

# Hong Kong as the Green and Sustainable Finance Hub: Investments with Returns and Purpose

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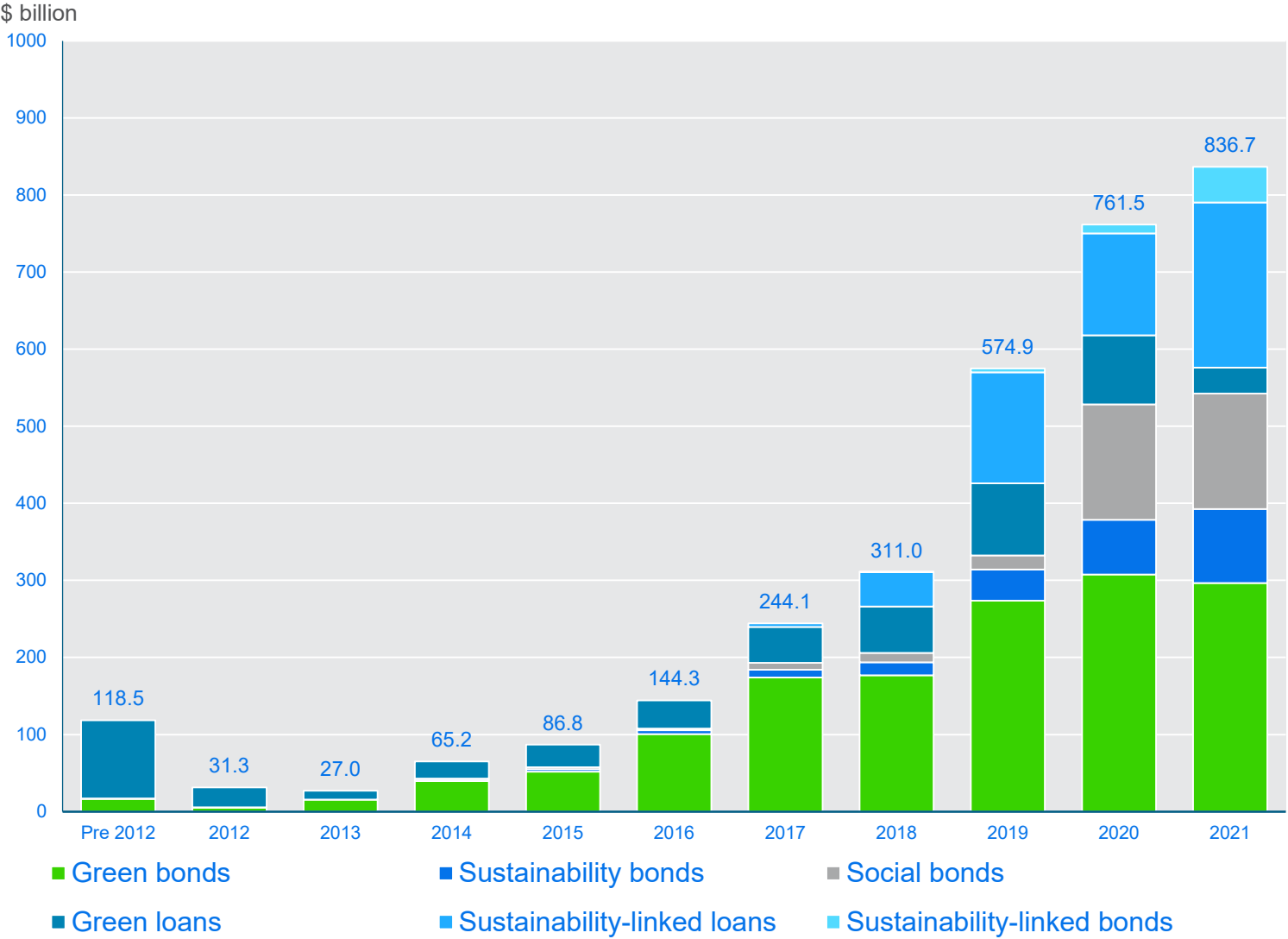


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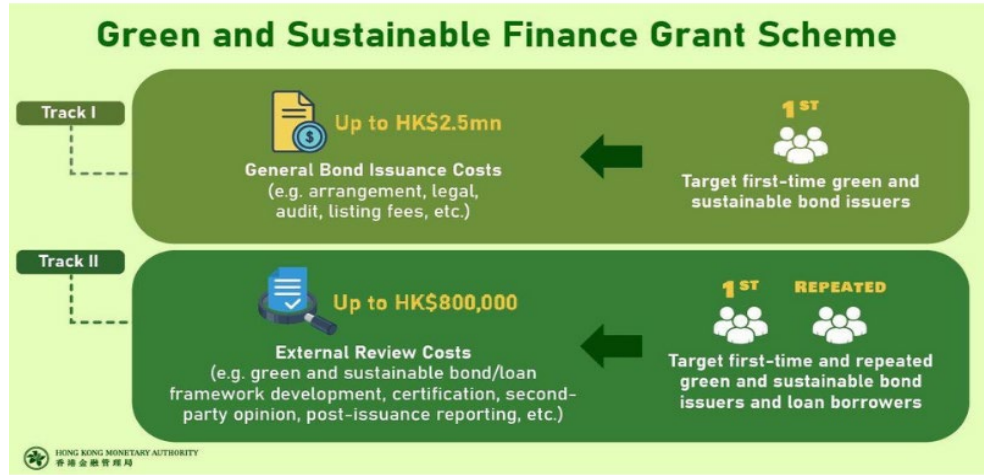
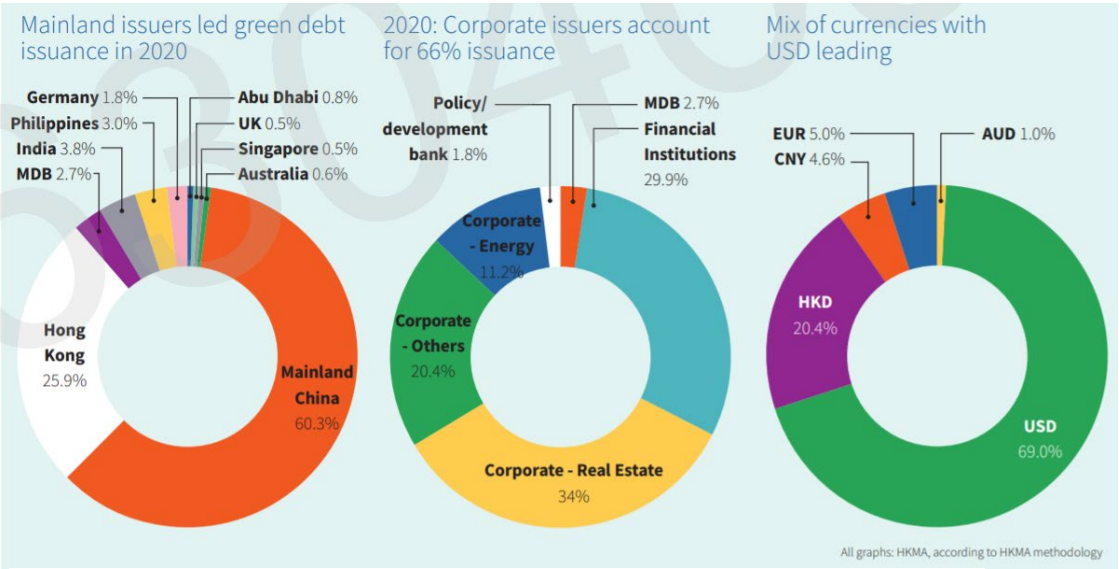
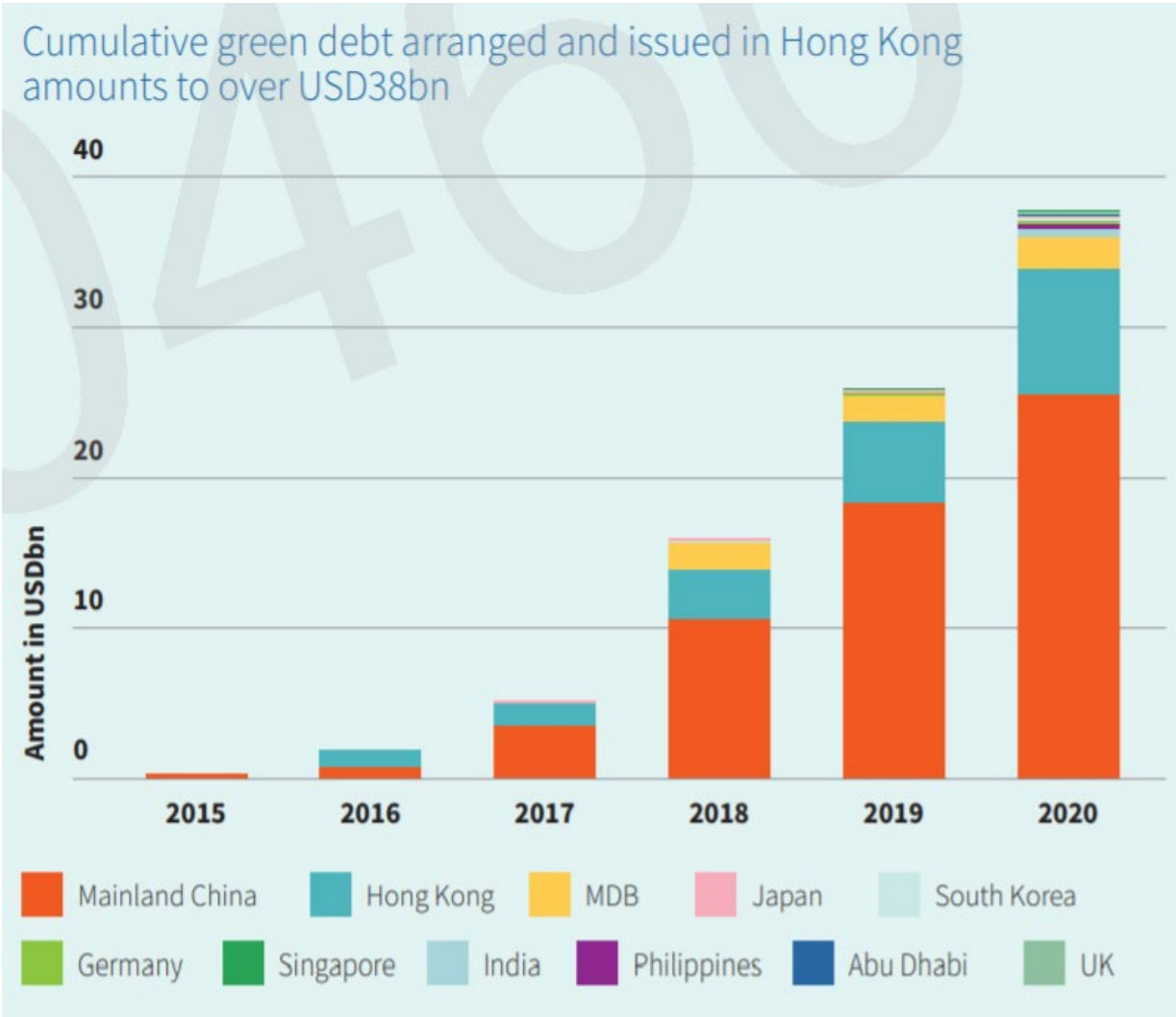
# Growth and Diversification in Sustainable Finance



- 2021 total sustainable finance at **\$839bn** by June-end, which already over 2020 total issuances volume.
- Green Bonds accounting for over a third of the total issuances.
- Sustainability-linked loans shows strong growth since 2018, with total issuances at \$214bn as of Jun 2021
- Social bonds issuances shock up in 2020 and 2021 due to Covid-19

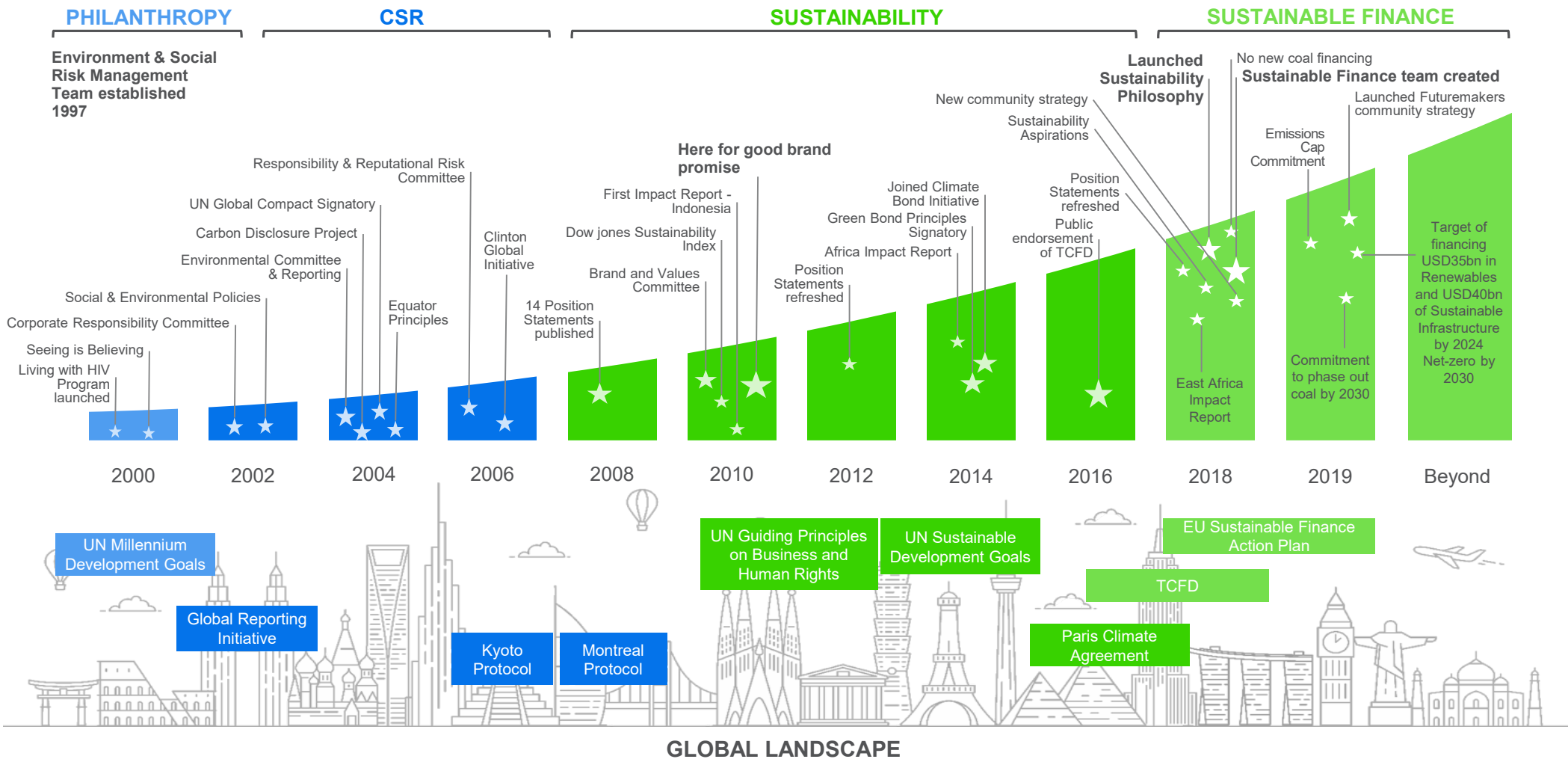


# Hong Kong 2020 Green and Sustainable Debt Market





# Standard Chartered's Sustainable Finance Journey



# Standard Chartered Sustainable Finance Product Offering

Standard Chartered is supporting sustainable finance across our dynamic footprint. We strongly believe that we can help our clients with innovative and sustainable solutions.



Overview

- At Standard Chartered, we have **dedicated Sustainable Finance teams** based in London, Singapore, HK, Dubai and Nairobi working on wide range of innovative solutions. The team brings together our experience and expertise in managing ESG risks as well as spotting opportunities and structuring solutions to drive positive impact financing.
- Our Green and Sustainable Finance Framework is **mapped to the UN Sustainable Development Goals (SDGs)** and lists what we as an organisation view as sustainable activities. It has received a Second Party Opinion from Sustainalytics, an independent verifier, who verified that it aligned with the green, social and sustainable financing principles.

Product Suite 產品分類			
Loans 貸款	Bonds 債券	Deposits 存款	ESG Advisory 諮詢顧問
<ul style="list-style-type: none"><li>• <b>Green Loans:</b> Green use of proceeds</li><li>• <b>Sustainability-linked Loans (SLL):</b> pricing is linked to ESG performance</li><li>• <b>Transition Loans:</b> for companies which are in greenhouse gas (GHG) intensive industries such as extractives, chemicals and transportation, but do have financing needs to reduce their GHGs</li></ul>	<ul style="list-style-type: none"><li>• <b>Green Bonds:</b> enable capital-raising for new and existing projects with environmental benefits</li><li>• <b>Social Bonds:</b> proceeds exclusively applied to finance social projects</li><li>• <b>Sustainability Bonds:</b> bonds with a mix of social and green elements</li><li>• <b>Transition Bonds:</b> for companies which are in greenhouse gas (GHG) intensive industries such as extractives, chemicals and transportation, but do have financing needs to reduce their GHGs</li></ul>	<ul style="list-style-type: none"><li>• <b>Sustainable Deposit:</b> deposits which allow the customer to have their capital referenced against sustainable assets*</li><li>• Can be booked in Hong Kong, London, New York, and Singapore with the following currencies:<ul style="list-style-type: none"><li>• <b>Hong Kong</b> – HKD and USD</li><li>• <b>London and New York:</b> EUR; GBP and USD</li><li>• <b>Singapore</b> – SGD and USD</li></ul></li></ul>	<ul style="list-style-type: none"><li>• SC provides thematic and bespoke advice to support our clients on environmental and social issues across topics such as<ul style="list-style-type: none"><li>• <b>ESG ratings advisory</b></li><li>• <b>ESG KPI Benchmarking</b></li><li>• <b>Climate Risk</b> and</li><li>• <b>Framework creation</b></li></ul></li></ul>
Trade Finance 貿易融資	Derivatives 衍生品		Carbon Trading 碳交易
<ul style="list-style-type: none"><li>• Sustainable use of proceeds or sustainability linked structures to support your Trade Financing flows:<ul style="list-style-type: none"><li>• <b>Import and Export Letter of Credits</b></li><li>• <b>Guarantees</b></li><li>• <b>Supply Chain Finance programmes (such as Vendor Pre Pay)</b></li><li>• <b>Receivables Services</b></li><li>• <b>Invoice Financing</b></li></ul></li></ul>	<ul style="list-style-type: none"><li>• <b>‘Use of Proceeds’ ESG Derivatives:</b> Derivatives that hedge market risks arising from ESG financing</li><li>• <b>ESG Performance Linked Derivatives:</b> Derivatives that link the payoff with ESG performance</li></ul>		<ul style="list-style-type: none"><li>• Emissions trading products that will assisting clients in the<ul style="list-style-type: none"><li>• <b>Trading,</b></li><li>• <b>Financing,</b> and</li><li>• <b>Investment</b></li></ul>emissions reduction / carbon credits</li></ul>





# Zeronomics

## Financing the transition to a net-zero world



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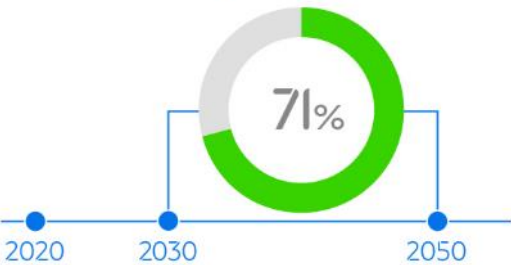


# Executive summary

Where are companies on their net-zero journey?



Just 47% of senior executives say that their organisation **fully supports the aims of the Paris Agreement**.



71% of companies **plan to make most progress towards net zero** between 2030 and 2050.

What are the barriers to net-zero transition?



67% of companies state **lack of finance is a significant barrier** to them reaching net zero.



78% of senior executives and 71% of investors expect the most significant net-zero transition **capital shortfall to occur in carbon-intensive sectors in emerging markets**.

How do we overcome the obstacles to a net-zero world?



Companies believe an average of **60% of the finance they need will come from internal sources**, and **40% from external sources**.



81% of companies believe **standardised global net-zero transition measurement, disclosure and ratings frameworks are important** in accelerating their net-zero transition.



# Zeroing in: Asia

## Greater China

Mainland China, Taiwan,  
Hong Kong

### Leadership challenges

Of the private sector companies surveyed, **50 per cent of senior executives in Greater China say their company is not transitioning to net zero fast enough; 55 per cent believe their company requires high levels of investment to transition.**

The biggest barrier faced by companies in Greater China is lack of support from their leadership, cited by 72 per cent of senior executives. Another major transition challenge, according to 88 per cent of senior executives, is short CEO tenure making it hard for leaders to tackle long-term issues like net zero transition.

## North Asia

Japan and South Korea

### Sign-up is high but there is a long way to go

Seven in 10 North Asian companies support the Paris Agreement, substantially higher than the global average of 47 per cent.

However, **57 per cent of North Asian senior executives believe their company is not transitioning fast enough**, and companies in this region need the highest level of financial investment to get to net zero: 77 per cent of senior executives say they require high levels of investment to transition, compared to 60 per cent across all markets.

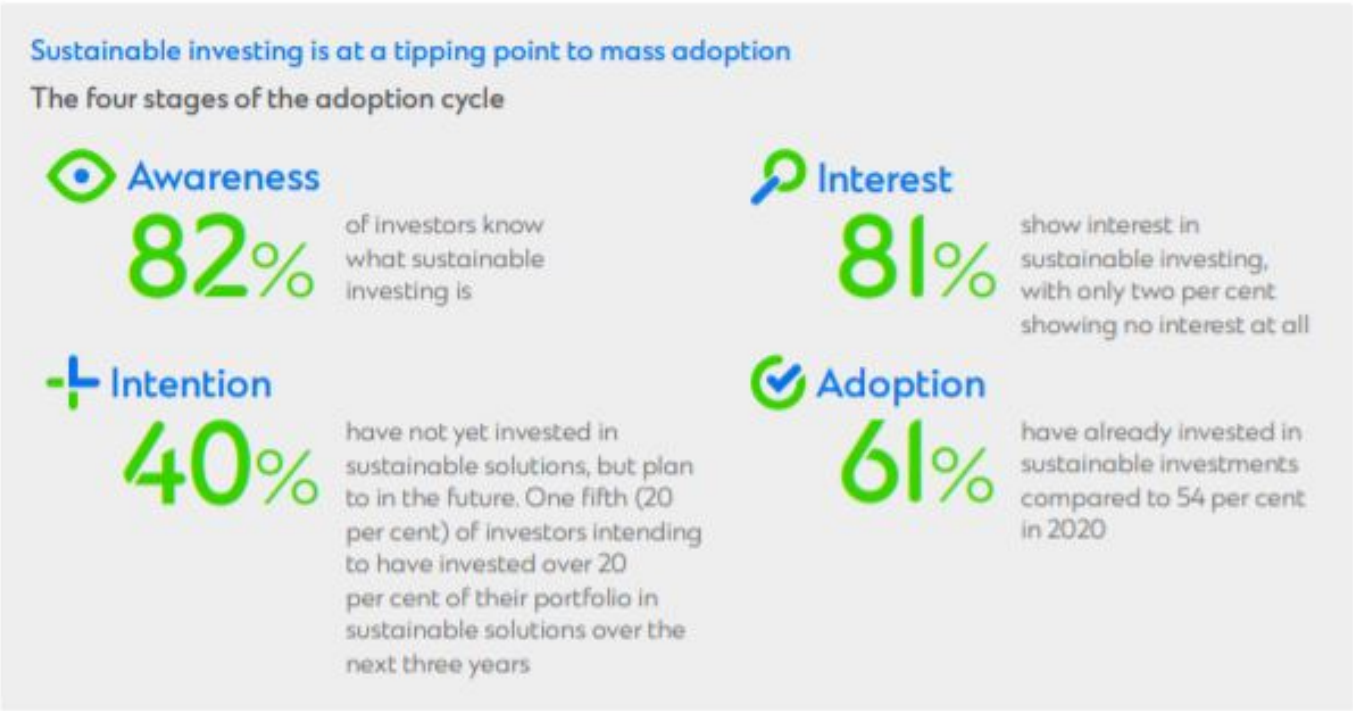




# HNW Investors Show High interest in Sustainable Investing

**Background :** Standard Chartered recently released **Sustainable Investing Review 2021**, a survey which highlights the sustainable investing trends among 2,000 emerging affluent and high net worth (HNW) investors.

- 81% show interest in sustainable investing, Taiwan is 78%: High levels of interest in sustainable investment driven by a ‘do good while making money’ attitude
- 40% intend to invest sustainably, but not yet, Taiwan is 38%.: A sense of the responsibility to do good with wealth is driving increased intention to invest in sustainable solutions



	2021							
	Global	Mainland China	Taiwan	Hong Kong	Singapore	India	UAE	UK
Do you know what sustainable investing is? Per cent Yes	82%	92%	74%	79%	71%	83%	88%	100%
In general, how interested in sustainable investing are you? Per cent 5-7 out of 7	81%	92%	78%	73%	73%	85%	80%	90%
I intend to invest sustainably, but not yet. Per cent Agree + Strongly Agree	40%	33%	38%	43%	38%	41%	40%	55%
Have you ever invested in a sustainable investment? Per cent Yes	61%	74%	57%	51%	46%	68%	57%	94%
How apprehensive would you be about making a sustainable investment? Per cent 5-7 out of 7	51%	31%	41%	45%	53%	71%	56%	74%





# About Hong Kong Green Finance Association (HKGFA)

**Mission:** to mobilize both public and private resources and talents in developing green finance and sustainable investment in Hong Kong and beyond.

**Goal:** to Position Hong Kong as an International Leading Green Finance Centre

>160 institution members as of September 2021

## Eight Working Groups

- Green and Sustainable Banking
- Green Bonds & Products Innovation
- ESG Disclosure and Integration
- Policy Research
- Green & Sustainable Insurance
- External Collaborations
- **NEW: Green and Sustainable Real Estate**
- **NEW: Green & Sustainable Private Equity**





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