



Bloomberg
New Economy
Forum

The Greening of Finance

Roundtable Briefing

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Session Information

Session Title: Greening of Finance

Date & Time: Wednesday November 7, 2018 - 9:15 - 10:05am

Location: Specific breakout room will be listed in the Forum App

Logistics:

- Leaders: Please arrive 5 minutes prior to the start of your session to meet the moderator [9:10am]
- Press plan: Open but not broadcast
- Session length: 50 min

Description:

Climate change is one of the greatest threats today to the global well being, ranging from economic threats stemming from changing weather patterns, exposure to climate risk for global companies, and pollution of the air, water and soil from which we grow our food. In most countries, the political will exists to tackle this threat, yet are experts predicting that it will cost governments close to \$2 trillion to implement the commitments of the Paris Agreement. The biggest challenge is financing these goals.

Governments are able to finance approximately 10-15% of these commitments, therefore to be successful, private sector financing is a critical part of the solution. But how can they create the financial instruments, public and private, to attract the necessary capital?

Format:

Timeline	Agenda
3 min	Host opens the roundtable <ul style="list-style-type: none">• Frames the challenge• Summarizes the topic• Explains the format
21 min	Moderator introduces and calls on the Firestarters Firestarters speak (2-3 min each)
24 min	Moderator opens conversation to the room <ul style="list-style-type: none">• Calls on delegates individually to share ideas, reactions, comments (1-2 min each)
2 min	Moderator wraps roundtable

Roundtable Leaders

Host:



Hank Paulson
Chair, New Economy Forum
Former U.S. Treasury Secretary; Chairman, Paulson Institute

Moderator:



Deborah Lehr
Vice Chairman, Paulson Institute

Firestarters:



Zhang Hong Li
*Partner and Co-Chairman,
Hopu Investment Management*



Gary Rieschel
*Founding Managing Partner,
Qiming Venture Partners*



Loh Boon Chye
*Chief Executive Officer,
Singapore Exchange Ltd*



Jonathan Woetzel
*Senior Director, McKinsey &
Company*



Luis Alberto Moreno
*President, Inter-American
Development Bank*



Lord Nicholas Stern
*Chair of the Grantham
Research Institute on Climate
Change and the Environment;
IG Patel Professor of
Economics and Government,
London School of Economics*

Registered Roundtable Participants

Ileana Celia Aiello, Managing Director, TPCG Valores S.A.
Mohamed Al Ramahi, Chief Executive Officer, Masdar
Mina Al-Oraibi, Editor-in-Chief, The National
Ashley Bacon, Chief Risk Officer, JPMorgan Chase & Co.
Julie Brodtkorb, Chairperson, Norges Bank - Supervisory Council
Paul Burdell, Chief Executive Officer, LCM Partners
Elle Carberry, Vice President of Corporate Engagement, Georgetown University
Mohamed El-Erian, Chief Economic Advisor, Allianz
John Flint, Group Chief Executive, HSBC
Pierre Goad, Group Managing Director and Group Head of Communications, HSBC
Stephen Groff, Ranking Vice President, Asian Development Bank
Piyush Gupta, Chief Executive Officer, DBS Bank Ltd.
Miguel Gutierrez, Chairman, YPF
Stephen Heintz, President, Rockefeller Brothers Fund
Lyndsay Howard, Senior Foreign Policy Analyst, Bloomberg L.P.
Alan Jeffers, General Manager, Public & Government Affairs, ExxonMobil
Liza Jonson, Chief Executive Officer, Swedbank Robur
Yoriko Kawaguchi, Visiting Professor and Fellow, Musashino Institute for Global Affairs, Musashino University
Daniel Klier, Group Head of Strategy and Global Head of Sustainable Finance, HSBC
Fanyu Lin, Chief Executive Officer, FLUXUS Llc
Federico Lopez, Chairman and Chief Executive Officer, First Philippine Holdings Corporation
Leslie Maasdorp, Vice President and Chief Financial Officer, New Development Bank
Robert Meyer, Chief Executive Officer, Halcyon Agri Corporation Limited
Stuart Milne, Chief Executive Officer, Malaysia, HSBC
Kristi Mitchem, Chief Executive Officer and Head of Asset Management, Wells Fargo Asset Management
Douglas Peterson, President and Chief Executive Officer, S&P Global
Jayne Plunkett, Chief Executive Officer, Asia, Swiss Reinsurance Asia Pte Ltd
Mojdeh Poul, Executive Vice President, 3M Safety & Graphics Business Group, 3M
Noel Quinn, Chief Executive, Global Commercial Banking, HSBC
Carlo Ratti, Director of MIT Senseable City Lab
Bahren Shaari, Chief Executive Officer, Bank of Singapore
Matthew Slaughter, Paul Danos Dean and Earl C. Daum 1924 Professor of International Business Tuck School of Business
Hary Tanoesoedibjo, Chairman, MNC Group
Janet Yellen, Distinguished Fellow, The Brookings Institution
Danny Yong, Chief Investment Officer and Founding Partner, Dymon Asia Capital
Marc Zornes, Founder and Chief Executive Officer, Winnow

Topic Overview



In 2015, 195 governments agreed to the terms of the Paris Agreement to the United Nations Framework Convention on Climate Change (Paris Agreement) and as of early 2017, 125 governments have officially ratified. It committed governments “to combat climate change and to accelerate and intensify the actions and investments needed for a sustainable low carbon future by keeping the global temperature rise this century below 2 percent Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.” Party governments are required to commit to “nationally determined contributions” (NDCs) – efforts to reduce national emissions and adapt to the impacts of climate change—to achieve the central aim of the Paris Agreement.

The political will to meet these targets is strong, yet the commitment to implement the necessary conditions to generate financing for meeting these goals is lagging behind. That said, there is some innovative work under consideration in key markets around the world to explore a global infrastructure for green finance.

Under President Xi Jinping, for example, China has embarked on an ambitious agenda to construct a green financial system as part of its larger environmental protection goals. It has developed a significant green bond market, green insurance products, green lending platforms, as well as created the world’s largest carbon market—although it is still a work in progress. In addition, they are seeking to find ways to “price” pollution for air, water, and the soil.

In the United Kingdom (UK), green finance is a priority for not only the national government, but also for the City of London leading to the establishment of the Green Finance Institute in June 2018. The recent Green GB Week in the UK further illustrates the country’s commitment to green finance with an announcement of a new clean tech venture fund, green finance standards, and the intent to chair the new International Standards Organization Technical Committee on Sustainable Finance. The UK-China Green Finance Center is working with China to create trading mechanisms and standards for green bonds, as well as voluntary lending principles for financing along China’s Belt and Road Initiative.

Multilateral institutions are also playing a key role. The Inter-American Development Bank, for example, is being a thought leader within the multilateral framework in developing a commonly accepted definition for “green” and applying these market mechanisms to promote green development in Latin America. In another recent example of advancing green finance, the World Bank and the International Finance Corporation announced support for green bonds issued in the Philippines and Indonesia.

Last, but not least, the regulatory structure—and other key conditions—must be established to shift thinking on green finance from a largely philanthropic endeavor into the mainstream of global finance. Private sector companies, such as Blackrock, are exploring innovative financing mechanisms to help finance green development using market mechanisms. Innovation from new technologies, such as blockchain, might also provide new solutions for financing sustainable development.

To be successful, it will require mainstreaming green finance into the global financial system with common definitions, well-established regulatory and enforcement mechanisms, policy incentives and innovative thinking for private sector financing vehicles to promote to sustainable green development.

Sample Panel Topics

- How to finance the Paris Commitments
- Trends in green finance
- Development of global green standards
- Financial Disclosure - mandatory or voluntary
- The role of multilateral institutions
- Digital technologies
- How to green global infrastructure development

Background Resources

UN Environment Inquiry into the Design of a Sustainable Financial System, "Green Finance Progress Report," July 2017

http://unepinquiry.org/wp-content/uploads/2017/07/Green_Finance_Progress_Report_2017.pdf

Summary: The G20 Green Finance Synthesis Report adopted at the G20 Leaders Summit in Hangzhou in September 2016 set out seven options identified by the G20 Green Finance Study Group (GFSG) to accelerate the mobilization of green finance. This paper highlights some of the progress made against these seven options in G20 members and internationally since the GFSG meeting in June 2016 in Xiamen. Progress described is illustrative and non-exhaustive, drawing on voluntary contributions from GFSG members and a broader review of global trends.

European Commission, "Financing Sustainability: Triggering Investments for the Clean Economy," June 8, 2017

https://ec.europa.eu/epsc/sites/epsc/files/strategic_note_issue_25.pdf

Summary: Faced with the already tangible effects of climate change, dwindling global competitiveness, and the pressures of the 'fourth industrial revolution', one of the main goals of the Juncker Commission is to accelerate the modernization of Europe's economy, making it more sustainable, low-carbon, energy and resource-efficient, in a socially fair manner. The EU now has a unique window of opportunity to take the global lead on sustainable finance and position itself as the investment destination for low-carbon technologies, securing a substantial competitive advantage.

G20 Eminent Persons Group, "Making the Global Financial System Work for All," October 2018

<https://www.globalfinancialgovernance.org/assets/pdf/G20EPG-Full%20Report.pdf>

Summary: The study recommends reforms to the global financial architecture and governance of the system of International Financial Institutions (IFIs), so as to promote economic stability and sustainable growth in a new global era; and to consider how the G20 could better provide continued leadership and support for these goals.

European Investment Bank, Green Finance Committee of China Society for Finance and Banking, "The Need for a Common Language in Green Finance," November 11, 2017

<http://www.eib.org/attachments/press/white-paper-green-finance-common-language-eib-and-green-finance-committee.pdf>

Summary: This White Paper sets the scene for a broader debate that should ultimately lead to the establishment of a common language in green finance. The objective is to help practitioners clarify and compare their preferences with precision, so that demand can meet supply more efficiently within and across jurisdictions, spurring market support to global public policies. It serves this end by initiating a study on how to enhance comparability of green bond standards in China and the EU.

Ehtisham Ahmad, Isabella Neuweg, and Nicholas Stern, "China, the world and the next decade: better growth, better climate," April 26, 2018

http://www.lse.ac.uk/GranthamInstitute/wp-content/uploads/2018/04/Ahmad-et-al_China-the-world-and-the-next-decade_Better-growth-better-climate-1.pdf

Summary: This paper argues that China's internal reform agenda, which is rebalancing the economy for strong, clean and inclusive growth, is strongly linked to its actions in its major trading partner countries, especially those associated with the Belt and Road Initiative (BRI). The authors examine some of the principal elements of a strategy for the BRI that benefits recipient countries and China, and that can also foster environmentally sustainable policies around the world. They review some of the practical aspects of investments in infrastructure in BRI countries and also provide ideas on how China's own experience and learning can be incorporated into a BRI strategy that aims to foster green investments.

For more information

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