

# BNP PARIBAS SUSTAINABLE FINANCE UNIVERSITY CHALLENGE HONG KONG 2025

KICK-OFF WEBINAR

6/2/2025



**BNP PARIBAS**

The bank for a changing world

# ABOUT BNP PARIBAS



Figures and locations as of 31/12/2023. The number of employees is reported in Full-Time Equivalent.



<sup>1</sup> 2024 annual result



# WHAT WE DO

## OUR ASSETS



European Group with global reach operating in 63 countries and regions



182,656-strong committed employees worldwide



Broad diversification by customer segment, geography, sector and business line



A solid financial structure with €123,742 in common stockholder's equity



Cooperation between business lines, to meet all our customers' needs



Technology and innovation at the heart of our model with 780 AI use cases rolled out as of Jun 2024



A leading group in sustainable finance, #1 worldwide for 2 consecutive years for ESG Bonds and Loans in 2023 (Bloomberg)

## OUR DIVERSIFIED AND INTEGRATED MODEL



## OUR SOLUTIONS

EVERYDAY BANKING

PAYMENTS

ADVICE

FINANCING

INVESTMENTS

SAVINGS

PROTECTION



BNP PARIBAS

The bank for a changing world

# LEADERSHIP RECOGNISED IN OUR MARKET POSITION

<b>AA-</b>	<b>A+</b>	<b>A1</b>	<b>AA (low)</b>
<b>Fitch</b> 2024	<b>Standard &amp; Poor's</b> 2023	<b>Moody's</b> 2024	<b>DBRS</b> 2024



**ESG Asset Management  
Company of the Year**  
*The Asset Triple A Sustainable  
Investing Awards 2024*



**World's Best Bank  
for Financial Inclusion  
& Securities Services**  
*Euromoney Awards for  
Excellence 2024*

**1st**

**and only French bank in the  
2024 ranking of the 100 Most  
Sustainable Companies** awarded  
by Canadian magazine  
*Corporate Knights*



**Sustainable Finance  
House of the Year**  
*Energy Risk Awards 2024*

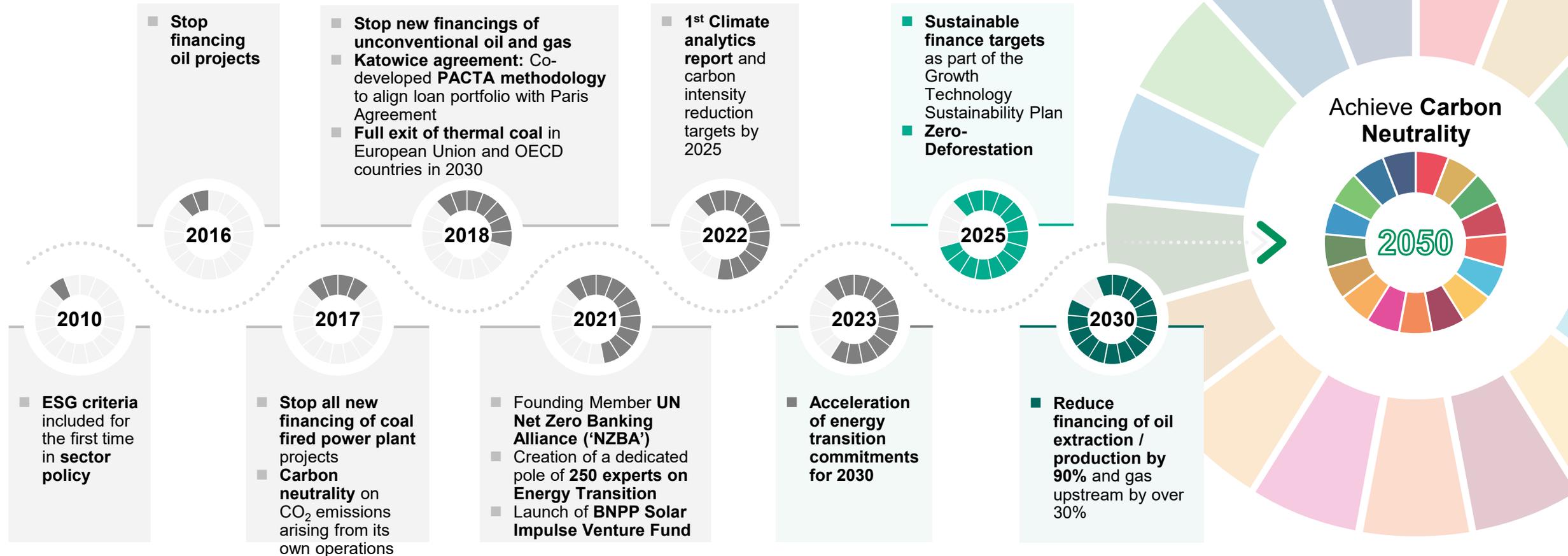


**Top Employer  
Europe 2023**  
for the 11<sup>th</sup> consecutive year



# ACCELERATING THE JOURNEY TO NET ZERO

## Building upon over a decade of ESG leadership



# BNP PARIBAS SUSTAINABLE FINANCE CHALLENGE 2025

- Bringing together your ideas and BNP Paribas' sector expertise to create a **positive impact**.
- To solve, with the support of **BNP Paribas senior mentors**, a **concrete issue in sustainable finance** that is faced by banks and the wider industry.
- A unique opportunity to better understand how a leading international financial institution works and to make a difference.

## Exciting prizes

### FAST TRACK

in BNP Paribas graduate or internship program recruitment process for the winning team

### NETWORKING

Exclusive opportunity to network with BNP Paribas Senior Management and Senior Bankers

## Prestigious jury



**ROSALIA KWONG**  
Head of Human Resources  
Hong Kong  
BNP Paribas



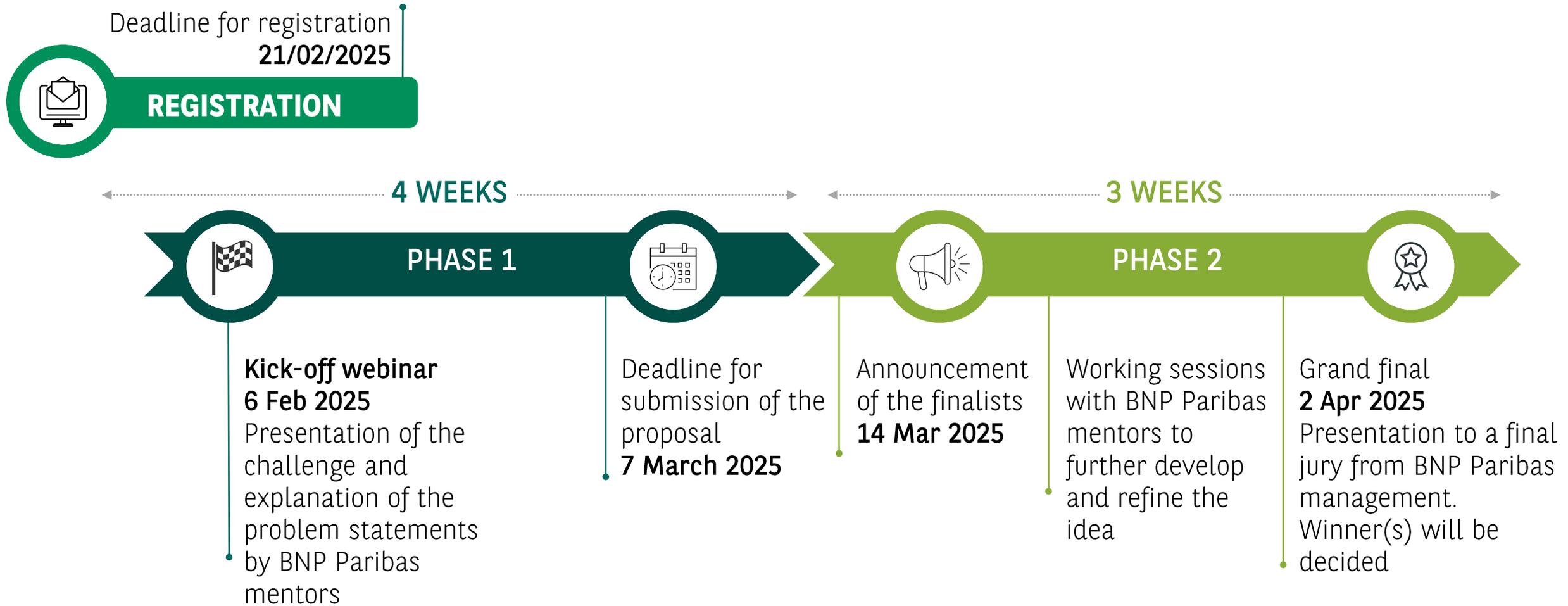
**HUGO LEUNG**  
Chief Executive Officer Hong  
Kong, Chief Executive Officer of  
BNP Paribas Securities (Asia)  
Limited



**KRISHNAN VENKATESH**  
Head of Corporate Clients Group  
APAC  
BNP Paribas



# TIMELINE



# PRACTICAL INFORMATION

## CRITERIA FOR REGISTRATION

- All undergraduate students from CUHK, CityU, HKU and HKUST
- Team of 3-5 students from the same university
- Each team picks 1 problem statement from the list to work on
- To register, fill in the registration form available on the [website](#) and send it to [sf.challenge.hk@asia.bnpparibas.com](mailto:sf.challenge.hk@asia.bnpparibas.com) by 21/02/2025.

## DELIVERABLES

FORMAT	Short slide deck* in PDF (supporting research materials can also be included)
STRUCTURE	Your slide deck to include the following elements: Description of the solution, analysis of the proposition (e.g. SWOT analysis), resources needed to develop the solution (cost, stakeholders involved, timeline of implementation, etc.)

## JUDGING CRITERIA

Creativity and innovation	Relevance of the solution to the problem statement	
Feasibility	Impact	Overall quality of the presentation

## USEFUL LINKS

Official website: [BNP Paribas Sustainable Finance Challenge Hong Kong 2025: Accelerating Innovation in Sustainable Finance - BNP Paribas Hong Kong](#)  
Got a question? Email us at [sf.challenge.hk@asia.bnpparibas.com](mailto:sf.challenge.hk@asia.bnpparibas.com)



# PROBLEM STATEMENTS

- A. Hong Kong's municipal solid waste charging (MSW charging) scheme failed to launch in 2024 and the Government will assess the readiness of society and the implementation of the measures, with a view to reporting work progress to the Legislative Council towards mid-2025. In your view, what are the critical measures to be taken to address Hong Kong's waste management? How banks like BNP Paribas can play a proactive role to engage with companies in Hong Kong to achieve a green circular economy?
- B. The world is increasingly more digitalised. While society as a whole benefits from the convenience and efficiency of technologies offer, it comes at a high cost to the environment. Cloud computing, data centres and AI are energy intensive; production, consumption and disposal of digital infrastructure or equipment are resource intensive. With Hong Kong pledging to step up its efforts to attract high tech sectors, how can we balance this growth plan with Hong Kong's carbon neutrality 2050 goal? How can finance or investment support this important sector?

- *Chaoni Huang*

- A. How can we construct a global equity portfolio that has good risk-adjusted return, while incorporating sustainability themes & industry/company level sustainability information?
- B. As the NextGen becomes increasingly ESG-aware, how can financial institutions like BNP Paribas cater to their interest and needs and design innovative sustainable products tailored to younger investors?

- *Alfred Chang*



# PROBLEM STATEMENTS

A. By opposition to listed companies, private companies remain mostly off the radar. Generally uncovered by regulations, very little information is available regarding their environmental and social performance. Critics argue that private companies and projects are an opaque refuge for carbon-intensive assets and unsustainable activities. However, from clean tech to green building and renewable infrastructure, their role is vital for the transition of our society. Besides the private sector represents a major part of our economies. How can we fill this information gap? How can we support private capital investors in their sustainable investments?

- *Jules Bottlaender*

A. How to position Hong Kong as the world's leading green sourcing hub for Multi-National Companies (MNCs) aiming to ensure regulatory compliance (notably European such as CSRD, CS3D and EUDR) and environmental / social performance in their supply chain? Key sectors include textile and retail/consumer goods. It may range from policy, regional cooperation, ESG supply chain standards setting financial incentives for MNCs corporates, inclusive supply chain financing for Asian SME and technology innovation.

B. Given the substantial premium for low carbon construction materials, how can the financial sector and bank like BNPP help to accelerate their development (green steel, low carbon concrete...) to support Hong Kong's green building agenda? Taking a value chain approach, the solutions may range for industry coalition participation, financial product innovation, policy and standard settings/certifications recognition for sustainable finance and data sharing platform across actors that would help to share the costs, the risks and the benefits.

- *Eric Tran*

A. Since Hong Kong Exchange (HKEx) introducing its Core-Climate Platform back in 2022, what do you recommend HKEx or the city to invest further in order to step up in the green utility and carbon exchange system?

B. We are expecting a massive first wave of EV power battery retirement, what role could BNP Paribas play for the purpose of achieving a feasible, responsible, controllable, and scalable solution for EV battery retirement?

- *Fiona Li*





**Chaoni Huang**

Head Of Sustainable  
Capital Markets APAC, BNP  
Paribas

As Head of Sustainable Capital Markets Asia Pacific, Chaoni leads BNP Paribas's sustainable finance solutions across asset classes for corporates, financial institutions and investors. Leading a growing Sustainable Capital Markets team and working with Global Markets, Capital Markets Group and coverage teams in Asia Pacific and the Banks's global sustainable finance community, Chaoni drives BNP Paribas's continued expansion and leadership in Asian sustainable capital markets.

Chaoni is an industry veteran with over 15 years of experience in sustainable finance having held various ESG-related roles at Natixis, S&P Trucost, MSCI and the United Nations. In addition to her role at BNP Paribas, Chaoni is also highly involved in the forwarding Asia's ESG agenda through driving the development of sustainable finance ecosystems, education and advocacy in the region. She is Vice President and Secretary General of the Hong Kong Green Finance Association and was a guest researcher at both the Green Finance Center at Tsinghua University and the China Economy and Sustainable Development Centre at the Cheung Kong Graduate School of Business.

Chaoni received her Bachelor of Economics from the University of Warwick.



# More Information about Chaoni's Team and Department

## Core Responsibilities of Chaoni's Team

### FINANCING



#### Use-of-proceeds instruments

The use of proceeds of the financing instrument is allocated to an ESG project

Green / Sustainable Bonds

ESG Private Placements

Green Securitisation

Green Repurchase Agreements

#### ESG performance-linked instruments

General corporate purpose financing tied to ESG target

Sustainability Linked Bonds

Sustainability Linked Derivatives

## Members of Chaoni's Team



**Xiaochao Luo**  
*Vice President,  
Sustainable  
Capital Markets,  
Asia Pacific*



**Anthony Fu**  
*Associate,  
Sustainable Capital  
Markets, Asia  
Pacific*



**Vanessa Cheung**  
*Associate,  
Sustainable  
Capital Markets,  
Asia Pacific*



**Kody Leung**  
*Analyst,  
Sustainable  
Capital Markets,  
Asia Pacific*



# PROBLEM STATEMENT

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- *Chaoni Huang*





**Alfred Chang**

Sustainable Investing Strategist  
BNP Paribas Wealth  
Management

Alfred is a Sustainable Investment Strategist based in Hong Kong. He advises Wealth Management clients on their sustainability journey and works closely with the investment services teams as well as stakeholders across the group towards a holistic sustainable investment offering.

Prior to joining BNP Paribas, Alfred worked in Equity Research at Credit Suisse, covering ESG in Asia Pacific. He also held different roles at the Hong Kong Monetary Authority.



BNP PARIBAS WM ASIA

# Sustainability @BNP Paribas Wealth Management Asia

February 2025

01

# Wealth Management as a Trusted Partner

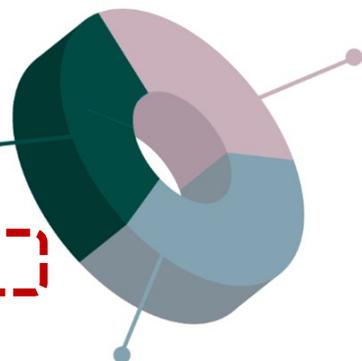
# BNP Paribas: a major international banking group

A SOLID, DIVERSIFIED AND INTEGRATED MODEL

## ONE BANK MODEL

### Investment & Protection Services

- **BNP Paribas Cardif**  
Insurance
- **BNP Paribas Asset Management**  
Asset Management
- **BNP Paribas Wealth Management**  
Private Banking
- **BNP Paribas Real Estate**  
Real Estate Services



### Corporate & Institutional Banking

- **Corporate Banking**  
Financing, Cash management & Financial advisory services
- **Global Markets**  
Capital markets investment & financing
- **Securities Services**  
Securities custodian and administrator

### Commercial, Personal Banking & Services

- **BNP Paribas**  
French commercial banking
- **BNP Paribas Fortis**  
Retail banking in Belgium
- **BNL**  
Retail banking in Italy
- **BGL BNP Paribas**  
Retail banking in Luxembourg
- **Arval**  
Equipment Solutions
- **BNP Paribas Leasing**  
Financing Solutions and Services relating to professional equipment
- **BNP Paribas Personal Finance**  
Credit for individual customers
- **Europe-Mediterranean**  
Retail banking outside the eurozone
- **Nickel**  
Account services open to all
- **BNP Paribas Personal Investor**  
Consorsbank in Germany  
Sharekhan in India

A combination of exceptional resources and expertise as well as a presence in 63 countries and regions with nearly 183,000 employees.

Proven resilience throughout economic cycles and in challenging times thanks to diversification, a prudent risk profile, integrated platforms and approaches.

A strong financial structure (capital & liquidity)

€467 billion in liquidity<sup>1</sup>  
as at 30/9/2024

CET1:12.7%  
as at 30/9/2024

Strong Credit Ratings<sup>2</sup>

	BNP Paribas	HSBC	JP Morgan	UBS
S&P	A+ (Stable)	A- (Stable)	A- (Positive)	A- (Stable)
Moody's	Aa3 (Negative)	A3 (Stable)	A1 (Stable)	A3 (Positive)
Fitch	AA- (Stable)	A+ (Stable)	AA- (Stable)	A (Stable)

1.Liquid market assets or eligible assets in central banks (counterbalancing capacity), taking into account prudential standards, notably US standards, minus intra-day payment system needs.

2.Credit ratings of BNP Paribas and its peers stated above are long-term debt credit ratings and are taken on a group level. The quoted ratings for S&P, Moody's, and Fitch are all referring to the bank's Senior Preferred Debt/Holding Company ratings.

# Wealth Management – strong global network with local roots

OVER 160 YEARS ASIAN HERITAGE WITH 150 INVESTMENT SPECIALISTS REGIONALLY



LEADING GLOBAL PRIVATE BANK

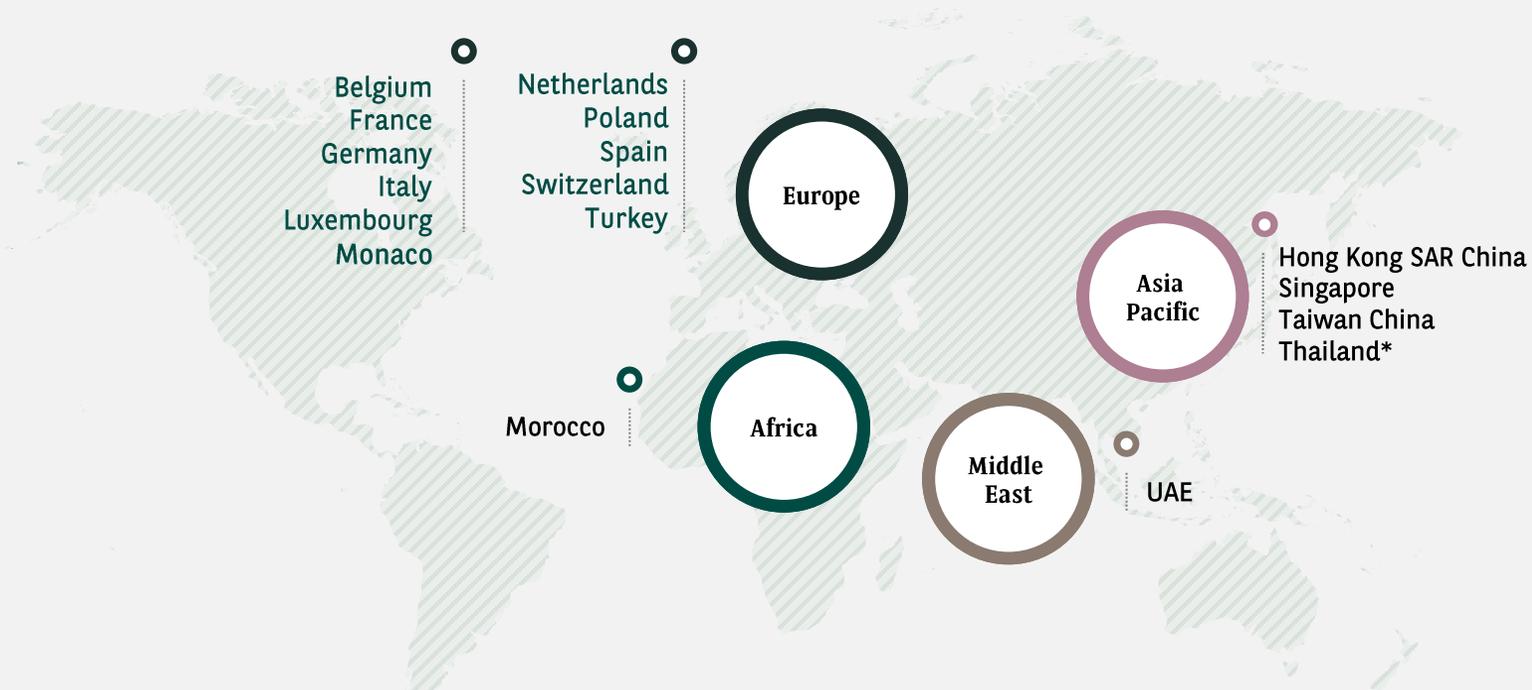
#1 IN THE EUROZONE

PRESENT IN 17 LOCATIONS

6,700 PROFESSIONALS

€456 BILLION IN AUM (END SEPTEMBER 2024)

BNP PARIBAS IS A PUBLIC LIMITED COMPANY (SOCIÉTÉ ANONYME) INCORPORATED IN FRANCE. BNP PARIBAS WEALTH MANAGEMENT IS A BUSINESS LINE WITHIN THE HONG KONG & SINGAPORE BRANCHES RESPECTIVELY



\* Accounts opened in Thailand will be booked in Singapore. Our Thailand onshore presence allows us to market our services to clients in Thailand, though it is not a booking centre.

# Serving various client segments

## ENTREPRENEURS



- To help our entrepreneur clients bring their vision to life.
- We pave the way for your success.

+ Our entrepreneur clients experience a seamless journey through **BNP Paribas' robust, diversified and integrated model** and access a large **ecosystem of start-ups**.

## FAMILY HOLDINGS



- Because our family clients have different financial priorities.
- We bring you a unique blend of expertise and a solution-focused mindset.

+ Active communities of leaders for **Single Family Offices** or the **Next Generation** to provide networking opportunities.

## CORPORATE EXECUTIVES



- Because our corporate executive clients have demanding lives.
- We handle all aspects of their personal wealth to save them time.

+ Our clients benefit from turnkey solutions such as **Strategic-A**, our strategic allocation tool.

## PRIVATE BANKING CLIENTS



At every important stage of their life, we help our private banking clients to protect, grow and pass on their wealth.

+ Private banking clients benefit from local and personalised support, as well as access to all Wealth Management's expertise in a simple, direct and effective way thanks to our digital solutions.

WE ARE WELL RECOGNISED FOR  
OUR BEST-IN-CLASS SERVICES AND OFFERINGS



**Global award**  
WORLD'S BEST FOR  
SUSTAINABILITY

**Regional awards**  
ASIA'S BEST FOR SUSTAINABILITY  
ASIA'S BEST FOR DISCRETIONARY  
PORTFOLIO MANAGEMENT  
ASIA'S BEST FOR DIGITAL SOLUTIONS

**Domestic award**  
HONG KONG'S BEST FOR NEXTGEN



**Best International  
Private Bank for**  
DISCRETIONARY PORTFOLIO  
MANAGEMENT

**Best Private Bank for**  
INVESTMENT ADVISORY  
FX ADVISORY  
NEXT GENERATION SERVICES

**Highly commended for**  
CREDIT & FINANCING  
FIXED INCOME ADVISORY



BEST ESG PRIVATE BANK ASIA  
BEST NEXTGEN PRIVATE BANK ASIA

**Best Bank for**  
INVESTMENT SOLUTIONS ASIA  
INVESTMENT SOLUTIONS ASIA – EQUITY  
INVESTMENT SOLUTIONS ASIA – FX  
INVESTMENT SOLUTIONS ASIA – COMMODITIES  
INVESTMENT SOLUTIONS ASIA – CREDIT

**Best Private Bank for**  
PHILANTHROPY ASIA  
UHNWIs – HK  
UHNWIS – ASIA (Highly Commended)  
IMPACT INVESTING – ASIA (Highly Commended)

**EDITORS' TRIPLE STAR for**  
MYIMPACT TOOL



**BEST PRIVATE BANK  
FOR ENTREPRENEURS**  
(Global)

**BEST PRIVATE BANK  
IN HONG KONG**

# Access all expertise across BNP Paribas

OUR CLIENTS BENEFIT FROM BNP PARIBAS' ROBUST, DIVERSIFIED AND INTEGRATED MODEL



02

## Our Positive Impact solutions

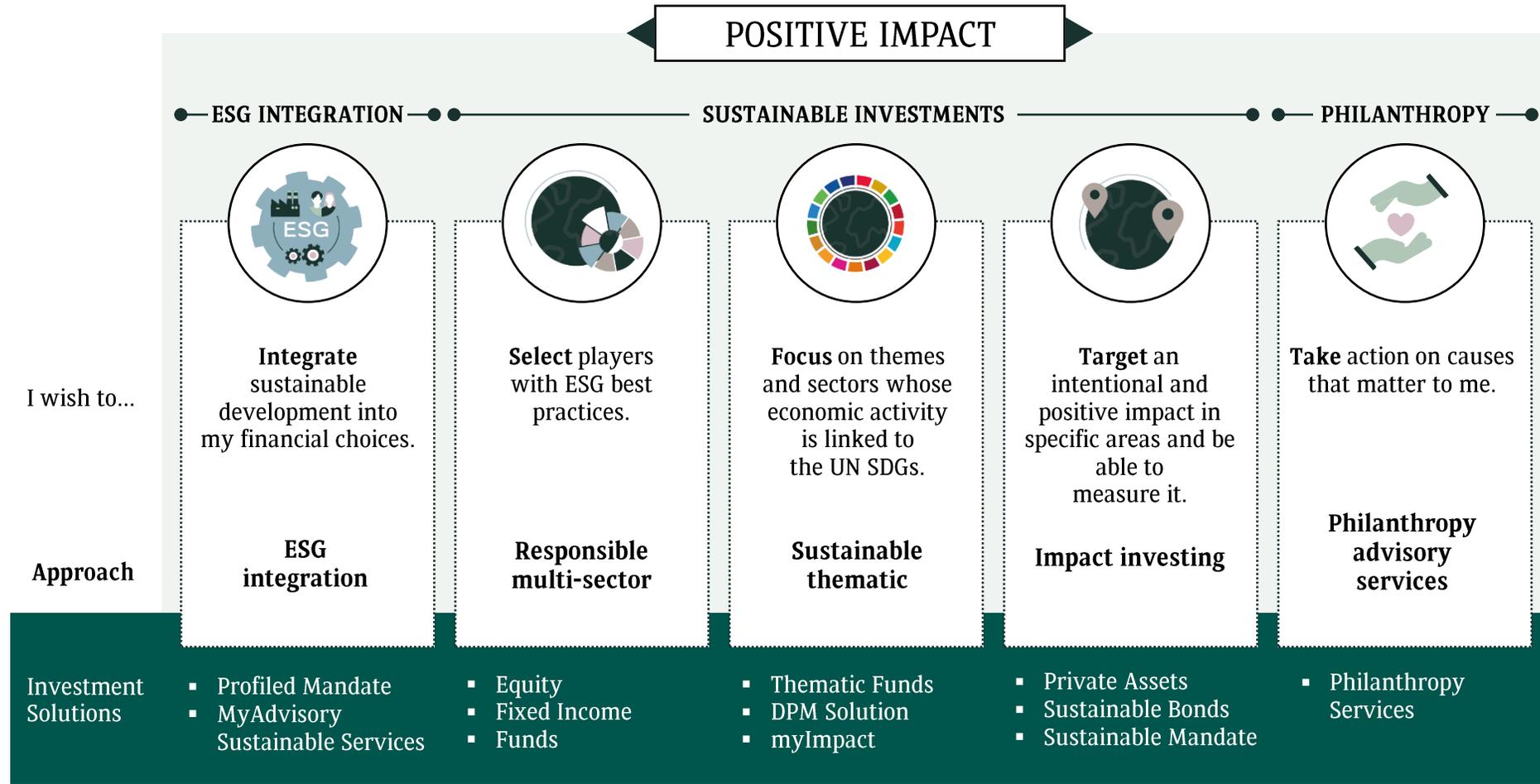
FROM SUSTAINABLE  
INVESTMENTS TO  
PHILANTHROPY SERVICES



**BNP PARIBAS**  
WEALTH MANAGEMENT

The bank  
for a changing  
world

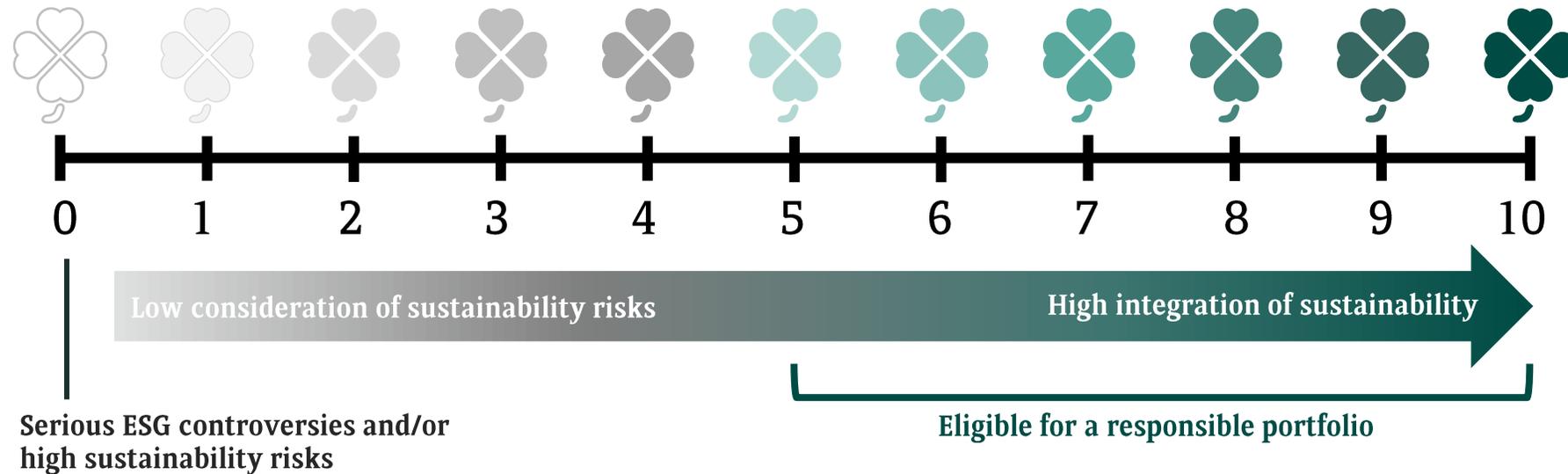
# Create positive impact with our array of solutions



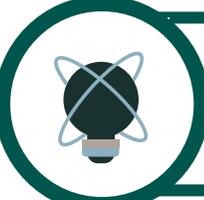
 [Brochures available that detail Clover Rating for each asset class](#)

# The Clover evaluation

AN ASSESSMENT OF THE SUSTAINABILITY LEVEL FOR EACH INVESTMENT SOLUTION



 The sustainability rating covers all asset classes and all products, whether responsible or not

 Hence, allowing you to compare sustainability levels of all investment options

 The clover rating also gives you a holistic vision of the sustainability level of your portfolio

## Risk Disclosure

The prices of investment products fluctuate, sometimes dramatically. The prices may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling investment products. Major risks associated with synthetic exchange-traded funds ("ETF") include market risk, counterparty risk, liquidity risk, tracking error, and trading at a discount or premium. Renminbi ("RMB") products may involve RMB exchange rate risk. RMB is currently not freely convertible. Conversion of RMB is subject to certain restrictions.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong or Singapore and you are advised to exercise caution in relation to this document and if you are in doubt about any of the contents of this document, you should obtain independent professional advice.

Investment products may involve derivatives. Do not invest in such unless you fully understand and are willing to assume the risks associated with such. Prior to entering into a transaction or investing in any product, each investor/subscriber should fully understand the terms, conditions and features of such product as well as the risks and merits of entering into the transaction/investing in such product, and consult their own legal, regulatory, tax, financial and account advisors before making the investment. If you are in any doubt about the risks involved in the products, you should seek appropriate professional advice.

Notwithstanding other provisions in this document, products referred therein may not be authorized by the Hong Kong Securities & Futures Commission and may be offered in Hong Kong only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder. Similarly, those products may

not be authorized by the Monetary Authority of Singapore and may be offered in Singapore only to "accredited investors" within the meaning of the Securities and Futures Act, Chapter 289 of Singapore.

Investment products are not equivalent and should not be treated as a substitute for a term deposit. They are not protected deposits and are not protected or insured under the Deposit Protection Scheme in Hong Kong and the Deposit Insurance Scheme in Singapore.

THIS DOCUMENT CANNOT DISCLOSE ALL POSSIBLE RISKS OF THE PRODUCTS REFERRED THEREIN. Terms may be defined differently for specific products. Investors should read and understand the termsheet, prospectus (available upon request) and all other offering documents of each specific product, in particular the risk factors, for further details.

**Please be reminded to read the Disclaimer at <https://bnpp.lk/-asia-disclaimer>**

# PROBLEM STATEMENT

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- A. How can we construct a global equity portfolio that has good risk-adjusted return, while incorporating sustainability themes & industry/company level sustainability information?
- B. As the NextGen becomes increasingly ESG-aware, how can financial institutions like BNP Paribas cater to their interest and needs and design innovative sustainable products tailored to younger investors?

- *Alfred Chang*





## **Jules Bottlaender**

Head of Sustainable  
Finance, APAC  
Securities Services

Drawing from diverse experiences in financial modelling, sales, and Distributed Ledger Technology, Jules transitioned to a focus on sustainability in early 2019. Two years later he assumed leadership of the sustainable finance in the Asia-Pacific region. In this capacity, Jules drives the regional strategy, guiding financial institutions on their ESG journey. His leadership has positioned APAC as a hub for product innovation, significantly advancing BNP Paribas Securities Services' sustainability objectives.

Jules holds master's degrees from Melbourne Business School and Ecole Central Paris, one of France's top graduate engineering schools. He has also completed an executive program with Cambridge Institute for Sustainability Leadership and the CFA certificate for ESG investing.



# Sustainability approach

THROUGH OUR INNOVATIVE ASSET SERVICING SOLUTIONS AND DEEP COMMITMENT TO RESPONSIBLE BUSINESS PRACTICES, WE HELP OUR CLIENTS ACCELERATE THEIR SUSTAINABILITY AMBITIONS, WHILE MAXIMISING POSITIVE IMPACT ON SOCIETY AND THE ENVIRONMENT.

## A POSITIVE IMPACT BUSINESS

- We aim to bring our sustainability strategy to life through our daily activities across four key pillars



## HOW WE HELP CLIENTS

- Our end-to-end solutions support clients with their sustainable finance objectives



<sup>1</sup>Sustainability Linked Loans | <sup>2</sup> Manao is a 100% owned technology subsidiary of BNP Paribas



# Sustainability team

## TEAM PURPOSE

- **Client Engagement:** engage and maintain dialogue about sustainability with our clients to accompany them in their ESG journey, position our product offering and strengthen BNPP's image.
- **Product Development:** research and development of Securities Services' ESG service offering to offer best-in-class enriching the client experience, whilst providing business development support to the region.
- **Market Intelligence:** stay up-to-date with all the market and regulatory evolutions to identify the growing trends and better accompany our client sustainability journey (thought leadership, services)

## Team members



**Jules Bottlaender**

Head of Sustainable  
Finance, APAC



**Nadim Jouhid**

Head of Investment  
Solutions, APAC



**Matt Edwards**

Product Manager  
Contractual Investment  
Compliance



**Mihwa Park**

Product Manager  
ESG Analytics



# PROBLEM STATEMENT

A. By opposition to listed companies, private companies remain mostly off the radar. Generally uncovered by regulations, very little information is available regarding their environmental and social performance. Critics argue that private companies and projects are an opaque refuge for carbon-intensive assets and unsustainable activities. However, from clean tech to green building and renewable infrastructure, their role is vital for the transition of our society. Besides the private sector represents a major part of our economies. How can we fill this information gap? How can we support private capital investors in their sustainable investments?

- *Jules Bottlaender*





**Eric Tran**

Head of Sustainability,  
Transaction Banking APAC

As Head of Sustainability for BNP Paribas Transaction Banking APAC, Eric oversees the origination of sustainable finance transactions and development of the sustainability practice for the region, in particular helping large corporate clients on sustainable supply chain and sustainable trade.

Prior to joining BNP Paribas, Eric spent most of his career leading large business transformation programmes in various industries, including financing services, airline and banking across the Asia region. He holds a Master's degree in Management, Auditing & Advisory from Paris Dauphine University.



# Sustainability in Transaction Banking



Jean-Laurent Bonnafé, CEO of BNP Paribas

“Our strategy is threefold: align our portfolio with our net-zero commitment; measure and pilot our carbon-related risks; and broaden and deepen client relationships to support them as they make their low-carbon transition.”

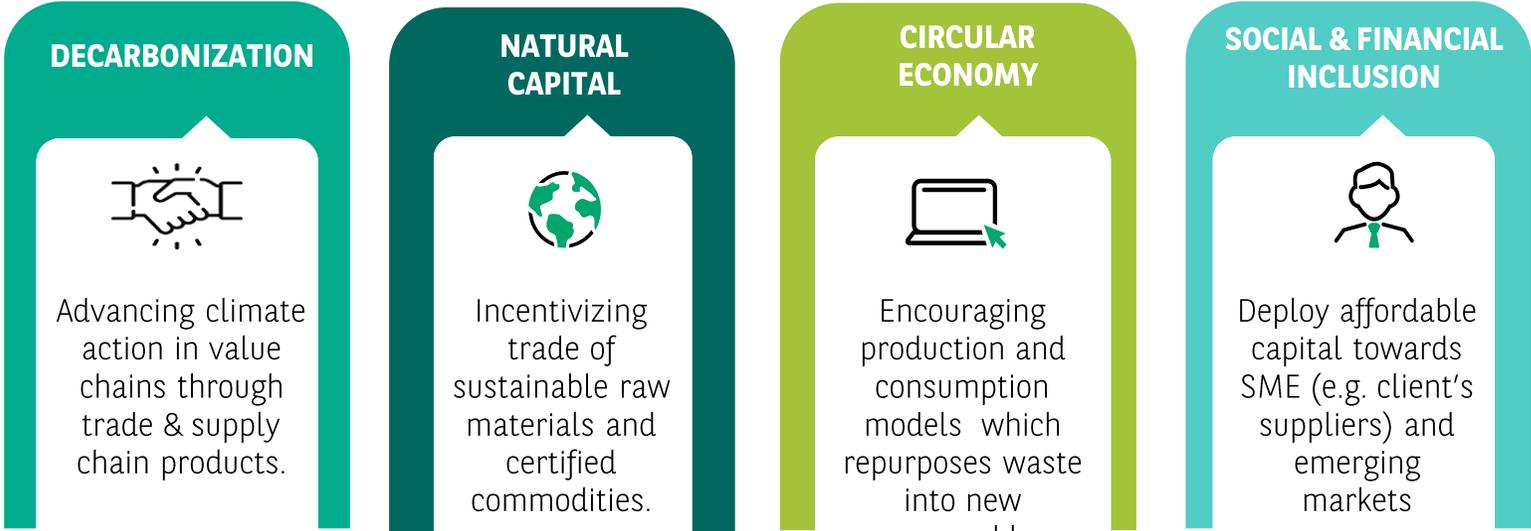
## Our commitments

In 2022, BNP Paribas unveiled its first 'climate analytics and alignment report' and carbon intensity reduction targets by 2025 and beyond:

 <b>Power Generation</b>	Increase the share of renewable energy in the power generation capacity mix that we finance by <b>&gt; 66% in 2025</b>
 <b>Oil and Gas</b>	Reduce our credit exposure to Upstream activities by <b>-80%</b> For oil   <b>-30%</b> For gas <b>in 2030, as compared to September 2022</b>
 <b>Automotive</b> (car manufacturers)	Increase the share of electrified vehicles in the powertrain mix that we finance <b>&gt; 25% in 2025</b>

Since 2024, our commitments include 9 sectors including steel, Aluminium, cement, Shipping, aviation and Commercial Real Estate.

## Our Strategic pillars and How it translates for Transaction Banking



**Global Trade Solutions**  
(Letter of Credits, Supply Chain...)



**Cash Management**  
(e-Banking, payment, deposits..)

Focus

# The business case for Sustainable Supply Chain

## BIG SUPPLY CHAINS BRING BIG RESPONSIBILITIES

- Environment
- Human rights / working conditions
- Ethics
- Transparency / traceability



## EVOLVING REGULATIONS AND PROCUREMENT RULES

- **Sustainability** considerations besides the Price, Quality, On-time delivery and Payment terms are now paramount

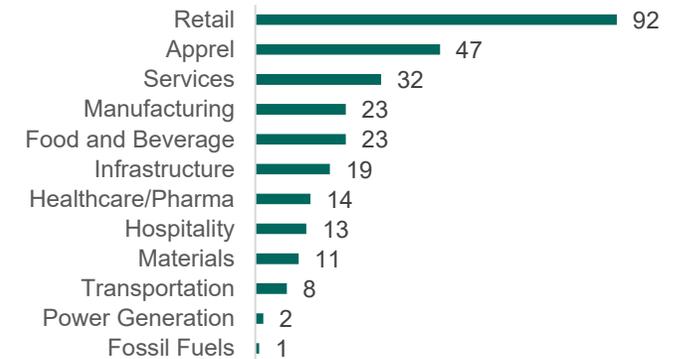
### Regulations

- 2010: California **Transparency Act**
- 2010: US **FCPA**
- 2014: EU **ESG Disclosure**
- 2015: France **Devoir De Vigilance**
- 2015: UK **Modern Slavery**
- 2016: China **Environmental Law**
- 2017: China **Cyber Security Law**
- 2018: Australia **Modern Slavery**
- 2021: Germany **Supply Chain Act**
- 2023: India **BRSR Framework for Disclosure**
- 2023: EU **Corporate sustainability reporting (CSRD)**
- 2024: EU **CS3D, Deforestation Regulation**

## ESG IMPACT

- **80-90%** of company's environmental **impact lies in their supply chain (26x higher than operational emission)**

### Ratio of supply chain to direct emissions



- A growing number of countries and corporates have **Net Zero Commitments** in place
- Active **supply chain decarbonization becomes a license to operate**

Source: [CDP 2024 Scope 3 Upstream Report](#)



# Several market drivers for sustainable trade and supply chain finance

Market drivers	Impact	Description
<b>1</b> Increasing focus and importance of sustainable supply chain finance		<ul style="list-style-type: none"><li>• <b>Global supply chains accounts for ~70% of total world's GHG emissions</b>, trade finance and supply chain products are needed as corporates have been actively integrating sustainability criteria in their trade finance and procurement policies. Broader and more inclusive growth for SMEs is vital for the transition.</li><li>• <b>Strong regulatory push</b> requiring supply chain engagement and collaboration (CSRD, EUDR, CS3D, ISSB...)</li></ul>
<b>2</b> Strong growth opportunities in sustainable trade		<ul style="list-style-type: none"><li>• <b>Renewable energy, EV and Energy Storage, Sustainable Agriculture, Circular economy and recycling, Green building and construction, and Water and waste management</b>, among others, are strong growth opportunities for sustainable transaction banking.</li><li>• <b>ESG-labelled market is relatively new for Sustainable Trade Finance</b> and offers opportunities for Asian corporates to further ESG integration</li></ul>
<b>3</b> Strong competition from other major banks in this area		<ul style="list-style-type: none"><li>• <b>Most leading transaction banking players have also been actively promoting sustainable trade finance</b> initiatives and products given the strong push towards ESG</li><li>• Other Banks have piloted / released sustainable trade / supply chain related frameworks and multiplying partnerships with multilateral banks (IFC / ADB...)</li></ul>
<b>4</b> Key constraints for wide-scale adoption of sustainable transaction banking		<ul style="list-style-type: none"><li>• <b>Currently, gaps in standards pose several challenges</b> across different levels: Sustainable digital trade docs, lack of common definition of sustainable supply chain and trade finance products introduce risks of greenwashing and long origination cycle</li><li>• <b>Lack of economic feasibility</b>: Scaling sustainable transaction banking <b>offering currently relies largely on discounted pricing</b> for sustainable companies, making it less economically for banks. In addition, <b>significant investment is needed for data platform and partnerships</b> in the trade finance ecosystems (e.g. Fintech, logistics, technology providers...)</li></ul>



# ESG dynamics in the textile and apparels sector

## Drivers

### Regulation

- **EU leading** the trend of stringent circular economy policies for the sector: **Circular Economy Action Plan, Strategy for Sustainable and Circular Textiles**, By 2030: 'all textile products placed on the EU market are durable, repairable and recyclable, to a great extent made of recycled fibres'
- EU REACH (Registration, Evaluation, Authorization and Restriction of **Chemical** substances)
- French Law 2020-105 on the circular economy prohibits the destruction of unsold goods, including garments and accessories
- French Law under discussion to elevate barriers against Chinese fast fashion leaders (Temu, Shein)
- German Act on Corporate Due Diligence (2021) promotes responsible **supply chains**
- US Uyghur **Forced Labour** Prevention Act

### Client demand

- **Demand for eco-friendly products** observed, particularly in developed markets: 67% of surveyed customers in the UK and Germany (2020 McKinsey study), 50% of surveyed customers in the US and UK (2020 Deloitte Study). Change is limited by the price impact. The quality of the eco-label is a key point.
- **Changing consumer behavior** in favor of circularity, minimalist closets, and upcycling have become a catalyst for new business models: by 2030, the trend is for the clothing rental market to increase, however this practice is likely to continue a niche, with estimates for clothes production to keep increasing. Second-hand market is gaining fast market shares, notably on kids segment and women,

### ESG ecosystem

- **Significant social issues** (i.e. working conditions: strikes in Bangladesh), and **environmental issues** (i.e. spanning biodiversity, water use, GHG emission, microfiber pollution etc.) each at a **specific level of the supply chain**
- Questions around what sector sustainability looks like and what will be the importance of circularity
- **United Nations' Fashion Charter for Climate Change**: Setting ambitious GHG reduction goal aligned with 1.5°C, source 100% of low impact priority materials by 2030
- **NGOs** acting as **watchdog** on real driving sustainable supply chains.

## Market accelerators

### Frontrunners initiatives

- **Investments in material innovation and recycling technology** (e.g. H&M's investments in **Loop**, **Inditex investment in Ambercycle**)
- Major retailers have opened second-hand channel
- **US\$250m Fashion Climate Fund** with contributions from H&M, Lululemon, and the Schmidt Institute
- **Net Zero corporate commitments** by 2050 or earlier
- **Cross sectors initiatives** e.g. Microfiber washing machine filters

### Sustainable Production and Consumption Levers

- Reduction of **unsold inventories**
- **Bioculture**: Companies switching to sustainable raw materials (Inditex aims for 100% organic, recycled or from more sustainable sources by 2023, H&M targets 2030)
- **Traceability, transparency, certifications**: e.g. Higg's Index, Good on You, etc.
- **Rentals and returns** either directly or through dedicated platforms (Urban Outfitters rentals, COS Resell by H&M)
- **Fair wage and labour practices** across the supply chain
- Production and supply chain **location, near-shoring initiatives**
- **Transportation : reduced use of air**
- **Circularity** including of resource use

### Disruptive technologies & emerging players

- Made from renewable resource: e.g. NOOSA
- Waterless dyeing through digital liquid application or engineered microorganism: e.g. Alchemie, Colorifix etc.,
- 100% recycled yarn from used clothes and excess stock: e.g. Weturn

### Acceleration of Sustainable Finance transactions

- Some recent deals on textile / apparel: H&M, Burberry, Mango, Tommy Hilfiger, Calvin Klein
- **Support from Central Banks** to develop Sustainable Finance (e.g., some SLBs eligible as collateral for ECB )

### Investors and financial markets

- Required **alignment of investors' portfolio to Paris Agreement**, integration and disclosure of **ESG criteria in investment decision**
- Increasing **stewardship role of shareholders** (e.g. votes on Climate Change)



# ESG Dynamics in the Construction Sector

## Drivers

### Regulation

- Up to 90% of a new building's greenhouse gas emissions are generated during the construction and demolition phases
- HKMA issued its first Taxonomy for Sustainable Finance in May 2024, framing what would be considered sustainable in the sector
- In France, a regulation, called **RE2020** (*réglementation environnementale*), sets a cap on those emissions
- UK Future Homes and buildings Standards to be applicable in 2025 and only for housing.

### Client expectations

- **Circularity and water & waste management**, limitation on land use and preservation of resources **and biodiversity**
- Client appetite for **low carbon / building materials**
- **Energy performance** as it influences building design and operation

### ESG ecosystem

- **Very strong focus on the 'S' of 'ESG'**
  - **Health and safety concerns** due to high exposure to accidents
  - **Modern slavery** preoccupations
  - Community relations, local insertion and job creation, gender diversity
- **Environment: now a fundamental feature growing momentum**
  - **Embodied Carbon is key:** building construction and operation account for **c. 39% of annual global carbon emissions** (o/w building construction alone is 6% IEA 2019 study)
  - **Circularity: construction and demolition of buildings** contribute to **30% of solid waste streams globally**; **waste collection and sorting** (notably for hazardous waste) are key elements of circularity

### Investors and financial markets

- **Investors are concerned about the sustainability of the buildings and infrastructures**
- **MSCI's Climate Value-at-Risk (Climate VaR) quantifies the potential impact of climate change on real estate globally**
- Affordable housing offers attractive 'impact investing' opportunities

## Market accelerators

### Sector-led initiatives (among others...)

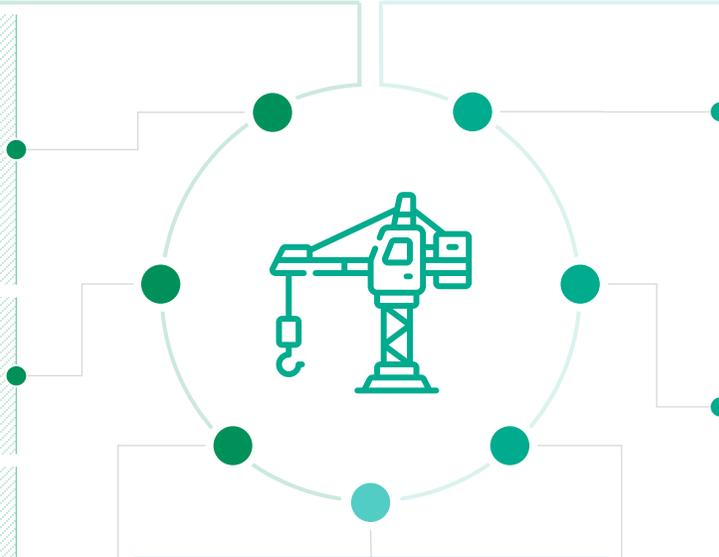
- Net Zero Carbon Building Commitment – World Green Building Council
- LEED standards (maintained by the US Green Building Council)
- BREEAM - world's leading science-based suite of validation and certification systems for sustainable built environment

### Disruptive & Enabling technologies

- **Resource Efficiency and Sustainable Resource Sourcing:** recycled materials or by-products used to produce construction materials
- **Low carbon construction materials are available and viable:** But their performances, long term quality/quantity and compliance with construction standards to be checked
- **Economic viability of green construction materials to be assessed case by case** (and not necessarily granted)
- **Use of biosourced materials** (timber, bamboo, mycelium, organic paints); cross-laminated timber, used increasingly with industrialization of fabrication processes; **new technologies** such as low carbon equipment used in buildings like heat pumps, solar PV panels or smart equipment connecting building functionalities and improving energy performance

### Increasing offer of sustainable finance solutions

- **Sustainability-linked loans** and bonds with KPIs around GHG emissions, responsible sourcing, recycling, water use, packaging...
- **Green & Sustainable UOP** – low-carbon, green insulation, smart appliances, renewables energy equipment (heat pumps, PVs...)
- **Advisory on Green Building Certification, Property development**



Source: World Green Building Council, Papargyropoulou E., Preece C., Padfield R., Abdullah A.A. Sustainable construction waste management



# PROBLEM STATEMENT

- A. How to position Hong Kong as the world's leading green sourcing hub for Multi-National Companies (MNCs) aiming to ensure regulatory compliance (notably European such as CSRD, CS3D and EUDR) and environmental / social performance in their supply chain? Key sectors include textile and retail/consumer goods. It may range from policy, regional cooperation, ESG supply chain standards setting, financial incentives for MNCs corporates, inclusive supply chain financing for Asian SME and technology innovation.
- B. Given the substantial premium for low carbon construction materials, how can the financial sector and bank like BNPP help to accelerate their development (green steel, low carbon concrete...) to support Hong Kong's green building agenda? Taking a value chain approach, the solutions may range for industry coalition participation, financial product innovation, policy and standard settings/certifications recognition for sustainable finance and data sharing platform across actors that would help to share the costs, the risks and the benefits.

*- Eric Tran*





**Fiona Li**

Director,  
Low Carbon Transition  
Group,  
Global Capital Market APAC

Based in Hong Kong, Fiona covers APAC clients in Energy & Natural Resources sector and its extended value chain with a particular focus on low carbon transition theme by offering debt advisory and structured financing solutions. She specializes in major infrastructure projects in the region and has advised clients across a diverse range of sectors including biofuels, EV value chain, low carbon steel, metals and mining, petrochemicals, renewables and etc.

Prior to joining BNP Paribas, she was with Global Commodity Coverage Group in Natixis. Fiona receives Bachelor of Science in Actuarial Science from The University of Hong Kong.

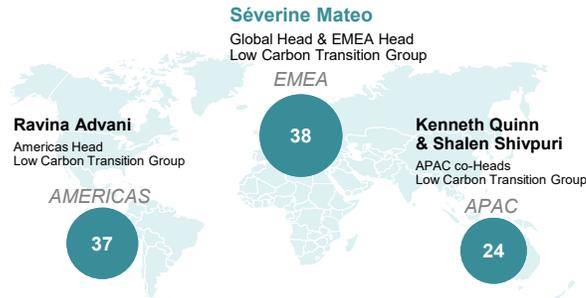


# Low Carbon Transition Group ("LCTG") Created to Strengthen BNP Paribas Position as our Clients' Preferred Low-carbon Partner



## A global setup of 160+ bankers

- ~100 LCTG members dedicated to low-carbon origination



- ~60+ low-carbon transition partners across Coverage, Industry Groups, Global Banking business lines, as well as CIB, CPBS and IPS platforms



World's Best Bank for Sustainable Finance



## Senior expertise across key transitioning sectors



Power & utilities, Renewables



Low-Carbon Hydrogen



Mid- & Down-stream Energies



Oil & Gas Low carbon solutions



Transition Minerals, Metals & Batteries



## Combining the breadth of BNP Paribas capabilities



Corporate Finance Advisory & Private Placement



Capital Markets & Distribution



Structured finance Advisory & arranging



Risk Management



Prime access to the breadth of BNPP integrated bank model

- ✔ Asset Management
- ✔ Leasing Solutions
- ✔ Principal Investments
- ✔ Real Estate
- ✔ Personal Finance
- ✔ Cardif

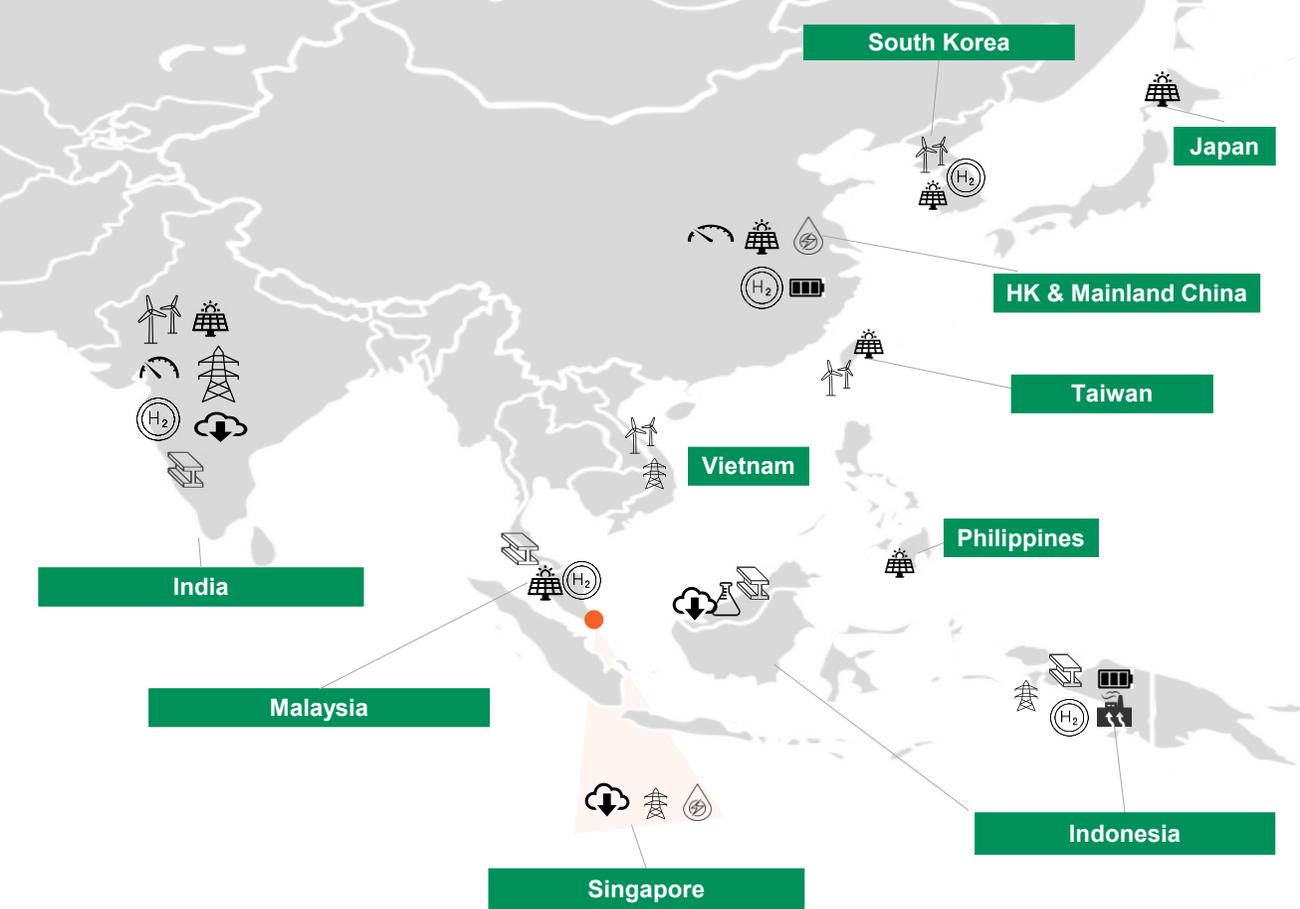
A global, cross-sector and value-chain approach enabling to address our clients' needs in the transition to a low-carbon economy



BNP PARIBAS

The bank for a changing world

# Extensive Activity Across APAC



- Renewables - Solar/BESS/Hybrid
- Renewables-Wind
- Renewables-Geothermal
- Smart Meters
- Green /Clean Hydrogen/Fuels
- Digital Infrastructure-DCs
- Transition Minerals / Metals, EV / Battery Value Chain
- Low Carbon Steel
- Infrastructure / Power / BESS
- Carbon Abatement & Alternative Solutions
- Mid & Downstream Energies
- Carbon Circular / Chemicals



# A Glimpse into the Industry – EV, Steel, Utilities and Textiles

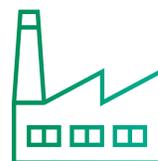
## Regulation

- EU leading the trend of stringent CO<sub>2</sub> emission limits. OEMs monitoring CO<sub>2</sub> emissions to avoid CO<sub>2</sub> fines and reputational risks
- Incentives for zero/low emission vehicles
- Substantial investments in electrification infra: 'EU Green deal', 'Made in China 2025'
- Increasing extra-financial disclosure requirements



## Regulation

- EU has the most stringent de-carbonization policies, which has significantly reduced Steel Industry's carbon usage in past years
- EU introduced in September 2023 a Carbon Border Adjustment Mechanism (CBAM) by 2026 to level the carbon costs
- China. intends to increase its EAF share (lower GHG emission when compared to in overall steelmaking to reach 15-25% in 2025)



## Regulation

- EU Taxonomy Regulation: Directing green financial products to taxonomy compliant activities such as renewables and electrification
- Strong push in the EU for phasing down coal-fired power plants
- COP26 in Glasgow: Call to end inefficient fossil fuel subsidies;
- The Global Methane Pledge led by EU: Cutting emissions of methane gas by 30 percent by 2030 (vs. 2020)
- Accelerated authorization schemes for renewables and grid build-out



## Regulation

- EU leading the trend of stringent circular economy policies for the sector: Circular Economy Action Plan, Strategy for Sustainable and Circular Textiles,
- EU REACH (Registration, Evaluation, Authorization and Restriction of Chemical substances)
- French Law 2020-105 on the circular economy prohibits the destruction of unsold goods, including garments and accessories
- German Act on Corporate Due Diligence (2021) promotes responsible supply chains



## Frontrunners initiatives

- Massive R&D and CAPEX in electrification and software defined vehicle architecture
- Net Zero corporate commitments by 2050 or earlier
- Reconditioning and recycling

## Frontrunners initiatives

- Massive R&D and CAPEX in Canada, South Korea & EU
- Inputting Hydrogen / gas based DRI
- Major de-carbonization projects *and* Multiple paths to de-carbonization

## Sector-led initiatives

- Net-Zero Banking Alliance (NZBA) : The mobilisation of financial sector for climate (BNPP is a member).
- Net Zero corporate commitments based on science-based measures such as SBTi

## Frontrunners initiatives

- Investments in material innovation and recycling technology
- Net Zero corporate commitments by 2050 or earlier
- Cross sectors initiatives e.g. Microfiber washing machine filters

## Enablers

- Electrification: lower emissions benefit, amplified when combined with green power
- Circular economy: battery & car lifespan/recycling, efficiency of parts/raw material in vehicle design and production process

## Enablers

- Efficiency improvement : adoption of new technologies come with massive cost.
- Capturing current and past emissions – through CCUS, BECCS, DAC etc technologies.
- Use of high quality use of charcoal for carbon generation, Re-use / control of gases from converters into reduction furnace, Maximizing usage of scrap in steelmaking are amongst other enablers

## Enablers

- Investments in grid reinforcement, digitalization and flexibility, including battery storage
- Carbon Capture and Storage (CCS)
- Circular economy: initiatives such as re-use of wind turbine generators (WTG) post-repowering, recycling schemes for solar modules
- Bioenergies: Biogas, biomass (from sustainable source) and negative emissions with CCS

## Enablers

- Reduction of unsold inventories;
- Bioculture: Companies switching to sustainable raw materials
- Traceability, transparency, certifications
- Fair wage and labour practices across the supply chain
- Production and supply chain location, near-shoring initiatives
- Transportation : reduced use of air
- Circularity including of resource use



# PROBLEM STATEMENT

- A. Since Hong Kong Exchange (HKEx) introducing its Core-Climate Platform back in 2022, what do you recommend HKEx or the city to invest further in order to step up in the green utility and carbon exchange system?
- B. We are expecting a massive first wave of EV power battery retirement, what role could BNP Paribas play for the purpose of achieving a feasible, responsible, controllable, and scalable solution for EV battery retirement?

- *Fiona Li*



# QUESTIONS ?

