

# BNP PARIBAS SUSTAINABLE FUTURE FORUM 2019

"Tackling the climate emergency"



**2019 INSIGHTS  
SINGAPORE**



**BNP PARIBAS**

The bank  
for a changing  
world

## FOREWORD



**“ We firmly believe that a company should have a positive impact on the wider world, support its clients in this approach and unify energies around this goal. ”**

# ERIC RAYNAUD

**Member of Group Executive Committee & CEO Asia Pacific, BNP Paribas**

Sustainability is our business and we recognise – to quote our CEO Jean-Laurent Bonnafé– “that our bank is at the service of both our clients and the world that we live in.”

In the 12 months since our last Forum, one consistent message about climate change has been made abundantly clear: a two-degree limitation on climate change is not sufficient and even if we could limit the increase to 1.5 degrees, the impact will still be devastating. We can see that the climate emergency, no longer just a ‘change’, is now urgent. And we know that Asia Pacific holds the key to our collective success or failure globally, with this region still the biggest and fastest growing emitter of carbon.

There is no longer any time to talk about “why”.

We must move onto the “how” and to map the practical pathway forward, by discussing and debating actual solutions some we already have available, and others ripe for investment.

Crisis brings opportunity – if we act now!

Tackling the climate crisis is about much more than energy transition or renewable energy. This accounts for only about 25%. Solutions including infrastructure, transportation, smart cities, food and agriculture collectively provide even more impact. At BNP Paribas’ fourth Sustainable Future Forum, we took a deep dive into all of these areas looking for the solutions and business opportunities.

We have already committed €168 billion in financing and investment into companies considered to be directly contributing to the United Nations’ 17 [Sustainable Development Goals \(SDGs\)](#).



The SDGs have been placed at the centre of our strategic plan. In practical terms, this means BNP Paribas is involved in causes where the group can make a difference:

- Financing the real economy and the positive impact that flows therefrom
- Socially responsible investment and sustainable finance
- Support for the energy transition
- Support for entrepreneurs and young people
- Consideration of the needs of local ecosystems, regions and communities, where we are active

In 2018, we extended \$36.4bn in sustainability-linked loans worldwide, where companies have committed to meet ambitious Environmental, Social and Governance objectives in line with their loan covenants.

Yes, we also walk the talk, along with our 200,000 employees!

We are committed to building a more balanced and sustainable world. We finance companies and are able to promote building a more ecological and inclusive economy. We work with clients every day and support them in implementing small- and large-scale projects that shape their lives and the lives of those around them.



We firmly believe that a company should have a positive impact on the wider world, support its clients in this approach and unify energies around this goal.

I thank you for helping us all identify the solutions for a brighter tomorrow – leading us to a sustainable, successful and positive future.

**“ There is no longer any time to talk about 'WHY', we must move onto the 'HOW'. ”**

# BNP PARIBAS SUSTAINABLE FUTURE FORUM 2019



**Masagos Zulkifli**

Minister for Environment and Water Resources, Government of Singapore

**3 KEYNOTES**



**31 INVESTOR MEETINGS**



**NEARLY 4000 WATCHED ON THE LIVE ONLINE STREAM!**



**11 INTERACTIVE PANELS**



**ATTENDEES FROM 24 LOCATIONS**



**55 SPEAKERS**



**14 ISSUERS/ CORPORATES**



The Right Honourable  
**HELEN CLARK**

Former NZ Prime Minister and Former Executive Director, United Nations Development Programme

**542 DELEGATES**

## INVESTOR MEETINGS WITH ISSUERS/CORPORATES:

- Agricultural Development Bank of China
- AGL Energy Ltd
- Asian Development Bank
- Asian Infrastructure Investment Bank
- China Life Group
- CIMB Bank
- Geely Automobile Holdings Ltd
- International Finance Corporation
- New World Development
- PT Bank Rakyat Indonesia
- Shinhan Financial Group
- Sime Darby Plantation
- Temasek Holdings
- United Overseas Bank Ltd

## SPEAKERS:

- Ajay Dua**, Dabur India Ltd
- Alex Ng**, BNP Paribas Asset Management
- Andrew Cross**, Asian Infrastructure Investment Bank
- Arnaud Tellier**, BNP Paribas Wealth Management
- Bas Fransen**, EcoMatcher
- Bláthnaid Byrne**, AGL Energy
- Chris Cui**, Closed Loop Partners
- Chris Ruffa**, BNP Paribas
- Constant Van Aerschot**, World Business Council for Sustainable Development (WBCSD)
- Craig Leeson**, Filmmaker, A Plastic Ocean and The Last Glaciers and BNP Paribas Global Sustainability Ambassador
- Cynthia Tchikoltssoff**, BNP Paribas
- David Yeung**, Green Monday and Green Common
- Debra Tan**, China Water Risk
- Dimitri Zenghelis**, LSE and University of Cambridge Institute for Sustainability Leadership
- Dr Simon Lord**, Sime Darby Plantation Berhad
- Dr Wanjiru Kamau-Rutenberg**, African Women in Agricultural Research and Development
- Ellie Tang**, New World Development
- Emily Woodland**, AMP Capital Asia Limited
- Eric Raynaud**, BNP Paribas
- Fanny Moritz**, Zero Waste Lifestyle
- Gabriel Wilson-Otto**, BNP Paribas Asset Management
- Geert Bunkens**, ENGIE
- Geraldine Buckingham**, BlackRock
- Helen Clark**, Former United Nations Development Programme
- Jackie B. Surtani**, Asian Development Bank
- Jeanne Stampe**, WWF
- John Wood**, Room to Read
- Joris Dierckx**, BNP Paribas
- Juliette Macresy**, Vigeo Eiris
- Lawrence Ang**, Geely Automobile Holdings Ltd
- Ligia Torres**, BNP Paribas Asset Management
- Louise Iida**, Reliance Rail
- Madhu Gayer**, BNP Paribas
- Marcin Bill**, International Finance Corporation (IFC)
- Maria Witchell**, BNP Paribas
- Mark Lewis**, BNP Paribas Asset Management
- Masagos Zulkifli**, Minister for Environment and Water Resources, Government of Singapore
- Mason Tan**, Garden Impact Investments Pte Ltd
- Nicholas Gandolfo**, Sustainabilitytics
- Nicolas Parrot**, BNP Paribas
- Noemie Peiffer**, BNP Paribas
- Philippe Joubert**, World Energy Council & Earth on Board
- Pierre Rousseau**, BNP Paribas
- Pierrick Balmain**, BlueOrchard Asia
- Pru Bennett**, Brunswick Group
- Rintaro Tamaki**, Japan Center for International Finance
- Rob Barker**, BNP Paribas
- Shilpa Gulrajani**, BNP Paribas
- Sue Garrard**, University of Cambridge Institute for Sustainability Leadership
- Sybil Dixon**, UniSuper
- Tan Sri Dr Lim Wee Chai**, Top Glove Corporation
- Vikas Garg**, abillionveg
- Wei-Ling Low**, Vanda Global Capital
- Xuan Sheng Ou Yong**, BNP Paribas Asset Management
- Yoshiyuki Arima**, World Bank
- Yuki Yasui**, UNEP Finance Initiative

## EXTREME HEATING: OUR CLIMATE EMERGENCY

“ Science has put up the first red flag that tells us to take this issue seriously. But a robust understanding of climate change must lead to action, not more slogans. ”

# MASAGOS ZULKIFLI



Minister for Environment and Water Resources, Government of Singapore

“ It’s a fight we must win decisively with everything we have. The potentially devastating effects of climate change respects no geographical boundaries. ”

Singapore’s Minister for Environment and Water Resources, Masagos Zulkifli, kicked off the conference by saying that “climate change is the defining issue of our time”.

He pointed out that massive investment from the government is necessary to avoid the worst effects of climate change.

Singapore’s focus has been on getting the science right. Masagos’ ministry set up the [Centre for Climate Research Singapore \(CCRS\)](#) in 2013 and it has since grown to be one of the most advanced research centres in the region, specialising in tropical climate science.

“ The financial sector, as a catalyst and economic driver, plays a pivotal role in enabling climate action. ”

As a small island on the equator, Singapore has felt the impact of climate change. The CCRS found that Singapore has become warmer at twice the average global rate.

Singapore has since taken steps to mitigate the effects of climate change. It is the first country in Southeast Asia to introduce carbon tax with no exemption. Singapore’s Green Labelling Scheme for Pulp and Paper is one of the world’s most stringent environmental standards with zero burning requirements.

Sustainability – from Singapore’s perspective – is three-pronged. Climate, resource and economic resilience need to be addressed for a sound approach to the environment.

Closing resource loops such as water or sand, in the Singapore context, means shifting from the take-make-use-throw mindset to reduce, reuse, recycle.

Masagos’ ministry recently launched Singapore’s inaugural [Zero Waste Masterplan](#) and introduced the Resource Sustainability Act focusing on e-waste, packaging waste and food waste. Businesses must move away from business-as-usual by “quantifying their organisation’s carbon footprint and climate risks, leveraging new technologies such as Internet of Things, and adopting green workplace habits.”

The financial sector, as a catalyst and economic driver, plays a pivotal role in enabling climate action, according to Masagos. The Monetary Authority of Singapore introduced a Green Bond Grant Scheme in 2017 to encourage green financing and has since expanded the remit to include social and sustainability bonds.

Masagos believes that “we must act now, and we must act together” to respond to climate change. The impact of climate change does not respect geographical boundaries and greater collaboration is important for ambitious climate action.



“ 1.8 trillion dollars is needed in global adaptation spending to combat the worst effects of climate change such as pushing people above the poverty line by 2030. ”

## TIME FOR ACTION AND RESOLVE



Featuring **The Right Honourable Helen Clark**, Former New Zealand Prime Minister and Former Executive Director, United Nations Development Programme

Interviewed by **Craig Leeson**, Filmmaker, *A Plastic Ocean* and *The Last Glaciers*, and BNP Paribas Global Sustainability Ambassador

**HELEN CLARK**  
FORMER NEW ZEALAND PRIME MINISTER  
FORMER HEAD UNITED NATIONS  
DEVELOPMENT PROGRAMME



**“ Anyone who is going to lead change is going to come under attack. ”**  
- Helen Clark

The global average life expectancy has more than doubled since 1900 and is now approaching 70 years. With the exponential increase in population, GDP has ballooned and is up by 34% between 2009 and 2017 alone, according to the World Bank.

It is not difficult to understand how rising populations and economic activities have an impact on the environment and climate change. The science is clear and the impact daunting; but achieving sustainability is not just about governance, there is a real sense of urgency to tackle the climate crisis at all levels – including companies.

The UN’s 17 SDGs were designed to engage businesses and align their efforts with the right policy settings, but are corporates doing enough to adjust their business models and investment decisions? Are we on track to meeting the 2030 agenda?

The Right Honourable Helen Clark, Former New Zealand Prime Minister and Former Executive Director, United Nations Development Programme addressed these critical questions at the keynote panel on *“Shifting Gear in the Urgency of Preparation for the Coming Climate Crisis”*.

**“ The fabric of political advocacy is getting younger. Young people are leading the frontlines with visceral passion and ambitious ideas stirring the pot of change. ”**

In an inspiring fire-side chat with Craig Leeson, Filmmaker and BNP Paribas Global Sustainability Ambassador, Clark centred on how companies are increasingly taking up the SDGs, with many of them using the goals as framing for their corporate mission. Still, progress on the SDGs remains uneven. It is important for people to see the linkages across the economic, social and sustainability issues. Clark drummed home the message that we don’t need to wait for leaders to do things, every individual has the ability to be a leader and to move the SDGs forward.

Drawing from her own experiences, her interest in foreign policy issues like apartheid attracted her to politics but when Clark became the Minister of Conservation in the 1980s, it was still seen as a junior ministry. It was during her visits to rural New Zealand that she realised the importance of setting aside forested areas for future generations.



**“ The kids of today are the consumers and clients of tomorrow. ”**

Craig Leeson, Filmmaker,  
*A Plastic Ocean* and *The Last Glaciers*  
and Global Sustainability Ambassador,  
BNP Paribas

**“ (We need) society-wide buy in acknowledging the need for challenge and the need for action. ”**

The Right Honourable Helen Clark



# IN CRISIS LIES OPPORTUNITY



**Moderator: Dimitri Zenghelis**

Senior Visiting Fellow, London School of Economics & Senior Associate, University of Cambridge Institute for Sustainability Leadership

**Panelists: Sue Garrard**

Independent Sustainability Strategy Advisor & Fellow, University of Cambridge Institute for Sustainability Leadership

**Geraldine Buckingham**

Chair and Head of Asia Pacific, BlackRock

**Rintaro Tamaki**

President, Japan Center for International Finance (JCIF)

**Joris Dierckx**

Head of CIB for Southeast Asia and Head of Territory for Singapore, BNP Paribas

“Sustainable finance” is fast becoming a building block of regulatory supervision in policy, practices and reporting for asset owners, investment managers running Socially Responsible Investment (SRI) funds or integrating ESG into their investments, and for banks of all types.

**“ The market is moving to selecting positive investment for the positive benefits they generate. ”**

Joris Dierckx, Head of CIB for Southeast Asia and Head of Territory for Singapore, BNP Paribas

The panel assessed the latest regulatory policy developments globally and in Asia Pacific, relating to risk management of climate change financial policy, and reaction from investors and companies to policy developments.

**“ Sustainable finance was seen as something exotic and risky but it is now becoming so mainstream that the larger risk lies in not being aware of the changes that we're seeing. ”**

Dimitri Zenghelis, Senior Visiting Fellow, LSE and Senior Associate, University of Cambridge Institute for Sustainability Leadership



**“ Companies that are going to survive and thrive for the long term are those that are looking a long way ahead and setting very ambitious targets. ”**

Sue Garrard, Independent Sustainability Advisor & Fellow, University of Cambridge Institute for Sustainability Leadership

Drawing from her experience in Unilever, Garrard pointed out that if organisations waited for regulations to be imposed, they may risk falling behind. With the current climate crisis, delays do not make opportunities any safer. Instead, they become a much larger existential risk.

The critical area of regulation is with the role of large organisations. We are living in an unprecedented time, she said, where consumers have the ability to restructure the patchwork. They are able to move the needle from concern to action and are even capable of killing a brand in months. Firms, as a response, need to be ahead of the market.

**“ Carbon Pricing only covers 20% of the global initiative and the pricing level is less than 5% of the level expected to achieve the Paris Agreement. ”**

Rintaro Tamaki, President, Japan Center for International Finance



In the capital markets, there is yet to be a pricing differential for green bonds due to the lack of majority. Dierckx shared that this was an opportunity for the early movers. It is very much a demand-driven market, he said, and investors are slowly allocating their capital to greener bonds and sustainable investments.

Tamaki believes that institutional investors should play a more active role in decarbonising the economy and praises Singapore for introducing carbon pricing.

**“ We see that ESG investing, beyond being the right thing to do, is actually very important in terms of clients achieving strong long-term financial outcomes. ”**

Geraldine Buckingham, Chair and Head of Asia Pacific, BlackRock



Buckingham added, that as an industry, there should be a deeper look into the quality of data available to understand the long-tail impact on the firms' investment portfolio. She shared that the evidence is mounting that green performance is at least as good or even better than the traditional investments but there has to be clarity in the data for solutions to roll out.

## POWERING THE FUTURE OF ASIA PACIFIC

**Moderator: Mark Lewis**

Global Head of Sustainability Research,  
BNP Paribas Asset Management

**Panelists: Philippe Joubert**

Senior Advisor, International Development, World Energy  
Council and Founder & CEO, Earth on Board

**Geert Bunkens**

Chief Financial Officer, APAC, ENGIE

**Yoshiyuki Arima**

Lead Financial Officer, World Bank Treasury



Decarbonising the energy system to power a zero carbon and climate resilient economy at industrial scale and achieve the climate goals set by the Paris Agreement, represents an enormous challenge.

Panelists and speakers at the plenary session stressed the urgency of transitioning their energy systems to a cleaner and zero carbon economy.

Joubert shared the idea of the four D's which is, to Decarbonise, Digitalise, Decentralise and Disrupt energy. The thinking is that we are moving away from a linear world and the global energy scene is starting to scatter in terms of the economics of fuel.

Soon we will not be able to anticipate the scale of change in the new world, and need to prepare with dynamic resilience of energy systems. Dynamic resilience focuses on extreme weather, cyber risk and geo-spatial awareness to anticipate and respond to possible risks.

Corporate and political leadership is critical to push for successful energy transition at scale. Bunkens shared how ENGIE is achieving its zero-carbon ambitions by using district cooling and renewable energy services that help clients to decarbonise. ENGIE has also stopped constructing new coal plants and sold down coal assets.

**“ Resilience is not resistance. We don't know what is coming and we cannot build a strong enough system. You have to build a resilient system, that is able to come back quickly into operation after the event, even in a deteriorated mode of functioning. ”**

Philippe Joubert, Senior Advisor,  
International Development, World Energy  
Council and Founder & CEO, Earth on Board

**“ The customer has taken up that vigilance to challenge us not just as a producer but also, to governments of which they are living. ”**

Geert Bunkens,  
Chief Financial Officer, APAC, ENGIE

There has been a radical change of framework. Financial institutions are also stepping away from coal fuel to cleaner energy projects. While in the past, it paid to hide, these ideas can no longer hold up especially as customers are also pushing the green agenda.

The role of the vigilant consumer is also crucial. Customers are now more aware of their carbon footprint and are better able to track corporate and governmental action in this area. According to Arima, Japanese households and their culture of no-wastage means buying solar panels on rooftops to save energy, while encouraging the government to maintain its energy buyback programme.

**“ Our model needs to be more sustainable to justify the utility industry and society (as a whole). ”**

Yoshiyuki Arima, Lead Financial Officer,  
World Bank Treasury

While Arima believes green bonds will be instrumental to scale up energy transition to address the urgency of climate crisis, it is equally important that risks are not transferred to investors.

## SHAPING THE FUTURE OF CITIES

**Moderator: Nicolas Parrot**

Managing Director, Head of Transportation Sector, Investment Banking Asia Pacific, BNP Paribas

**Panelists: Andrew Cross**

Assistant Chief Financial Officer, Asian Infrastructure Investment Bank

**Lawrence Ang**

Executive Director, Geely Automobile Holdings Ltd

**Constant Van Aerschot**

Director, Asia Pacific, World Business Council for Sustainable Development (WBCSD)

“ It’s easy to do (a) one-off but to keep showing up, that’s the hard part. ”

Andrew Cross, Assistant Chief Financial Officer, Asian Infrastructure Investment Bank

*The Mobility and Urban Living for 5 billion APAC Citizens in 2030* session had both private and public sector input at the panel discussion. The session challenged conventional thinking around urban solutions such as building smart cities and electric vehicles, and explored how leading companies are adapting and transforming their businesses to meet the urban design and planning needs of the cities of tomorrow.

Cross pointed out that a more holistic strategy is needed to build a sustainable city as these spaces are the hotbed of economic growth. Collaboration across the private and public sector is crucial to making cities more sustainable, Van Aerschot added. Cities are “complex animals” with interdependencies – the urban planning team may have the knowledge and power, but the private sector may offer technical expertise and solutions.

In addition, Cross shared that a tailored approach is important for cities across Asia. While Singapore and Hong Kong may share infrastructure similarities, Yangon and Phnom Penh face different issues. The municipal bond scheme may work in the US but there is still a nascent corporate bond market in Asia.



The very definition of a smart city was challenged in the session. A lot of thinking around smart cities is built around 5G technology and advertising data capture but local budgets are still very constrained in financing basic infrastructure, let alone 5G systems.

“ Cities are complex animals. Businesses, by nature, are singular. ”

Constant Van Aerschot, Director Asia Pacific, World Business Council for Sustainable Development (WBCSD)

Buildings in cities contribute heavily to carbon emissions. Van Aerschot shared that the World Business Council for Sustainable Development (WBCSD) is looking at implementing financial disclosures around climate impact for buildings but there needs to be the right regulation and tax incentives for businesses to act.

“ We need to change the way people travel. ”

Lawrence Ang Executive Director, Geely Automobile Holdings Ltd

Ang believes that car-sharing is more effective than electric vehicles or autonomous driving. While pure electric or hybrid cars may slow down climate change, Ang is not convinced of the impact when power generation is still using coal.

Geely is investing in fuel-cell technology but it is currently too expensive for private use.

The consensus across the panel is that a true portrait of smart and sustainable urban living is interdependence and collaboration. The private sector needs to capture the value cost of impact and governments will need to hold each other accountable and open a cross-disciplinary dialogue on how our cities should operate.

## TRANSFORMING FOOD & LAND USE



**Moderator: John Wood**  
Founder, Room to Read

**Panelists: Dr Wanjiru Kamau-Rutenberg**  
Director, African Women in Agricultural Research and Development (AWARD)

**Dr Simon Lord**  
Chief Sustainability Officer, Sime Darby Plantation

**Pierre Rousseau**  
Senior Strategic Advisor, Sustainable Business, BNP Paribas

**Jeanne Stampe**  
Asia Head of Sustainable Finance, WWF

**David Yeung**  
Founder and CEO, Green Monday

**“ The economics of burning make it easier to do though it may not be cheaper to do so. But it’s definitely the wrong thing to do. ”**

Dr Simon Lord, Chief Sustainability Officer, Sime Darby Plantation

**“ Our diet plays a huge part whether we are moving the world positively or negatively. Our meat-intense diet is hurting the planet. ”**

David Yeung, Founder & CEO, Green Monday and Green Common

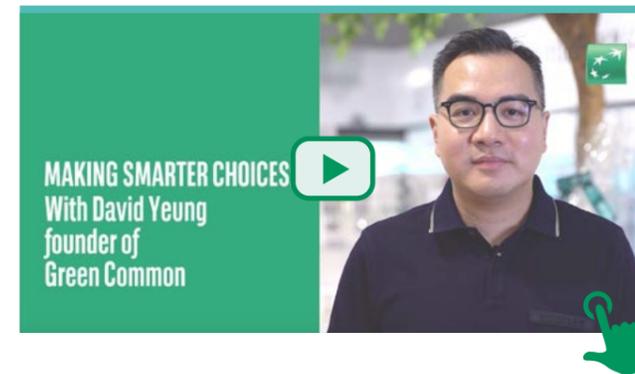
With humanity’s reliance on land under threat from climate change, the panel discussion on Effective Management of Food and Land Use System Through Incentivising Sustainable Production, focused on the major changes required across the entire food and agricultural sectors to improve efficiencies in the system, and ultimately how we can consume sustainably.

The debate about plant-based versus meat-based diets has dominated headlines about climate change for so long and plays a heavy cultural, social and emotional role. Is a meatless future really the answer to climate control?

**“ \$500 billion in annual value of crops are collapsing. ”**

Jeanne Stampe, Asia Head of Sustainable Finance, WWF

Asia Pacific alone accounts for nearly 50% of global meat production and this **appetite is only projected to accelerate**, so it is important to envision a future for conscientious eating. Yeung argued that it is important to envision a future for conscientious eating, and as we try to advocate for a greener movement, we need to communicate about climate change and the collapse of natural capital. The current food systems in place are eating away the natural capital that we are dependent on.



**“ The Western model of development of develop-and-destroy is not sustainable. ”**

Dr Wanjiru Kamau-Rutenberg, Director, African Women in Agricultural Research and Development

However, Kamau-Rutenberg pointed out that the current economic growth trends have not been socially inclusive, and this intervenes into sustainable food and agriculture when some people are more concerned about putting food on the table.

Lord shared the challenges of maintaining a no-burn policy. Even though Sime Darby Plantations has had a no-burn policy since 1965, smallholding farmers were still practising burning. The company has since extended their commitment to 5k beyond their plantation borders but with plantation areas nine times the size of Singapore, it can be a colossal task to oversee.

**“ Everything we are doing is about integrating biodiversity and nature-based solutions by listening to what nature has done. ”**

Pierre Rousseau, Senior Strategic Advisor, Sustainable Business, BNP Paribas

Rousseau believes that it is important to make the link between sustainability and business opportunities to see real change. There are business opportunities with regenerative farming and adopting more sustainable technology and business practices.

The rise of the circular economy, where source input and waste, emission, and energy leakage are minimised by slowing, closing, and narrowing energy and material loop, is especially relevant in the agricultural industry. Food sustainability is not just bound by crop production but also needs to include new business models of energy, water and waste management.

The way forward is not to encourage the binary vegan versus meat-eater conflict but to create an inclusive platform and greater awareness that we need to look after our natural capital from agriculture to animal species protection.

# CLIMATE CHANGE: THE CLOCK IS TICKING



**" We must save the ice. It is melting fast. Our 'freezers' are dying. "**

Maria Witchell, Polar Explorer and Head of Strategic Equity, Asia Pacific, Legal, BNP Paribas



The Last Glaciers Photo by Cody Tuttle



The Last Glaciers Photo by Cody Tuttle



Maria Witchell



Caroline Dyer



The Last Glaciers Photo by Cody Tuttle



Phil Wickens

**" It's not 'climate change' it's a 'climate crisis' and our language needs to reflect this. "**

Craig Leeson, Filmmaker, A Plastic Ocean and The Last Glaciers and Global Sustainability Ambassador, BNP Paribas



## MANAGING CLIMATE-RELATED FINANCIAL RISKS



**Moderator: Madhu Gayer**  
Regional Head of Investment Analytics & Data Services, APAC and Global Head of Sustainability Analytics, Securities Services, BNP Paribas

**Panelists: Pru Bennett**  
Senior Advisor, Brunswick Group

**Sybil Dixon**  
Senior Investment Analyst, UniSuper

**Yuki Yasui**  
Asia Pacific Region Coordination Manager, UNEP Finance Initiative

**Gabriel Wilson-Otto**  
Head of Stewardship, Asia Pacific, BNP Paribas Asset Management

“ I cannot underestimate the importance of engagement and working with companies instead of just ticking the box with shareholder pressure. ”

Pru Bennett, Senior Advisor, Brunswick Group

Institutional investors are moving the needle on sustainability and the Financial Stability Board Task Force on Climate-Related Financial Disclosures (TCFD) offers a structured way for businesses to capture the value of their climate impact.

There is consensus around how the TCFD has helped with a unified framework to report climate-related risks, but there is still a need for shareholder engagement with company directors and senior management for effective change.

It is important for companies that have significant exposure that the board has responsibility for key climate risks. A climate change risk committee or charter is a good indicator that these issues are being addressed at a senior-level and goes beyond window-dressing.

While shareholders hold voting power and may make their voices heard during shareholder meetings, Bennett feels that constructive engagement and working with companies is just as important and effective.

Smaller institutional investors can also effectively engage with companies. Joining larger groups such as the Climate 100+ investor initiative can facilitate exposure and management access for smaller shareholders.

When reporting on climate risks in an investment portfolio, Dixon advocates for keeping reporting simple, and not rely on scenarios. What is important, she believes, is articulating exposures and strategies to manage the risks and creating a narrative around how companies are adapting for the future.

“ Activists thrive in a vacuum of information, so own your (climate) story. If you don’t tell it, someone else will and they may not get the facts right. ”

Sybil Dixon,  
Senior Investment Analyst, UniSuper

The rise of regulatory focus on climate risk disclosure in Asia Pacific has been beneficial, according to Wilson-Otto. However, it has also led to the rise of a compliance-based mentality and there is a need for a more strategic engagement on these issues.

“ If your media team is issuing a strategy that the board is not aware of, are these issues being addressed or buried under the weight of disclosure? ”

Gabriel Wilson-Otto, Head of Stewardship, Asia Pacific, BNP Paribas Asset Management

For example, Yasui shared that the earlier assumption was that the price of carbon would go right back to the economy and to green sectors. The recent backlash against the carbon tax came about when it was used to increase tax revenue instead of being put towards improving carbon neutrality.

“ For investors, banks and issuers: Join the TCFD pilot working groups. We are a standard-maker and would love to share knowledge around this space. ”

Yuki Yasui, Asia Pacific Region Coordination Manager, UNEP Finance Initiative

One significant barrier to ESG adoption across the board is the sheer volume of data that companies have to deal with. There needs to be a shift from simply recording data to making use of it in a broader context.

While there is no prescribed formula for where strategic ESG responsibility should sit within the company hierarchy, one key theme that emerged from the discussion is that a genuine, strategic commitment to ESG will reflect how companies run their business and integrate it into their thinking instead of merely doing it for an external audience.

BNP Paribas ESG Global Survey 2019:  
Investing with Purpose for Performance



## WATER RESISTANT: MITIGATING CLIMATE-RELATED RISK



**Moderator: Robert Barker**  
Chief Sustainable Business Officer, Asia Pacific,  
CIB, BNP Paribas

**Panelists: Emily Woodland**  
Co-Head of Sustainable Investment,  
AMP Capital Asia Limited

**Alex Ng**  
Chief Investment Officer, BNP Paribas  
Asset Management

**Ajay Dua**  
Director, AVIVA India Life Insurance Company Ltd,  
Dabur India Ltd

**Debra Tan**  
Chief Executive, China Water Risk

“ All the high-tech stuff we talked about today needs minerals that are mined along the river basin, polluting its water. ”

Debra Tan, Chief Executive,  
China Water Risk

Although water is essential to life, there has been limited discussion about water scarcity and climate change. The solutions panel on *Water System Disruption: Building Resilience Through Management of Climate-Related Water Risk* seeks to change that.

Tan shared that rivers define Asia and support a large percentage of the region's economies. However, the source region for more than 15 Asian countries in the Hindu Kush Himalayas is melting faster than the North and South Pole, raising concerns around water stress in the region.

Climate-related water issues have affected various countries differently. Australia is facing unprecedented drought conditions; India struggles with an over- and under-supply of water across the country while China has a mammoth task of balancing economic growth along the Yangtze River.

“ We have moved from ignoring the problem to recognising it. And we are repenting – some action is about to start. ”

Ajay Dua, Director, AVIVA India Life Insurance Company Ltd, Dabur India Ltd

Agriculture is quite a dominant force in Asia and is a water-intensive industry. Dua shared that most of the underground water that has been dug up for agriculture irrigation and highly water-intensive crops such as sugar and rice needs new circular economy solutions that advocate reuse, reduction and recycling. At present, hardly any water that's used in rural India gets retreated, said Dua. Similarly, in Australia, irrigation accounts for 60% of Australia's water usage, said Woodland.

“ Water is the poorer cousin of carbon – the latter gets all the attention and resources. ”

Alex Ng, Chief Investment Officer,  
BNP Paribas Asset Management

Ng believes in the need to link water to energy, the environment and deforestation. An 8-ounce steak, he pointed out, requires 17 bathtubs of water to produce. Industry reports found that 80% of deforestation has been due to beef and soybeans.

Avoid wasting water. Water scarcity affects more than 40% of the world's population.



There are increasing concerns about the missing link between water and climate change. The climate crisis reduces the margin of error in water management. Aggressive decarbonisation and adaptation in terms of water is necessary – otherwise, any climate crisis mitigation strategy is built to fail.

There is thus a need to incorporate water risk into the investment process. Woodland believes that investors have a duty to consider material risks beyond intangible drivers and long-term sustainability when it comes to water. Tightening water regulations can affect costs of goods while water risks along the supply chain can affect operational and asset risks.

“ Water risks are not obvious in companies' disclosure. This makes doing this assessment challenging and we have to work it out ourselves most of the time. ”

Emily Woodland, Co-Head of Sustainable Investment, AMP Capital Asia Limited

Water, the great investment opportunity.



## KEEPING UP THE STANDARD IN THE GROWING RAINBOW OF SUSTAINABLE CAPITAL MARKETS PRODUCTS



**Moderator: Noemie Peiffer**  
Vice President, Energy & Natural Resources and Export, Investment Banking Asia, BNP Paribas

**Panelists: Marcin Bill**  
Senior Financial Officer, Funding, Treasury Department, International Finance Corporation (IFC)

**Nicholas Gandolfo**  
Associate Director, Sustainable Finance Solutions, Asia Pacific, Sustainability

**Ellie Tang**  
Head of Sustainability, New World Development

**Xuan Sheng Ou Yong**  
Green Bonds and ESG Analyst, APAC, BNP Paribas Asset Management

**Finance of the Future:  
How a direct impact project bond can  
change the future of finance in Asia.**

**BNP Paribas case study:  
A rubber revolution takes  
shape in Indonesia**

**" I think more definitions around local context are useful for Asia – not to come up with 15 to 20 regional variations but to constantly assess which areas can be defined better. "**

Nicholas Gandolfo,  
Associate Director, Sustainable Solutions,  
Asia Pacific, Sustainability

The record number of issuances in the sustainable debt market indicates more manager and investor interest in the ESG space.

**" Small bonds don't provide enough liquidity. We've put together a few themes and projects under one flag not to dilute the supply but to provide larger bonds that can support market liquidity. "**

Marcin Bill, Senior Financial Officer,  
Funding Department, IFC

Panelists in the *Keeping Up Standards in the Growing Rainbow of Capital Markets Products* session debated how far market standardisation should go in this growing market.

"In an ideal world where investors spend two hours looking at every prospectus and marketing material, capital can be efficiently allocated," said Ou Yong. However, the reality is that most investors or managers do not have the time to do so. Having a diverse range of labels, while serve their purpose of providing contextual information, affects investor understanding.

Bank regulators still need to establish a standardised framework for efficient capital allocation and minimise risks for new investors in this space.

**" It is more realistic and practical to narrow down the number of labels in the market before scaling it up. "**

Xuan Sheng Ou Yong, Green Bonds and ESG Analyst, BNP Paribas Asset Management

Tang shared her experience in New World Development where global certifications on green financing standards not only helped busy fund managers and analysts understand their business but also helped the business to integrate ESG into their strategy, day-to-day operation and risk management framework.

**" While we want to encourage more new labels and innovative financing, it is good to have some standardisation to avoid overwhelming new players in the marketplace. "**

Ellie Tang, Head of Sustainability,  
New World Development

As far as descriptions and labels go, there is an eminent danger of ceasing clarity of purpose rather than going into the specifics. Governance should put a lid over the complexities and serve to find a middle ground in the financing universe. The financial system is reorienting its course to showcase a sustainable, greener economy. They are of the opinion that the institutional investors need to take stock of what is "green" enough and the role of transition-focused finance in the respect of sustainability impact.

Thus, while Asian bond issuers are catching up with climate-related risk disclosures, there is still a need to balance that with the practicality of doing so and the need to welcome new entrants without overwhelming them.

**Harnessing the power  
of impact financing**

**BNP Paribas case study:  
Pushing the sustainability  
agenda forward with Sustainable  
India Finance Facility (SIFF)**

## GROWING THE GREEN LOANS MARKET



**Moderator: Chris Ruffa**  
Managing Director for Energy & Infrastructure,  
Investment Banking Asia Pacific, BNP Paribas

**Panelists: Bláthnaid Byrne**  
Group Treasurer, AGL Energy

**Jackie Surtani**  
Director, Infrastructure Finance East Asia, Southeast  
Asia and the Pacific, Asian Development Bank

**Juliette Macresy**  
Head of Greater China and Southeast Asia Market,  
Vigeo Eiris

**Louise Iida**  
Chief Financial Officer, Reliance Rail

“ **It’s all about the clarity  
and the transparency.** ”

*Juliette Macresy, Head of Greater China  
and Southeast Asia Market, Vigeo Eiris*

**BNP Paribas case study:  
Sydney Airport hits the skies  
with pioneering sustainable loan**



The green and sustainability-linked loans market is enjoying significant momentum of late. A combined total of \$100bn in green and sustainability-linked loans was issued in the first half of 2019. This session reflected on how companies can best develop ESG transparency factored in the financing model of how projects are selected, funded and reported.

“ **Green definitions are more  
curtailing; but it also  
depends on the markets.** ”

*Blathnaid Byrne, Group Treasurer,  
AGL Energy*

Byrne shared her experience with AGL Energy. While the company was the largest carbon-emitting company in Australia, it was also the largest privately-owned renewable energy owner-operator. Its energy mix mirrored that of the national energy market in Australia, which is 80% coal, and it was difficult to make the transition to cleaner energy without the country doing a similar thing.

Project finance and the transition-linked loan mechanism allowed companies such as AGL that were looking at decarbonisation to issue in the sustainable finance space.

“ **One of the things borrowers  
realise very quickly is when  
there’s a price to pay...the  
benefit is reputation and  
ensuring better compliance.** ”

*Jackie Surtani, Director, Infrastructure  
Finance East Asia, Southeast Asia and  
the Pacific, Asian Development Bank*

Surtani said that the Asian experience is different as many companies are still family-owned or have links with the government. The driver for sustainable loans then increases when these companies go beyond their domestic shores. Chinese companies, for example, going out to the rest of Asia want to be recognised and green bonds provide them with that publicity. Although there may not be a pricing difference, the credibility that it comes with may attract other potential investors.

However, as with most ESG initiatives in Asia, the panelists agreed that the main challenge is the limited transparency of data in this space. Corporate ESG rating scores in Asia are not as transparent as in Europe and there is no one-size-fits-all set of definitions when the market is still evolving.

“ **Just like we wouldn’t accept  
a blanket set of covenants and  
terms, we think the green targets,  
KPIs and ESG ratings have to be  
customised to each facility.** ”

*Louise Iida, Chief Financial Officer,  
Reliance Rail*

Iida noted that high value debt facilities are all customised to some extent and that green/SLL terms should be no different. She believes that overarching principles and guidelines are useful but being overly restrictive will hinder market growth and that strong relationships with banks who understand their borrowers will be key to structuring the right terms.

## ENTREPRENEURSHIP FOR GOOD AND MICROFINANCE



**Moderator: Arnaud Tellier**  
Co-CEO, Asia Pacific, BNP Paribas Wealth Management

**Panelists: Tan Sri Dr Lim Wee Chai**  
Executive Chairman and Founder, Top Glove Corporation

**Mason Tan**  
Founder, Chief Executive Officer, Garden Impact Investments Pte Ltd

**Wei-Ling Low**  
Chief Executive Officer, Vanda Global Capital

**Pierrick Balmain**  
Head of APAC Business Development, BlueOrchard Asia

Take a deep dive into our  
Global Entrepreneur Reports



“ There are no hard and fast rules and solutions that we can come up with in one day or one year so it’s a very long inclusive model. ”

Wei-Ling Low, Chief Executive Officer,  
Vanda Global Capital

There is a rising appetite among Asian entrepreneurs and high-net-worth individuals (HNWIs) to engage in profitable ventures that also benefit the environment on society.

Impact bonds have helped finance a variety of outcomes from educating girls in rural India to sustainable marine and fisheries project in Seychelles.

Agriculture was the common vein that ran across a number of the panelists’ remarks. From Tan’s project in Indonesia that transforms plastic packaging to cassava, a biodegradable material to Low’s investment in high-tech agriculture such as artificial intelligence for increased yield, efficiency and sustainability. Investment in blockchain technology also opens up new solutions in storage, sale and processing of agricultural waste.

“ We need to ensure the project is not a charity – there must be profit and it needs to be scalable. Entrepreneurs face the challenge of working capital not business models. ”

Mason Tan, Founder and  
Chief Executive Officer, Garden  
Impact Investments Pte Ltd

The indebtedness of farmers means that financial inclusion and microfinance play a big role. Development banks like the IFC actively invest in the field and provide financial education to the unbanked. According to Balmain, microfinance has had a multiplier effect for the population when it enables villagers to unlock economic benefits from their skills.

“ What microfinance is about is banking the unbanked. ”

Pierrick Balmain, Head of APAC Business  
Development, BlueOrchard Asia

Although the roots of microfinance started from non-profits, with social impact investment, investors need to balance the heart and the head. It is important to have compassion and objectivity.

However, the real social impact may be hard to measure. Tan advises impact investors to start small and focus on something they are passionate about. Lim concurred that skills and knowledge are important and a willingness to learn provides fertile ground for growth. Low added that ecosystem support, such as the government, is also important.

“ You need good healthy people to protect the environment. ”

Tan Sri Dr Lim Wee Chai,  
Executive Chairman and Founder,  
Top Glove Corporation

In line with sustainable and responsible Investment, the panelists were optimistic on the long-term growth and scalability of sustainable businesses.

Our approach to Socially  
Responsible Investment Solutions

## CLOSING THE LOOP AS THE DIGITAL ECONOMY GOES CIRCULAR



**BNP PARIBAS  
SUSTAINABLE FUTURE FORUM 2019**  
"Solutions for a brighter tomorrow"

**Moderator: Shilpa Gulrajani**  
Head of Business Strategy & Sustainability,  
Southeast Asia, BNP Paribas

**Panelists: Chris Cui**  
Director, China Programs, Closed Loop Partners

**Fanny Moritz**  
Advocate, Zero Waste Lifestyle

**Cynthia Tchikoltsoff**  
Head of Supply Chain Management,  
Asia Pacific, BNP Paribas

**Vikas Garg**  
Founder and CEO, abillionveg

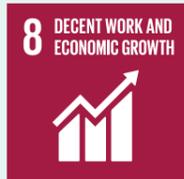
**From Farm to Fork:  
How blockchain is creating  
a more equitable supply chain**

**" The issue is a lack of  
transparency in the supply chain. "**

*Cynthia Tchikoltsoff, Head of Supply Chain  
Management, Asia Pacific BNP Paribas*

The World Business Council on Sustainable Development (WBCSD) estimates that the circular economy presents a \$4.5trillion investment opportunity in terms of saved materials and energy costs, water costs, saved water and special resources, and reduced accountable externalities.

A circular economy – based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems – holds a significant part in meeting global sustainability goals.



One key business opportunity that emerged from the panel is the electronics sector, which has gone from producing a lot of e-waste to redesigning the reuse of materials. Tchikoltsoff pointed out that the industry is coming under increasing pressure to source for alternative sustainable materials.

**" The millennials are driving the  
demand and changing the mindset,  
forcing the entire chain and exerting  
the pressure on the regulators.  
Consumers have the power. "**

*Chris Cui, Director, China Programs,  
Closed Loop Partners*

Cui brought the spotlight to packaging production, food waste and fashion. She believes that fashion brands in the region need to be more circular by sourcing low-impact materials.



Much of the behaviour is created at an early age, with education being an important catalyst, according to Garg. Diet also plays a part where the food revolution has led to a new set of illnesses such as obesity.

However, scale in Asia will need to be addressed by government policies. This is unlike the US where the private sector, together with the federal government, has driven change.

**" Taxation and education should be  
two primary drivers (of change). "**

*Vikas Garg, Founder & CEO, abillionveg*

Transparency in the supply chain also needs to be addressed. BNP Paribas provides financing earlier in the supply chain to help companies that may not have the funds to run sustainable business practices, such as the recent [Trado](#) deal in Malawi.



There is huge potential in the circular economy from recycling to material innovation and food innovation. Technology such as machine learning and artificial intelligence plays a huge part in driving down the cost of recycling. In addition, technology plays a huge role on changing social behaviour.



**" The main difference is recycling.  
Unfortunately, there is little  
recycling in Asia. "**

*Fanny Moritz, Advocate,  
Zero Waste Lifestyle*

While individuals have a role to play in reducing consumption, the bigger burden lies with companies and regulators. Transforming the linear built environment into the circular environment creates huge economic opportunities and companies will need to evaluate their value and choice of materials for sustainability.

# SUSTAINABLE FUTURE FORUM 2019: DAY IN ACTION

## CNBC TV INTERVIEWS



Attack on Saudi shows the world 'needs to move beyond oil'

**Helen Clark**



Nuclear power is 'not a major player' in Japan's energy mix

**Rintaro Tamaki**



For the sake of long-term sustainability we have to invest

**Tan Sri Dr Lim Wee Chai**



The economics of renewable energy are becoming 'irresistible'

**Mark Lewis**



Nature is sending signals to businesses: academic

**Philippe Joubert**



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