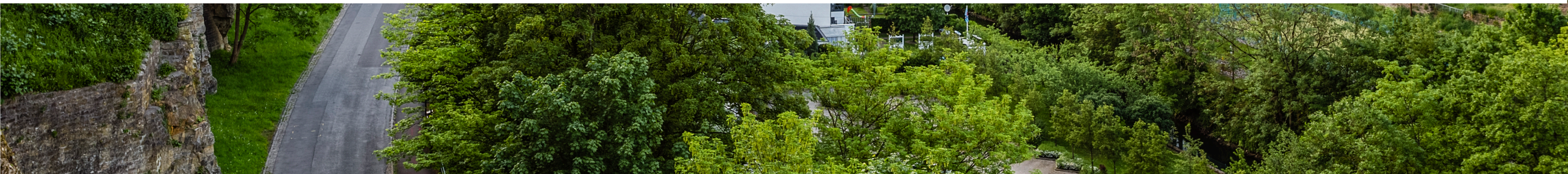




CLIMATE FINANCE INSTRUMENTS



Panelists

Experts:

Paul Peporte Counsel, Allen & Overy

Robert Scharfe, CEO, Luxembourg Stock Exchange

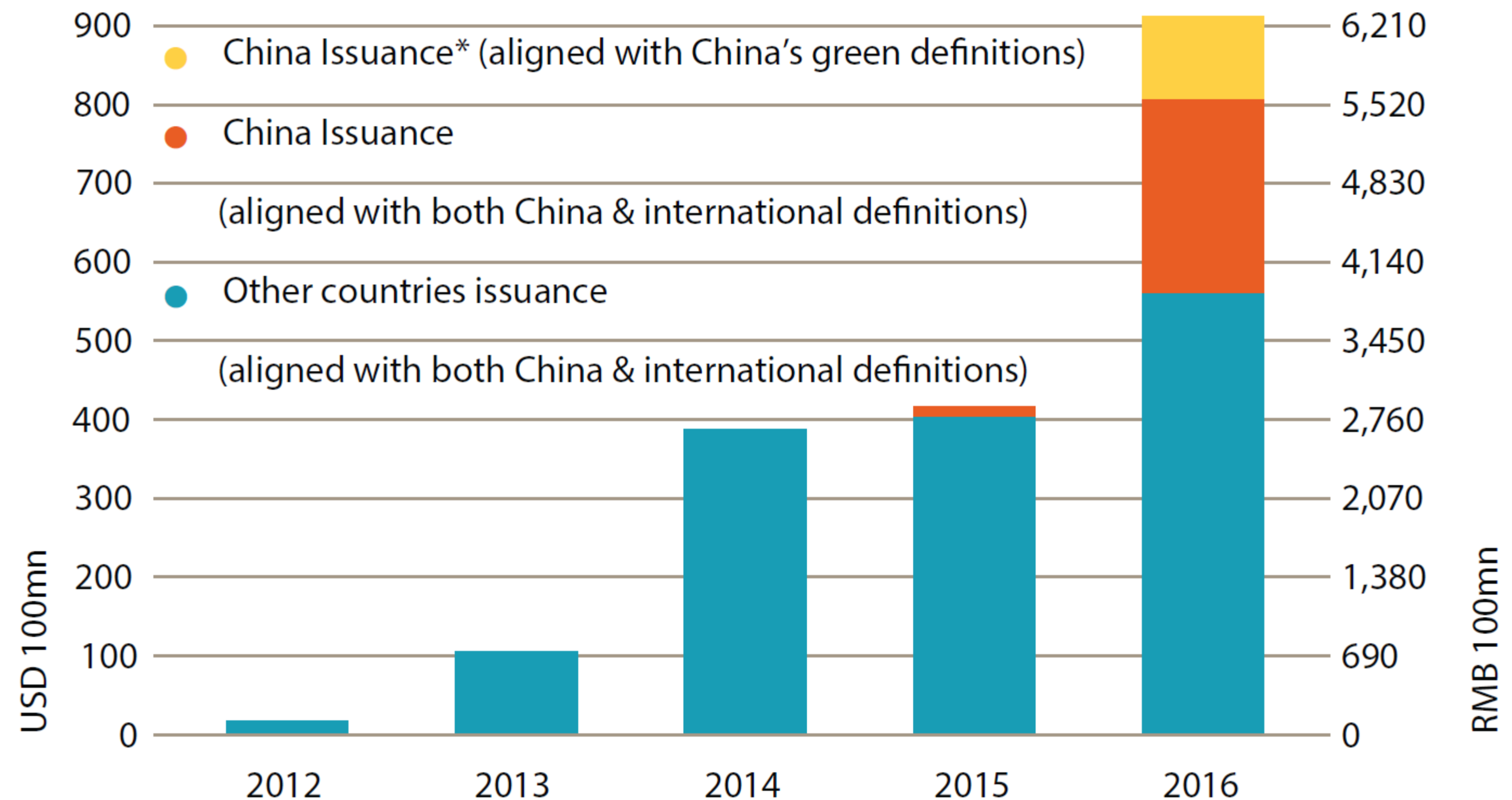
Setting the scene

- The World Bank estimates **health cost** from air and water pollution in China to be **3.8% of its GDP**
- People's Bank of China (PBoC) estimates that an **annual investment of at least RMB2tn-4tn** (USD320bn-640bn) will be required to address environmental and climate change issues
- **Chinese public funds will contribute only 15%** of the investment required for environmental and climate change solutions

Green bond market

- Green bonds tremendous growth in China
- 2017 H1 - Impressive first 6 months but expectations were higher
- 2017 H2 – China issuances expected to pick up
- Potential for future growth

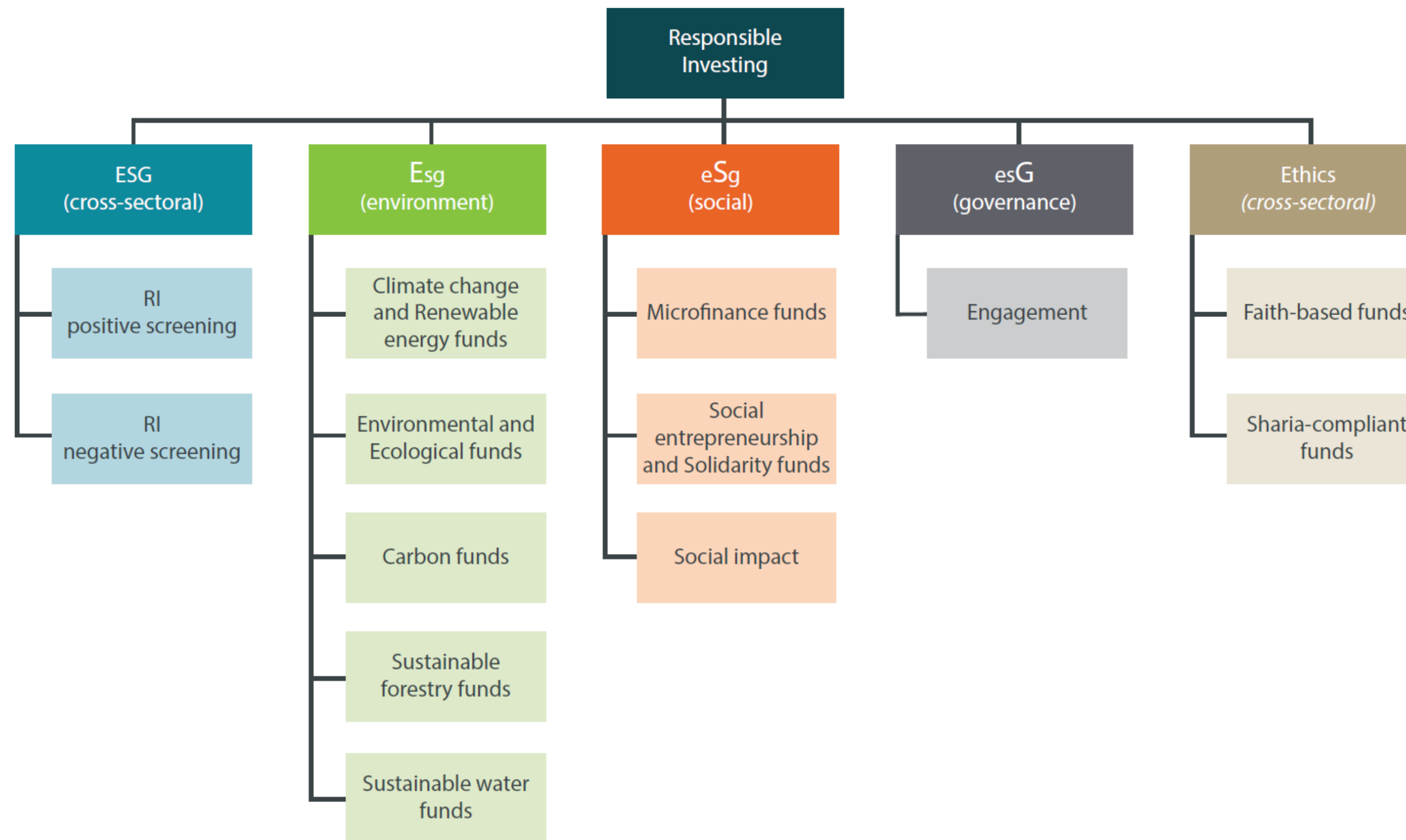
Fig. 1: China as the main driver for global growth in green bond issuance in 2016



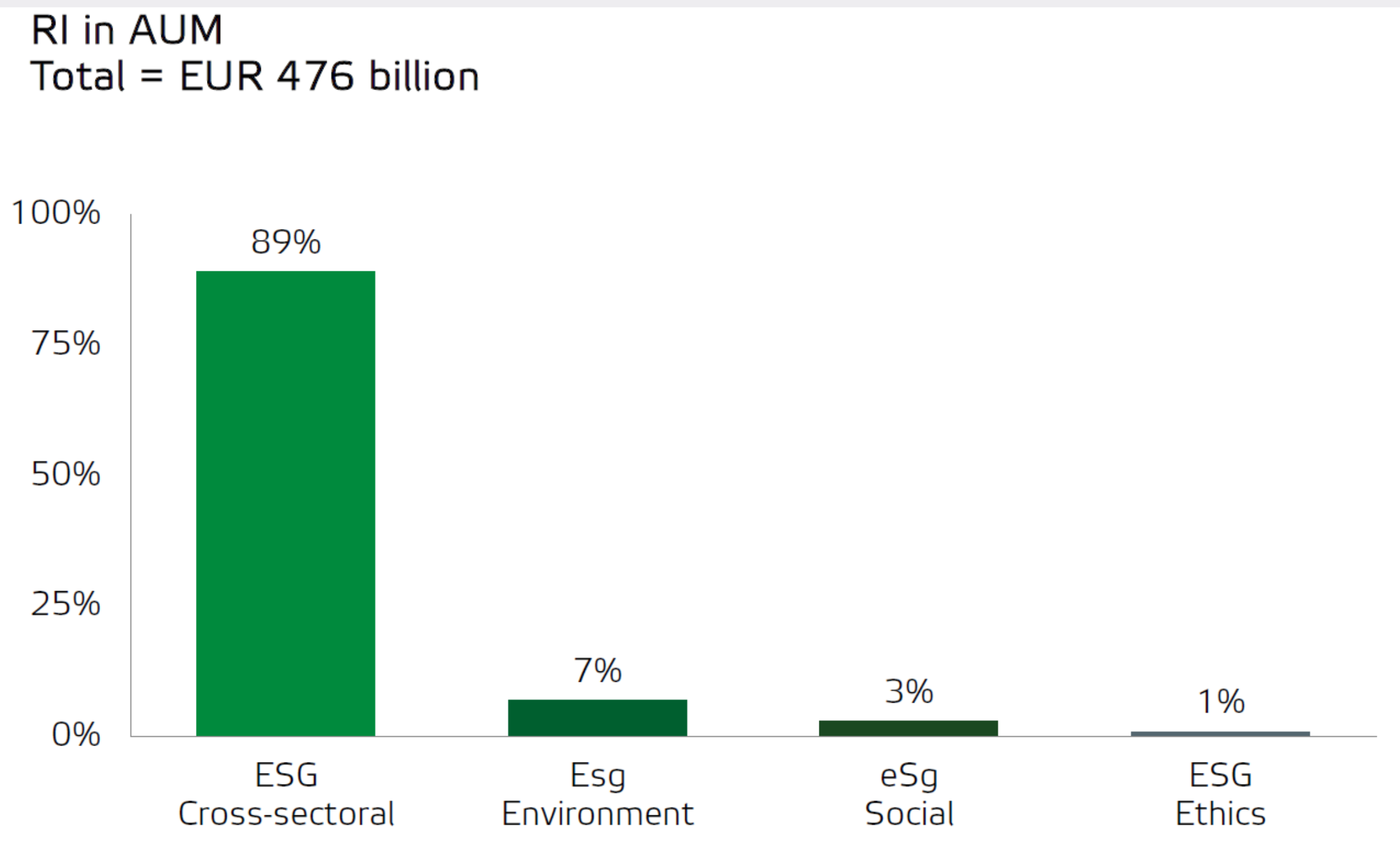
Source: China Green Bond Market 2016, Climate Bonds Initiative / China Central Depository & Clearing Co., Ltd. (CCDC).

Responsible Investment Funds – Methodology

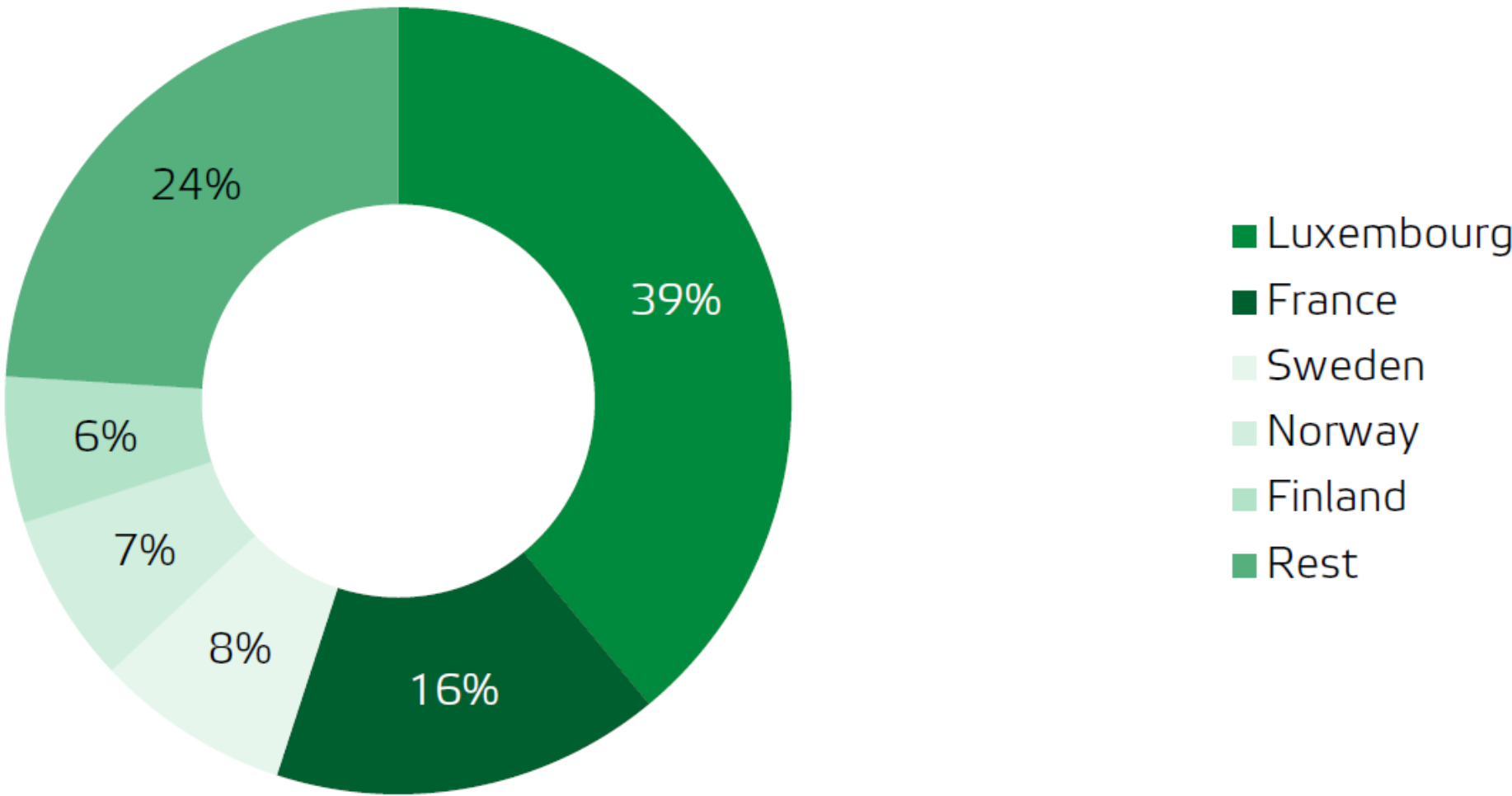
The Association of the Luxembourg Fund Industry (ALFI) has set up a methodology to categorise RI funds based on the ESG concept



Responsible Investment Funds – Market (1/2)



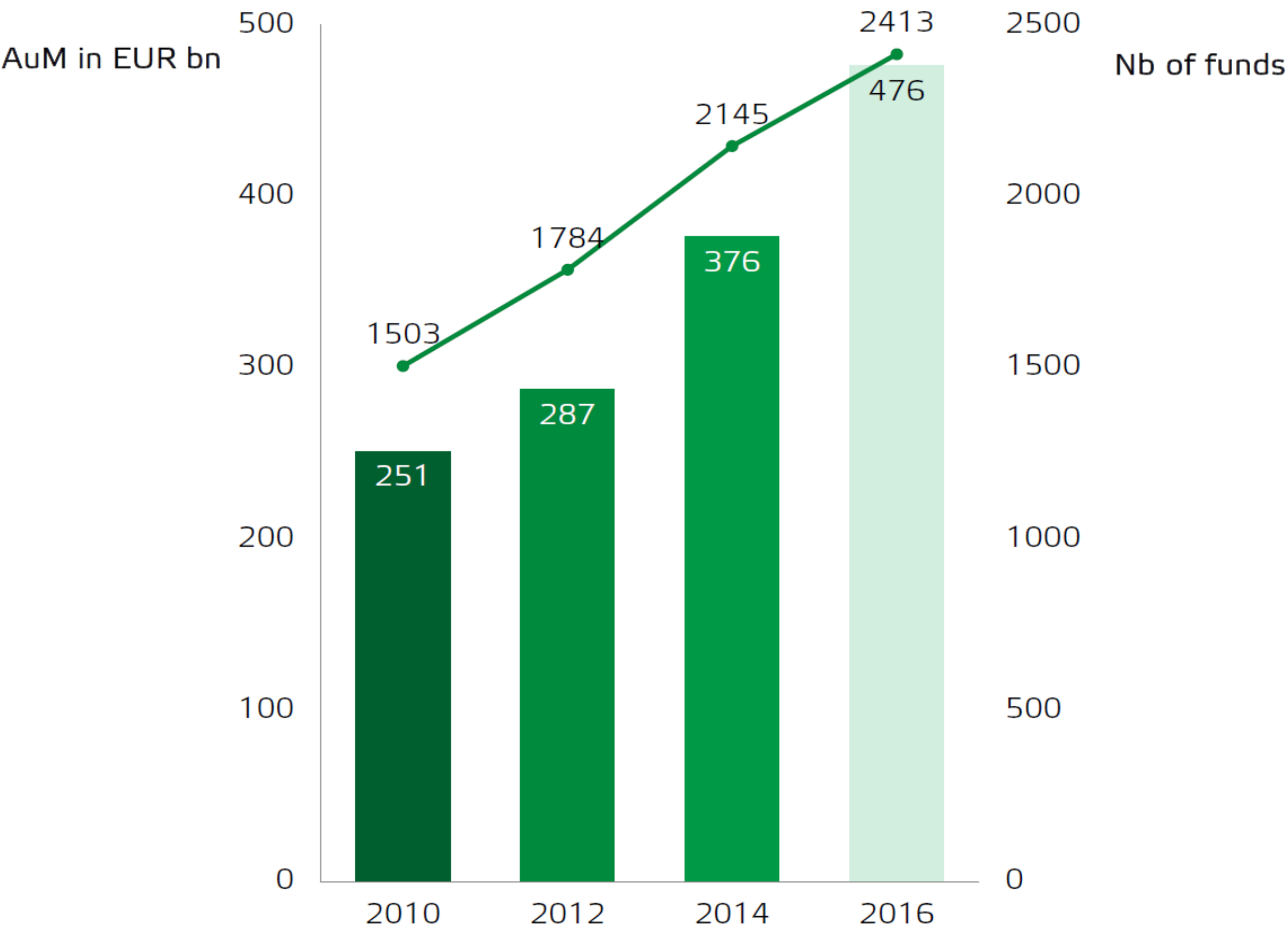
RI in % of AuM
Total = EUR 476 billion



Source: KPMG

Responsible Investment Funds – Market (2/2)

European RI funds market doubled since 2010



Case Studies – Green Bonds

Bank of China

- 4 green bonds displayed on LGX
- Proceeds allocated to three categories
 - Renewable energy (wind and solar)
 - Pollution prevention and control
 - Clean transportation
- Project illustration
 - Type: Transportation
 - Where: Central Beijing
 - Key facts:
 - Overall length: 47,3 km
 - Subway with 36 stations
 - Annual volume of the passenger flow: 191,457,400 persons
 - Reduction of 82,204 tons of CO2 emissions per year



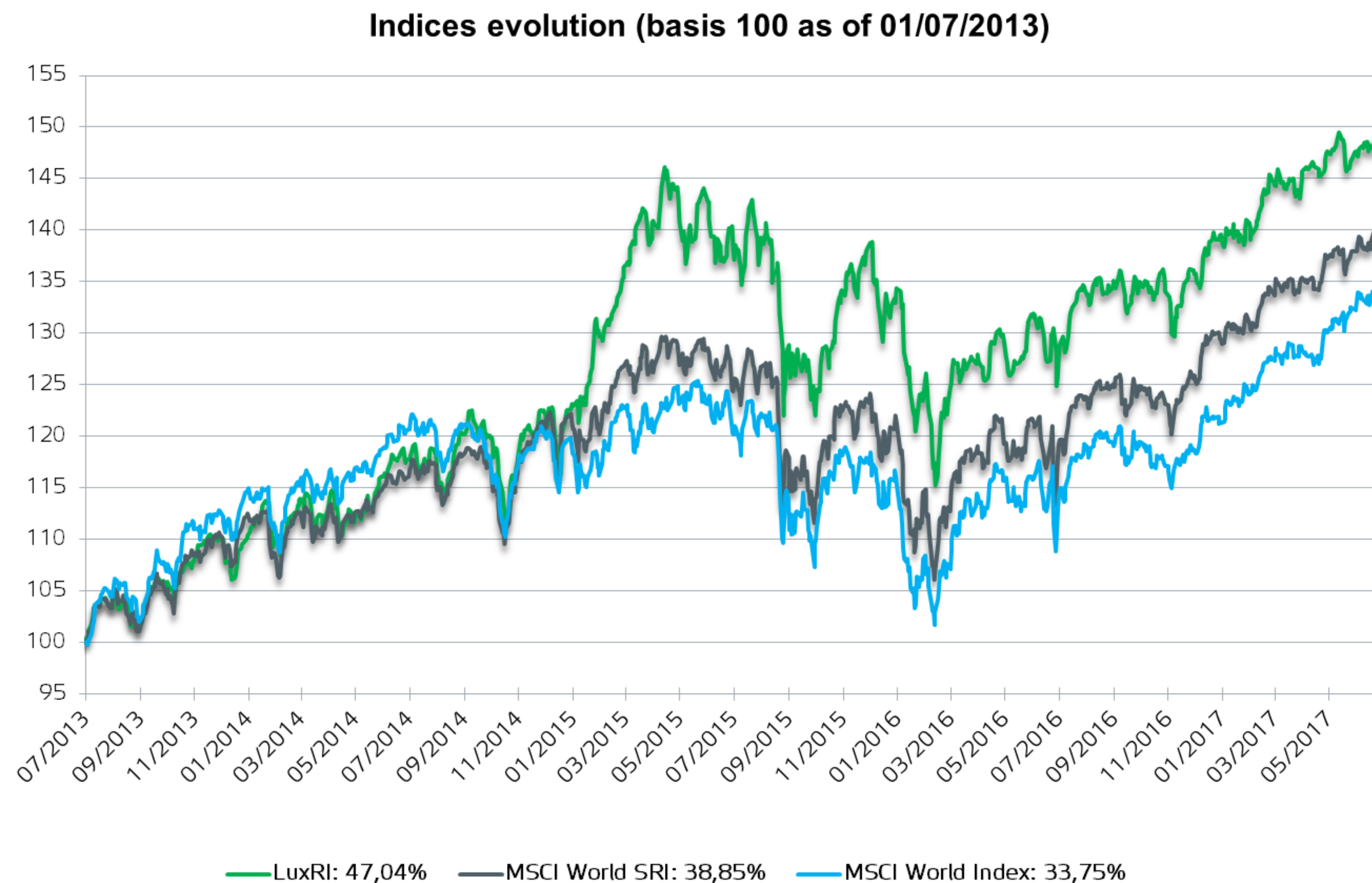
Case Studies – Index

1. CUFE- China High-level Green Bond Series Index
 - . Labelled and unlabeled green bonds listed on Chinese exchanges and the inter-bank bond market
 - . PBOC compliant

2. Shanghai Stock Exchange(SSE) Green Bond Index
 - . Labelled listed green bonds
 - . CSRC compliant
 - . Selected green bonds perform post issuance reporting



Sustainable instruments performance



What next?

We need to create a global green market, but there are some challenges...

- Harmonization goal – using the same words to mean the same things
- Transparency & Comparability – we must consider regional differences
 - Taxonomy, Standards & Labels
- Impact – measurement & reporting