

# Hong Kong as a Hub of Green Finance?

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# Momentum is building to shift capital to low carbon

**Low-Carbon Investing Is Growing**

**Investors push companies to assess their climate risk**

Investors Urged to Align Portfolios with Paris Agreement

More Shareholder Proposals Spotlight Climate Change

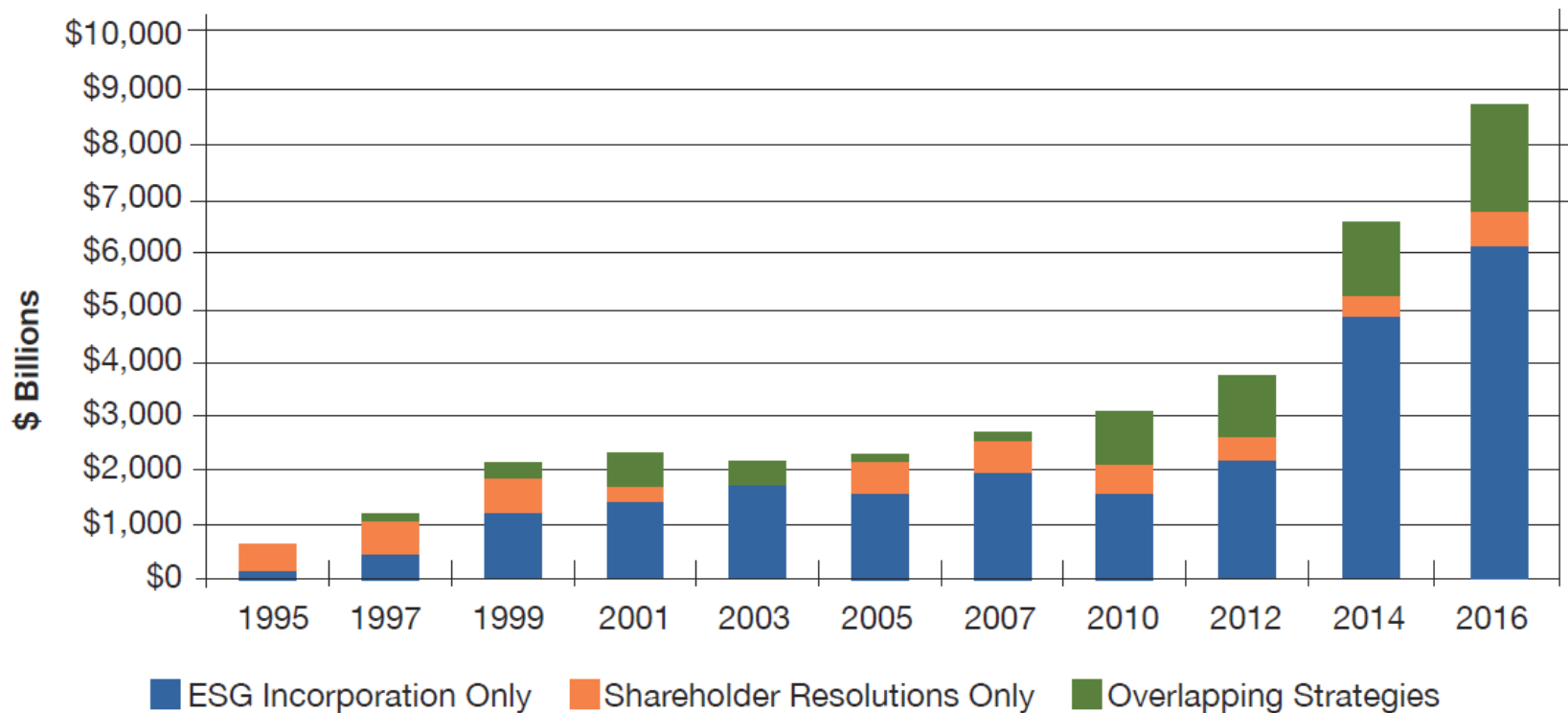
**Banks Told They're Lagging on Response to Climate Risks**

**BlackRock Wields Its \$6 Trillion Club to Combat Climate Risks**

10 signs that some of the world's most powerful money managers are worrying more about climate change

# Mainstreaming of ESG Investment in U.S.

Sustainable and responsible investing in the United States, 1995-2016



# Global ESG also growing; also in Asia

- ▼ **United States:** SRI assets grew 33% from 2014-2016 (\$6.57 trillion to \$8.72 trillion).<sup>1</sup>
- ▼ **Europe:** SRI assets grew from \$16 million to \$23 million (2013-2015).<sup>2</sup>
- ▼ **Australia:** As at 31 December 2016, responsible investment constituted \$622 billion assets under management (AUM) up 9% from \$569 billion in 2015, representing around half of all assets professionally managed in Australia (44%).<sup>3</sup>
- ▼ **Asia:** As of 2016, \$52.1 billion in assets were managed using one or more sustainable investment strategies. Sustainable investment assets have grown 16 percent since 2014, compared to 32 percent from 2012 to 2014.<sup>4</sup>
- ▼ **Canada:** Impact investment assets grew from \$3.77 billion to \$9.22 billion USD (2012-2015). Responsible investment assets grew from \$459 billion in 2006 to \$1.5 trillion in 2015.<sup>5</sup>

<sup>1</sup>US SIF. *US Sustainable, Responsible, and Impact Investing Trends 2016*.

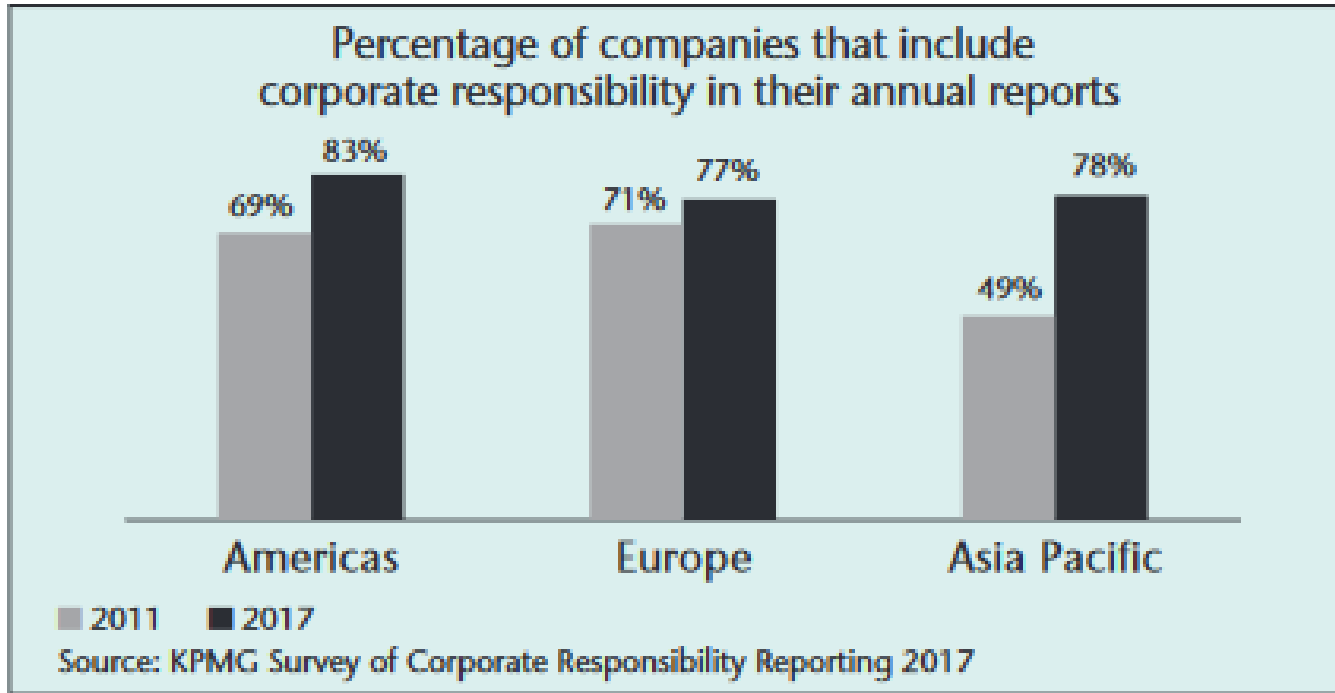
<sup>2</sup>Euro SIF. *European SRI Study 2016*

<sup>3</sup>Responsible Investment Association Australiasia. *Responsible Investment Benchmark Report 2017*.

<sup>4</sup>Global Sustainable Investment Alliance. *2016 Global Sustainable Investment Review 2016*.

<sup>5</sup>Responsible Investment Association. *2016 Canada RI Trends Report*.

# Asia Finding Parity with Global Trends

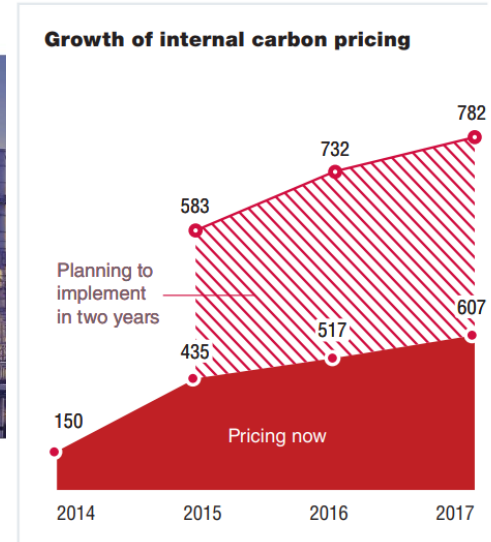
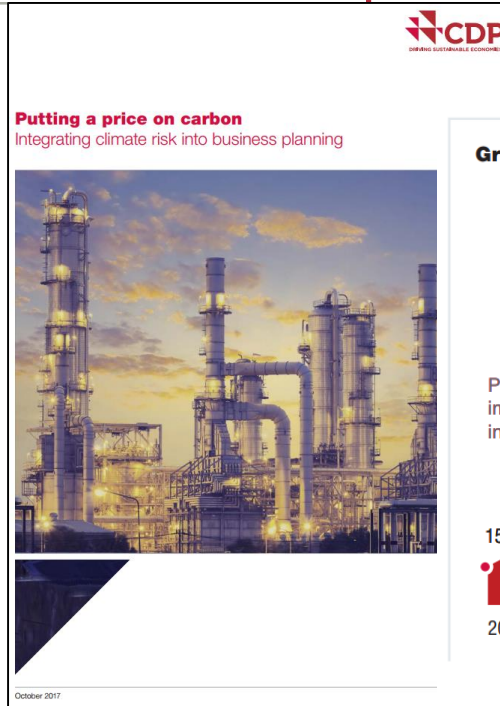


# ESG growth triggered by data and disclosure, voluntary and mandatory (CDP, the only global environmental system)

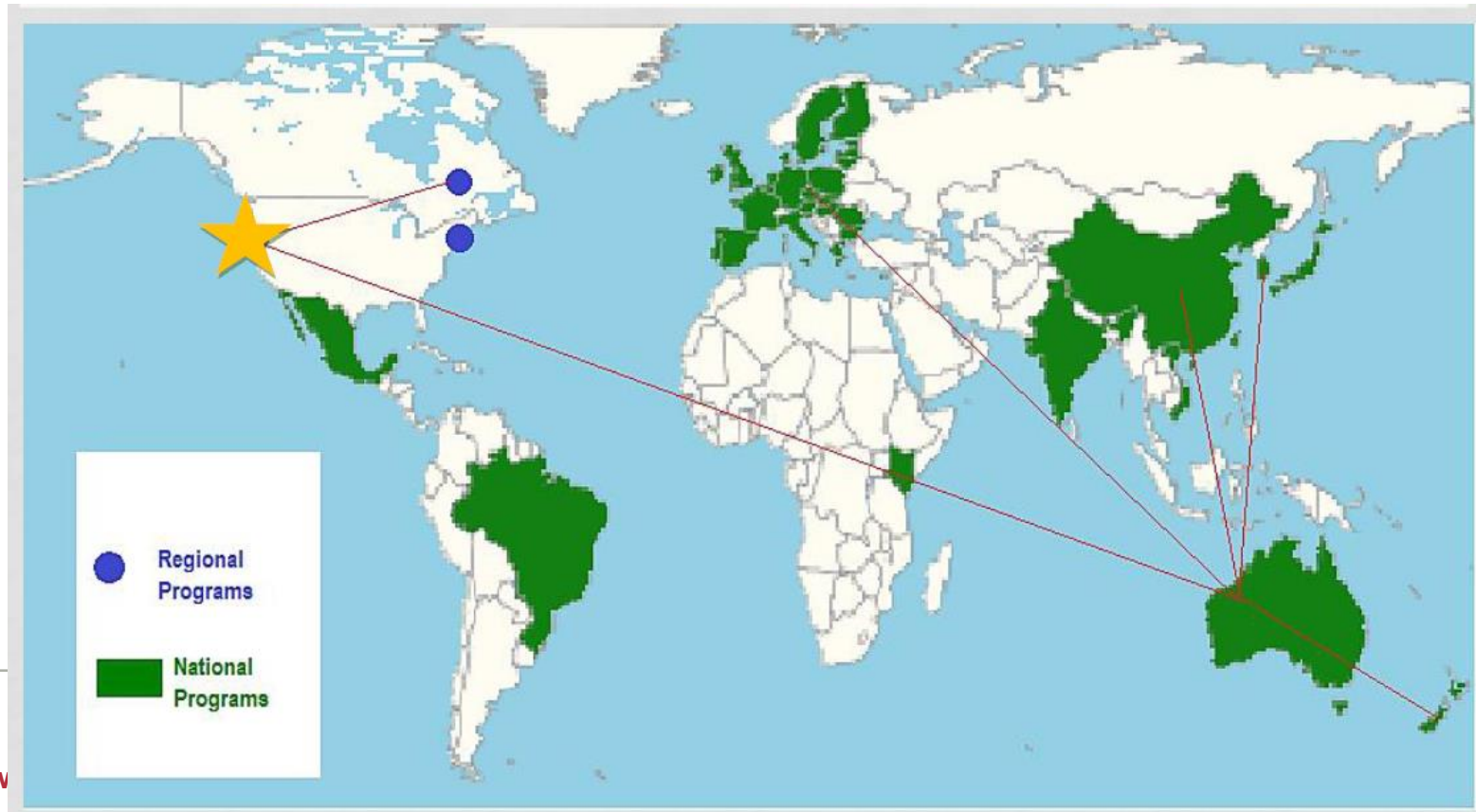


# Meanwhile, increasing use of internal carbon price to prepare for cap-and-trade, carbon tax and other carbon pricing mechanisms)

- ▼ Setting an internal carbon price on the rise (8 fold increase in 4 years) for major multinationals (CDP 2017 report)
- ▼ Chinese companies pricing carbon have doubled since 2015; Asian companies pricing has increased from 0 in 2014 to 400 today
- ▼ China announced launch of world's largest ETS by year end; could mean that up to 25% of emissions will be covered by a carbon price



# Cap-and-Trade Worldwide





# Eyes on China—National Market in 2018-9

- ▼ Tianjin (TCX), Shanghai, Shenzhen, Guangzhou, Beijing— pilots learn-by-doing
- ▼ China, California, Canada, Europe and Australia—Linkage?
- ▼ COP-21—A linkage blueprint?
- ▼ China price a global benchmark?  
[www.cdp.net](http://www.cdp.net) | @CDP



Opening of the Tianjin Climate Exchange (TCX)  
September 25, 2008  
Tianjin, China



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## 5 Ps—Hub of the Hub

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- ▼ Products—Many exist, marketed from Hong Kong?
- ▼ Practitioners—Jobs and talent, attracted and retained?
- ▼ Policy—Wide-ranging and innovative, encouraging?
- ▼ Price—China ETS, “alarmingly low” interest in HK?
- ▼ Purpose—High-level branding, shift in thinking?

