial policies and regulatory initiatives as outlined in its strategic directions.

A sustainable and climate-resilient financial sector will rely on the financial institutions' ability to manage sustainability-related risks. This entails understanding the potential threats and challenges that arise from ESG factors that may pose risks to financial assets and liabilities, and translating these risk factors into quantitative measures of financial risks that can inform the financial institutions' risk management decisions.

Establishing a robust sustainability-related risk management framework in the financial sector will require a number of essential building blocks, such as data availability, standardisation of sustainability-related frameworks, and regulatory guidance.

Strategic Directions



Adopt a common language and taxonomy for sustainable finance to act as a framework that outlines the criteria for an economic activity to be considered as sustainable.



Identify material sustainability factors and their impacts on monetary and financial stability.



Issue regulatory guidance for effective sustainability-related risk management framework to be adopted by the financial sector.



Encourage financial sector's adoption and integration of sustainable practices into their business strategies and operations.



Issue regulatory guidance for sustainability-related risk disclosures and reporting framework to be adopted by financial institutions to improve transparency and availability of sustainability-related information.

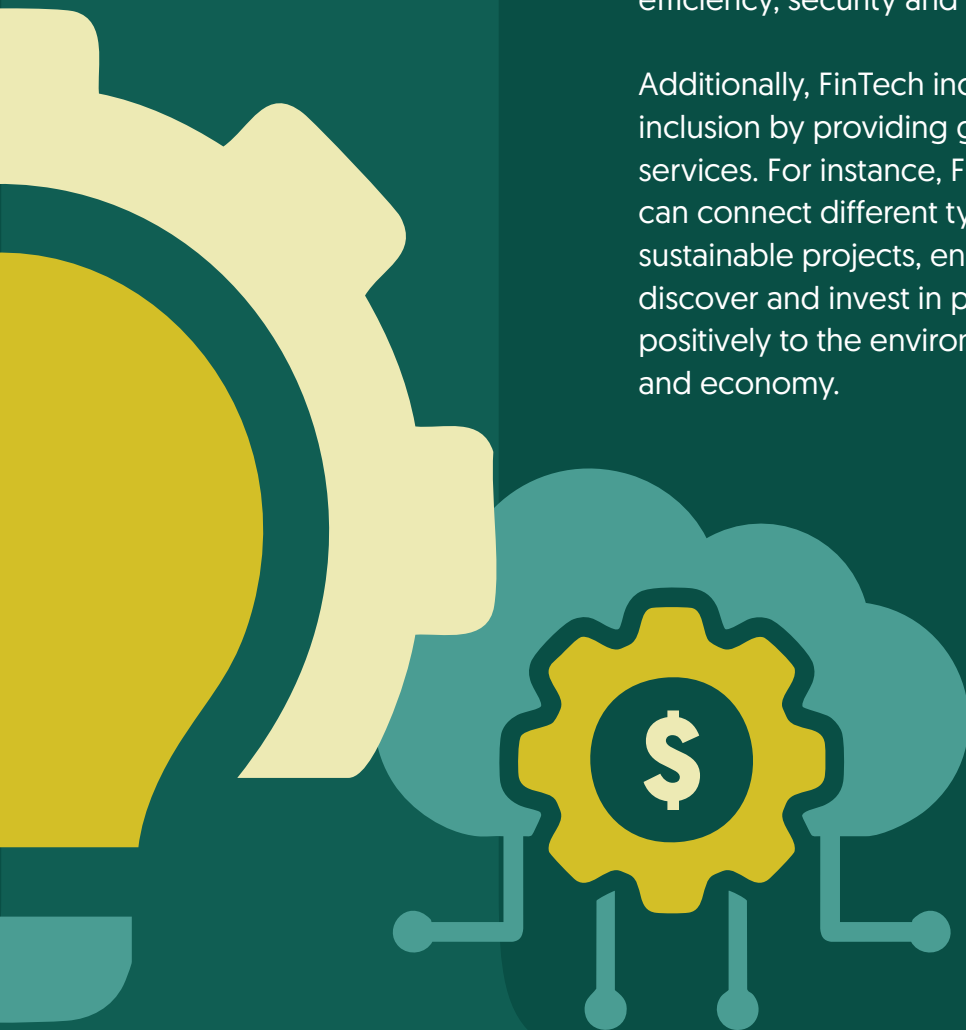


Pillar II: **Develop Innovative and Sustainable Financial Products and Services**



Financial technology (FinTech) plays a crucial role in enabling the advancement of sustainable finance. Emerging technology, such as artificial intelligence (AI), uses machine learning and natural-language processing to unlock opportunities to enhance sustainability disclosures and assessments that can help policymakers and the financial sector to make better informed sustainability-related decision-making and capital mobilisation. Meanwhile, innovation using blockchain technologies, such as smart contracts, can strengthen investor and market confidence and prevent risks of greenwashing by ensuring higher transparency, efficiency, security and accountability.

Additionally, FinTech increases financial inclusion by providing greater access to financial services. For instance, FinTech digital platforms can connect different types of investors with sustainable projects, enabling investors to easily discover and invest in projects that contribute positively to the environment, society, and economy.



Pillar II: Develop Innovative and Sustainable Financial Products and Services

Pillar II aims to promote the innovation of sustainable financial products and services by financial institutions outlined in the BNCCP and Economic Blueprint.

According to a report developed by The Rockefeller Foundation and Boston Consulting Group in 2022, only about 16% of global climate finance needs are currently being met. To achieve net zero, public and private entities across the globe will need approximately USD3.8 trillion in annual investment flows through 2025. The development of sustainable financial products and services faces a number of challenges, which include high costs, financing gaps, market fragmentation, lack of data availability, and regulatory uncertainties.

The development of sustainable financial products and services is crucial for promoting sustainable development. In the local context, sustainable financial products and services offered by financial institutions could provide alternative financing structures and avenues to support sustainable development in the country, such as projects in electric vehicles [Strategy 3, BNCCP], renewable energy [Strategy 4, BNCCP], and waste management [Strategy 7, BNCCP].

Strategic Directions



Adopt suitable frameworks or standards for innovating sustainable financial products and services in the financial sector.



Issue regulatory guidance for disclosures of sustainability-related information on sustainable financial products and services offered by financial institutions.



Facilitate the development and offering of incentive schemes to advance the development of sustainable financial products and services.



Offer sustainable financial products and services to retail and institutional customers.



Leverage developments in Islamic finance and FinTech for innovation in sustainable financial products and services.



Pillar III: Enhance International Cooperation

Brunei Darussalam is committed to the global call for climate action. In 2020, the country submitted its NDCs under the Paris Agreement to the UNFCCC, which included the target of reducing GHG emissions by 20% relative to business-as-usual levels by 2030. In addition, the country declared its ambition to move towards net zero by 2050.

In 2021, under Brunei Darussalam's ASEAN Chairmanship, the 7th Joint Meeting of the ASEAN Finance Ministers and Central Bank Governors [AFMGM] announced the establishment of the ATB to establish an overarching guide for all ASEAN Member States for sustainable finance.

BDCB assumed the role of the ATB Chair for the period April 2021 to 31 March 2026.





Photo Courtesy:
Department of Information,
Prime Minister's Office

Pillar III: Enhance International Cooperation

Pillar III aims to increase Brunei Darussalam's financial sector contribution to regional and international efforts for sustainable finance.

International cooperation is crucial for the development of sustainable finance because sustainability challenges, such as climate change and transition towards a low-carbon future, are global in nature and require coordination efforts across borders and sectors. The benefits of international cooperation are summarised below:

Benefits of International Cooperation



Sharing of knowledge and best practices

Facilitate the sharing of knowledge, experience and best practices in sustainable finance among countries and organisations.



Harmonisation of standards and regulations

Pave way to harmonise standards and regulations for sustainable finance to promote transparency and accountability.



Finance mobilisation

Encourage cooperation to mobilise capital from international sources towards sustainability efforts.

Brunei Darussalam stands to benefit from international cooperation for sustainable finance through contribution to regional and global initiatives, and memberships to international organisations for climate action. For example, as a member of ASEAN, Brunei Darussalam supports initiatives of the ACMF, such as through adopting the ASEAN Green Bond Standards for local issuance of debentures.

In addition to BDCB's participation in the international arena, the financial sector's participation in international organisations can assist in benchmarking against other regional and global financial institutions in sustainable finance.

Strategic Directions



Establish membership into and participate actively in international organisations or networks related to sustainable finance for central banks and policymakers.



Establish membership into and participate actively in international organisations or networks related to sustainable finance for financial institutions.



Encourage dialogues with regional and global central banks, policymakers, and financial institutions to explore potential areas of cooperation on the development of sustainable finance.



Pillar IV: Strengthen Knowledge, Skills and Talent Development

Corporate Social Responsibility (CSR) forms an integral component of financial institutions' corporate sustainability, where financial institutions contribute to the betterment of the environment and society.

CSR initiatives encompass a wide range of activities, including philanthropic endeavours targeted at socioeconomically challenged and differently-abled communities; environmentally-friendly activities such as tree-planting, beach clean ups and reducing plastic consumption; and educational platforms designed to enhance financial literacy of MSMEs and young minds.





Pillar IV: Strengthen Knowledge, Skills and Talent

Pillar IV aims to enhance the capacity of regulators, supervisors, and the financial industry for the adoption of sustainable finance, and increase financial literacy of consumers.

Capacity building is fundamental in enabling the effective adoption of sustainable finance in Brunei Darussalam's financial sector to spread awareness on sustainable finance and develop the specialised expertise and talent to integrate sustainability into the financial sector.



Innovation opportunities

Encourage the development of new financial instruments, tools, and approaches that align with sustainability.



Talent development

Enhance knowledge and skills of financial professionals, regulators, and other stakeholders involved in sustainable finance.



Awareness and literacy

Raise awareness on the importance of sustainable finance for the public, financial institutions and other stakeholders.

Strategic Directions



Enhance regulatory and supervisory capacity for the development and supervision of sustainable finance policies and frameworks.



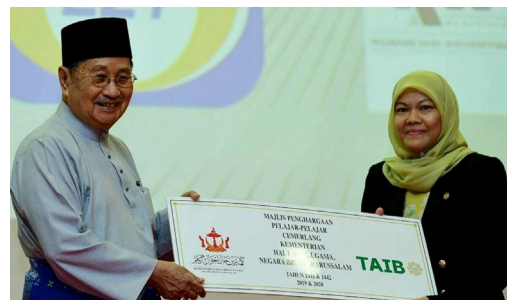
Enhance financial sector talent and expertise to adopt and develop sustainable finance.



Increase awareness and financial literacy of consumers on sustainability and sustainable financial products and services.







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