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Asset management and banking through ESG lenses

SUSTAINABLE FINANCE

NOVA SCHOOL OF BUSINESS & ECONOMICS

What is Sustainable Finance?

Financial data

"Fundamental analysis:" the quantitative (by looking at revenue, risk, expenses, assets, liabilities and other financial statements) and qualitative assessment of an asset (considering industry growth, regulations, competition or business cycles).

Sustainable finance is about **adding more i**nputs into investment and credit decision-making to take **more precise decisions** and account for a **larger set of stakeholders**.

Better Risk Management
Higher Returns
Positive Impact

ESG data

A set of environmental, social and corporate governance (ESG) information used in investments and credit.

Sustainable Finance tripod

INVESTING

An investment is an asset or item acquired with the goal of generating income or appreciation. Appreciation refers to an increase in the value of an asset over time.

The application of ESG in investments may follow 2 key strategies

— **Responsible investment**: integration of ESG material factors in the investment organization's practices, as part of a broader set of factors incorporated in investment decision-making and risk management, to better identify, assess, monitor, and respond to ESG-related risks. Integration is not necessarily driven by a normative or ethical perspective; it is focused on the potential material and financial impact of ESG material factors and driven, therefore, by the purpose of enhancing risk-adjusted returns.

— The effect of internal and external ESG issues on an asset or portfolio

— **Sustainable investment**: the intentional pursuit of sustainability objectives, alongside financial goals. The organization is guided by a theory of change and investments are chosen on the basis of the economic activities of investee companies (their type of products and services) and on their business conduct (how they deliver their products and services).

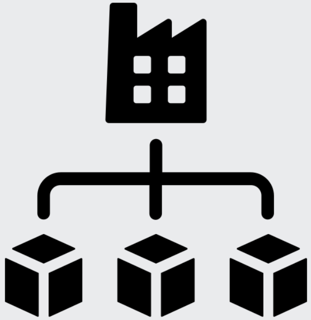
— The effect of an asset or portfolio on the outside world

DOUBLE MATERIALITY

The double nature of corporate sustainability

> Internal corporate sustainability

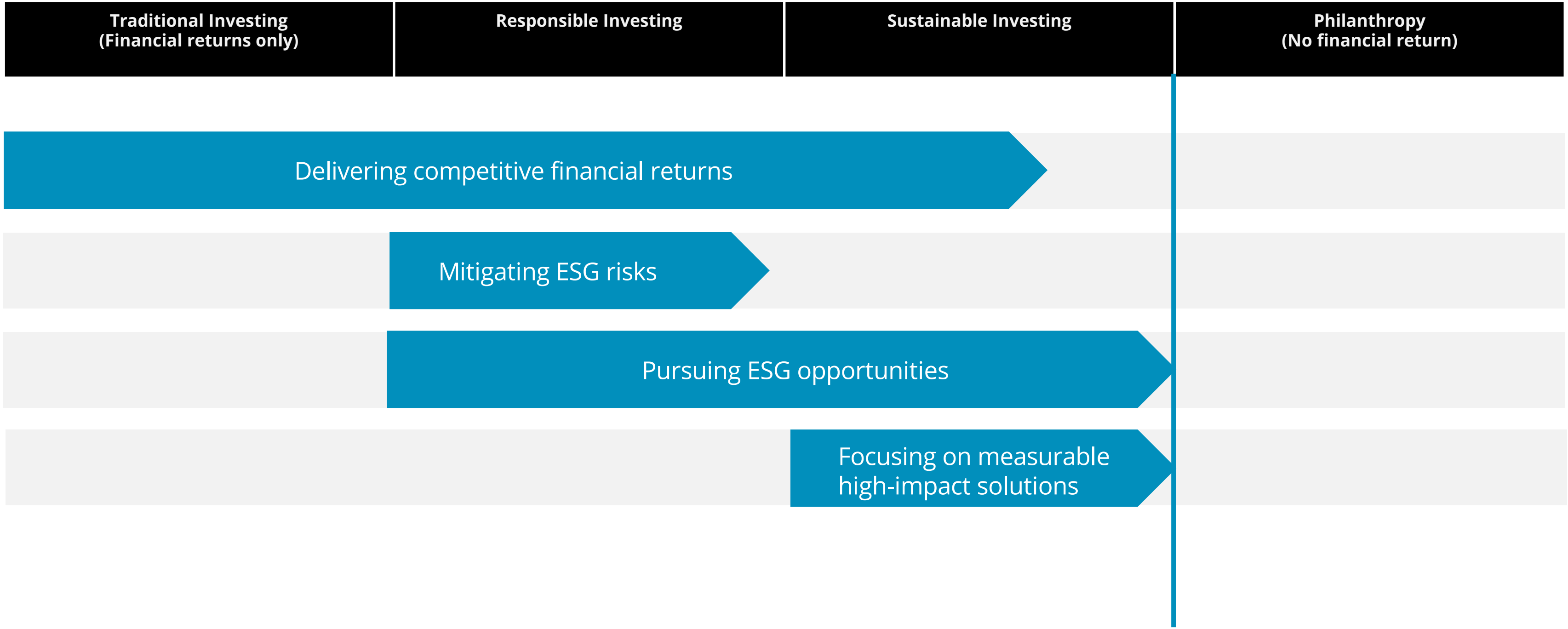
HOW COMPANIES ACT



> Impact of companies' products and services
> Impact-driven sectors (renewables, healthcare, education etc.)

WHAT COMPANIES DO

The investment scale



Responsible Investments: ESG Integration

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- "An investment discipline that explicitly includes ESG information into traditional financial analysis, based on a systematic process and appropriate research sources with the intention to enhance long-term risk-adjusted returns" (adapted from Global Sustainable Investment Alliance and Eurosif).
- ESG integration can be carried out with quantitative analysis or with fundamental analysis.
- Whereas negative screening (see below) is fundamentally grounded on prohibiting securities, **ESG integration does not restrain an investor, it is often selected for its flexibility.**
- It is simply about bringing additional data and analysis into existing approaches. It does not require ruling out/in investment in any sector or asset (adapted from UNPRI). **Companies with superior ESG performance can be found in all industries, including coal, oil & gas, tobacco, alcoholic beverages, or mining.**
- ESG Integration "**can and should be pursued even by the investor whose sole purpose is financial return**, because it argues that to ignore ESG factors is to ignore risks and opportunities that have a material effect on the returns delivered to clients and beneficiaries" (PRI).
- ESG integration can be executed in a **growing range of products and asset classes** including mainstream financial products such as publicly traded stocks as well as fixed income and alternative investments, such as private equity, venture capital, and real estate.
- **Investors implement ESG integration to mitigate risk and/or help generate alpha**.

Responsible Investments: ESG Integration

MODUS OPERANDI

. Collect ESG data (proprietary research, ESG raters, filings and websites, academia etc.) of a specific asset
. Identify materiality (the ESG issues that are highly likely to affect corporate performance and investment performance)
. Integrate ESG data into valuation models by making adjustments to future revenue growth rates, future operating costs, future capital expenditures, discount rates, and terminal value.

Managers of systematic strategies adjust their portfolio construction models to include ESG factors alongside other factors, such as value, size, momentum, growth, and volatility. They feed ESG data and ratings into their models, which can result in managers' adjusting the weights of securities up or down—including all the way to zero.

For additional information on ESG integration in financial models, see Annex slides

Sustainable Investments: Thematic investing

- The intentional pursuit of sustainability objectives, alongside financial goals. Investments are chosen on the basis of the economic activities of investee companies (their type of products and services) and on their business conduct (how they deliver their products and services).

- These type of investors **typically Investments in specific themes or assets that generate positive impacts on society or the environment, such as in education, healthcare, renewable energies, tech for good, or smart cities.**

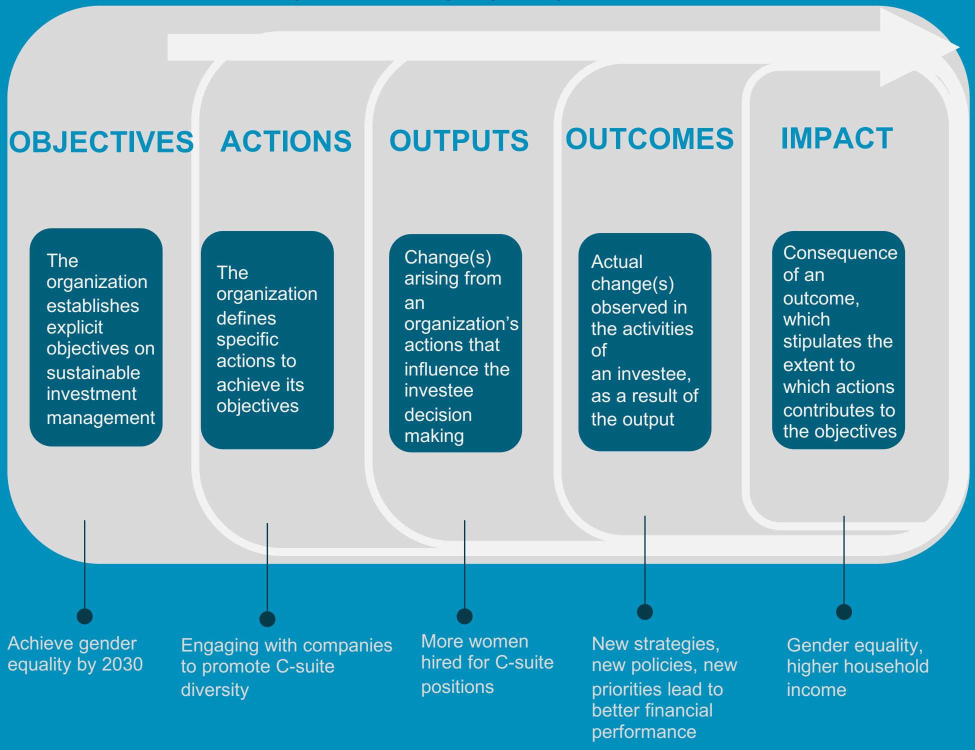
- When impact is consistently and actively measured, these investments are called “impact investments” or “social impact investments”

Sustainable Investments: Impact Investing

- “Investments made into companies, organizations, and funds with the intention to generate both financial return and positive social and/or environmental impacts that are actively measured” (adapted from GIIN and Social Impact Investment Task Force).
- **Intentionality of impact** and **measurement of impact** are two of the requirements for an investment to be labeled as an "impact investment.” It is caused-based and mission-oriented.
- It is a natural complement to ESG, where the impact objective is made explicit, additional, intentional and measured.
- They are made in both emerging and developed markets, “and target a range of returns from below market to market rate, depending on investors' strategic goals” (GIIN).
- Covers various returns expectations: from highly concessionary to pure market return and alpha seeking.
- The GIIN estimates that over 3,349 organizations manage USD 1,2 trillion in impact investing AUM as of the end of 2021 (GIIN, 2022).
- The term “impact investing” was first coined in 2007 but it dates back to 1968 when Ford Foundation began making concessionary loans to its grantees.

Thematic/Impact Investing

Theory of Change (ToC) framework



The Theory of Change (ToC) is predicated upon the intent to bring about a given long-term outcome and impact. The ToC is formed by causal linkages that start with the establishment of objectives by the investment organization, the actions that it aims to achieve, the output(s) of the action and, finally, the outcome that will lead to the impact

Responsible and sustainable investments may be supported by additional methodologies

RESPONSIBLE INVESTING

SUSTAINABLE INVESTING

SCREENING

Applying filters to lists of potential investments to rule companies in or out of contention for investment, based on an investor's preferences, values or ethics

. Negative screening ("Exclusionary Screening")
. Positive screening ("Best in Class Screening")
. Norms-based screening
. Mission-aligned investing
. Ethical investing ("Value-Based Investing" or "Faith-based Investing")

ACTIVE OWNERSHIP AND STEWARDSHIP

improving investee's ESG risk management or developing more sustainable business practices

. Engagement
. Proxy Voting

Academia: Responsible and Sustainable Investments

- A study that asked respondents to rate the different ESG styles and their impact on investment performance found out that **negative screening** is considered the most detrimental to financial performance. **Full integration** into stock valuation, **active ownership, and positive screening** are considered the most beneficial.

Amel-Zadeh, Amir, and George Serafeim (2018), "Why and How Investors Use ESG Information: Evidence from a Global Survey" in Financial Analysts Journal, 74 (3).

- A study suggests that the choice for negative screening strategies does matter for the size of the investment universe as well as for risk-adjusted return performance. **Investing in controversial stocks in many cases results in additional risk-adjusted returns, whereas excluding them may reduce financial performance**. These findings suggest that there are opportunity costs to negative screening.

Trinks, P., & Scholtens, B. (2017). The Opportunity Cost of Negative Screening in Socially Responsible Investing. Journal of Business Ethics (140).

Academia: Responsible and Sustainable Investments

- "We see clearly from our analysis that small levels of exclusions do not impact return expectations. More importantly, we observe that minor exclusions, in the range of 1 percent of a universe, will not induce material monthly deviations. **However, the range of outcomes broadens quite a lot when exclusions comprise 2–4 percent of the portfolio unless exposures are managed. Finally, excluding more than 5 percent of the portfolio may make deviations more material even with exposure management and impede our ability to form robust performance expectations**. The 5-percent restrictions may be more relevant to active portfolios, where closer attention to unintended exposures becomes more critical to achieving investment performance."

Ross, Leola (2019), "How Much is Too Much?: Negative Screening and Performance Consequences". Online at https://investmentsandwealth.org/getattachment/53cbde59-afd0-4cbe-ad48-fa50f21b917f/IWM19MayJun-NegativeScreeningPerformaceConsequences.pdf

Academia: Responsible and Sustainable Investments

- A paper by University of Cambridge researchers looked at the same of engagements and **found that collaborative engagement increased the success rate by more than 25 percent**. The study also found that investors holding a larger percentage of the shares had greater success and that domestic investors wielded more influence than foreign ones.

- Companies with inferior governance and socially conscious institutional investors are more likely to be engaged. Success in engagements is more probable if the engaged firm has reputational concerns and higher capacity to implement changes. Collaboration among activists is instrumental in increasing the success rate of environmental/social engagements. After successful engagements, particularly on environmental/social issues, companies experience improved accounting performance and governance and increased institutional ownership. **For public US firms, active ownership accounts for a positive abnormal return of around 7.1% when investors and investees interact successfully.**

Dimson, E., Karakaş, O., & Li, X. (2015, December). Active Ownership. The Review of Financial Studies, 28(12), 3225-3268.

- A study of almost 300 companies between 2005 and 2014 determined that value-at-risk was 20 percent lower for engaged firms compared with a control group.

(Hoepner et al, 2021)

Responsible x Sustainable Investments

	Responsible Investments	Sustainable Investments
Primary Goal	Risk Mitigation Financial performance	Positive Impact, Adressing Global Challenges, Meetings SDGs etc.
Investors' standpoint	Rationality, Fiduciary Duty	Values, Ethics, Morals
Investment Universe	All companies, all sectors may be assessed under an ESG perspective	Only companies whose products or services generate positive impact
Data Used	ESG data	Impact data
Assessment focus	Company's internal ESG dynamics (Act)	Company's products and services (Do)
Asset classes (most common)	Public equities, PE, fixed income, alternatives	VC, PE, fixed income
Most common types of investors	Institutional + retail	Institutional (foundations, FOs)
Measuring ESG risk affecting investments	Yes	Not necessarily
Measuring impact of investments	Not necessarily	Yes
Geography	Global	Global, but with a tilt for EM
Main industry organization	PRI	GIIN
SFDR	Art.8	Art.9
SF market share	~99,5%	~0,5%

Trends

- **All financial investments will be at least responsible investments**
- **Responsible investments will also measure impact (besides measuring risk)**
- **Sustainable investments will also measure risk (besides measuring impact)**

Money management

INVESTMENT BANKING

Provision of underwriting (capital raising) and mergers and acquisitions (M&A) advisory services. Investment banks act as intermediaries between investors (who have money to invest) and corporations (who require capital to grow and run their businesses).

ESG Funding

	Bonds / CB
USE OF PROCEEDS Funds directed at predefined sustainable projects	. GREEN, SOCIAL, SUSTAINABILITY BONDS etc. . GREEN CONVERTIBLE BONDS
KPI-LINKED Adjustment of the terms in response to pre-agreed sustainability performance targets	. SUSTAINABILITY LINKED BONDS (SLB) . KPI-LINKED CONVERTIBLE BONDS (SLB)

ESG funding

	SUSTAINABILITY (KPI)-LINKED INSTRUMENTS	USE OF PROCEEDS INSTRUMENTS
	Sustainability-linked Bonds	**Green/Social/ Sustainability bonds**
Description	General Corporate Purpose Bond where pricing mechanism and/or structural characteristics are linked to a company achieving pre-determined sustainability performance targets	Bonds whose proceeds will be allocated, on a nominal equivalence basis, to the (re)financing of projects/assets with positive environmental and/or social outcomes
Principles	ICMA Sustainability-Linked Bond Principles	ICMA Green Bond Principles ICMA Social Bond Principles ICMA Sustainability Bond Guidelines
Advantages	. Potential pricing improvement if targets are met . No limitation on size as does not require the identification of “green/transition” assets/capex	. Allows the issuer to align its funding strategy with its environmental activities . Appeal to investors with dedicated ESG mandates . Developed market with large number of players
Points of attention	Coupon step-up or premium payment if issuer fails to achieve the target(s) at a predefined observation date	. Requires the issuer to identify an eligible assets (a large pool of assets is recommended for bonds) . Needs operational setup to identify, track and report eligible assets and their impact

What is a green bond?

- A green bond is a bond specifically earmarked to have positive environmental and/or climate benefits.

- A green bond finances projects aimed, for instance, at energy efficiency, pollution prevention, sustainable agriculture, fishery and forestry, the protection of aquatic and terrestrial ecosystems, clean transportation, sustainable water management and the cultivation of environmentally friendly technologies.

Green Bond Principles – ICMA

Designated projects should provide **clear environmental benefits** e.g. renewable energy, pollution prevention, clean transport, sustainable water management

Issuer should **state eligibility criteria** and environmental sustainability objectives, with **external review recommended**

Issuer should **ring-fence net proceeds** in sub-account and **track allocations to eligible projects**. High level of transparency, unallocated proceeds flagged

Information on **use of proceeds** e.g. list of projects, amounts allocated should be readily available. Specific **KPIs measuring impact encouraged** such as emissions reduced, where feasible are encouraged

Green Bond Standard – EU

Proposed by the EC in July 2021
The European Parliament and member states reached an agreement on 28 February 2023 to establish the standard

Core components

Definition of Green Projects

Taxonomy alignment, i.e. substantial contribution to the Environmental Objectives, Do-No-Significant Harm, social safeguards, and technical screening criteria (i.e. principles, metrics and thresholds)

Type of eligible expenditures and look-back period

1

Green Bond Framework

- Describing objectives, Green Projects to be financed, processes and methodologies on allocation, reporting and impact calculation

Green Bond Framework Template provided

2

Mandatory reporting on

3

- **Allocation**, incl. allocated amounts and geographical distribution, at least annually, until full allocation
- **Impact**, incl. description of projects and environmental metrics, at least once during bond lifetime after full allocation

Reporting templates provided

Mandatory verification

4

By an **Accredited External Verifier*** of:
- Green Bond Framework alignment, before or at the time of issuance
- Allocation reporting, after full allocation of proceeds

Verification of the Impact Reporting is encouraged

Validation

https://www.youtube.com/watch?v=nHVQLUIPvsc

Validation – Climate Bonds Initiative

Climate Bonds Certification process for issuers

1 Prepare the bond

- Identify assets that meet the relevant sector criteria and compile supporting information
- Create a Green Bond Framework setting out the use of proceeds for the bond.

2 Engage a verifier

- Engage an Approved Verifier for pre- and post-issuance Certification
- Provide them with relevant information
- Receive a Verifier's Report giving assurance that Climate Bonds Standard requirements are met

3 Get Certified & issue a Certified Climate Bond

- Submit the Verifier's Report and Infomation Form to the Climate Bonds Initiative
- Receive a decision on pre-issuance Certification
- Issue your bond, using the Certified Climate Bond mark

4 Confirm the Certification post-issuance

- Within 12 months of issuance, submit the Verifiers post-issuance report
- Receive notification of post-issuance certification

5 Report annually

- Prepare a simple report each year for term of the bond
- Provide it to bond holders and Climate Bonds Initiative

Validation – SPO

Benefits for issuers outweigh costs

Green bonds have some additional transaction cost because issuers must track, monitor and report on use of proceeds. However, many issuers, especially repeat green bond issuers, offset this initial cost with the following benefits:

- Highlighting the company's green assets/business
- Positive marketing story
- Lower interest rates (potential *greenium*)
- Diversifying their investor base (as they can now attract ESG specialist investors)
- Joining up internal teams in order to do the investor roadshow (environmental team with Investor relations and other business)

Benefits for issuers outweigh costs

“In particular, we find that the size of the *greenium* is positively affected by more volatile asset prices, larger interest rate and corporate taxes, and, more importantly, we show that issuers’ creditworthiness **depends on the correlation of the green project with the core business of the firm**.” (…) “**in the primary market, the *greenium* is more pronounced for corporate issuers in the utility and power sector, while it is smaller for issuers whose core business is not strictly related with the green project**.”

Elettra Agliardi and Rossella Agliardi (2021), “Corporate Green Bonds: Understanding the Greenium in a Two-Factor Structural Model” in Environmental and Resource Economics, Vol, 80, p. 257–278.

Milestones

2007. The green bond market kicked off with the AAA-rated issuance from multilateral institutions European Investment Bank (EIB) and World Bank.

2013. First corporate green bond issued by Vasakronan, a Swedish property company

2013. First municipal bond was issued by Massachusetts. Gothenburg followed a few months later.

2013. SolarCity (now Tesla Energy) issued the first solar ABS*

2016. Apple became the first tech company to issue a green bond

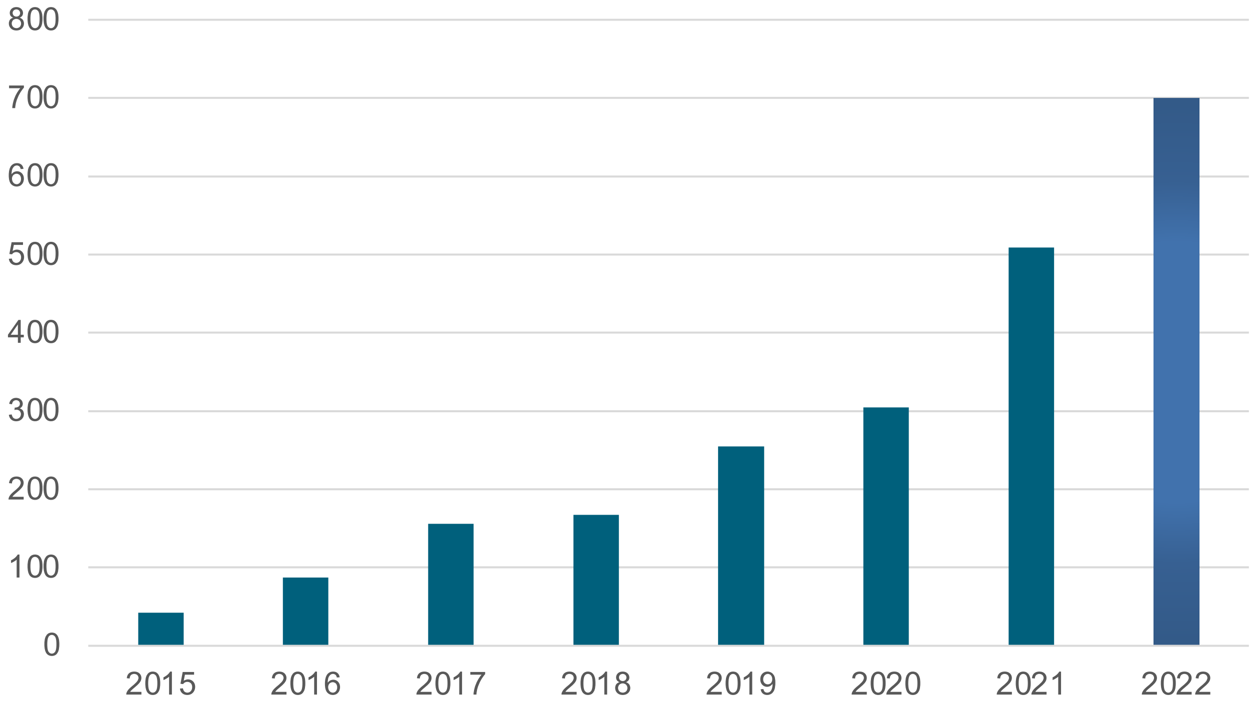
2016. Poland became the first sovereign country to issue a green bond

2018. First green bond emission in Portugal (EDP, US$ 600M)

2023. The European Union adopted the Green Bond Standard

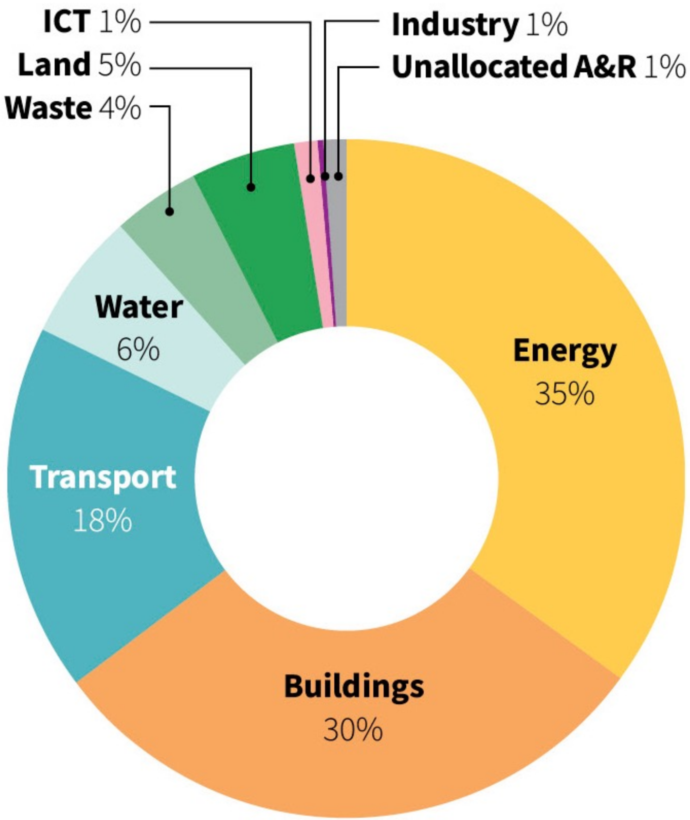
* An asset-backed security (ABS) is a financial security such as a bond or note which is collateralized by a pool of assets such as loans, leases, credit card debt, royalties, or receivables.

Green Bond issuance (USD billion)



Souce: Climate Bond Initiative

Green Bond Use of Proceeds
(2021)



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The world's first green bond

https://www.youtube.com/watch?v=i3gIJrABLSc

Types of ESG Bonds

Blue bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/
eligible projects that help to **solve water-related challenges**

Covid-19 bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or exis
eligible projects that help **mitigate the adverse effects of covid-19 or help it fighting it.**

Development banks bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing projects with positive social and economic impact in emerging nations. **These bonds are issued by DFIs such as World Bank, Asian Development Bank etc.**

Gender bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible projects that aim to **raise awareness of gender inequality and empower women**

Green bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible **Green projects**

Green sukuk are **Shari'ah compliant** asset-based financial instruments structured to provide funding for investments in renewable energy and other environmental assets.

SDG bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible projects that contribute to the **implementation of Agenda 2030**

Social bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible projects that **create positive social outcomes in communities**

Sustainability bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible projects that have a **combination of both green and social dimensions**

Sustainability-linked bonds incentivise companies' sustainability performance by **linking the interest margin to the improvement of the companies' ESG score or to the improvement on tailored sustainability KPIs.**

Different Bonds, Different Principles

The Green Bond Principles

The Social Bond Principles

The Sustainability Bond Guidelines

The Sustainability-Linked Bond Principles

Money management

COMMERCIAL BANKING

A loan is money, property, or other material goods lent to another party in exchange for future repayment of the loan value amount with interest.

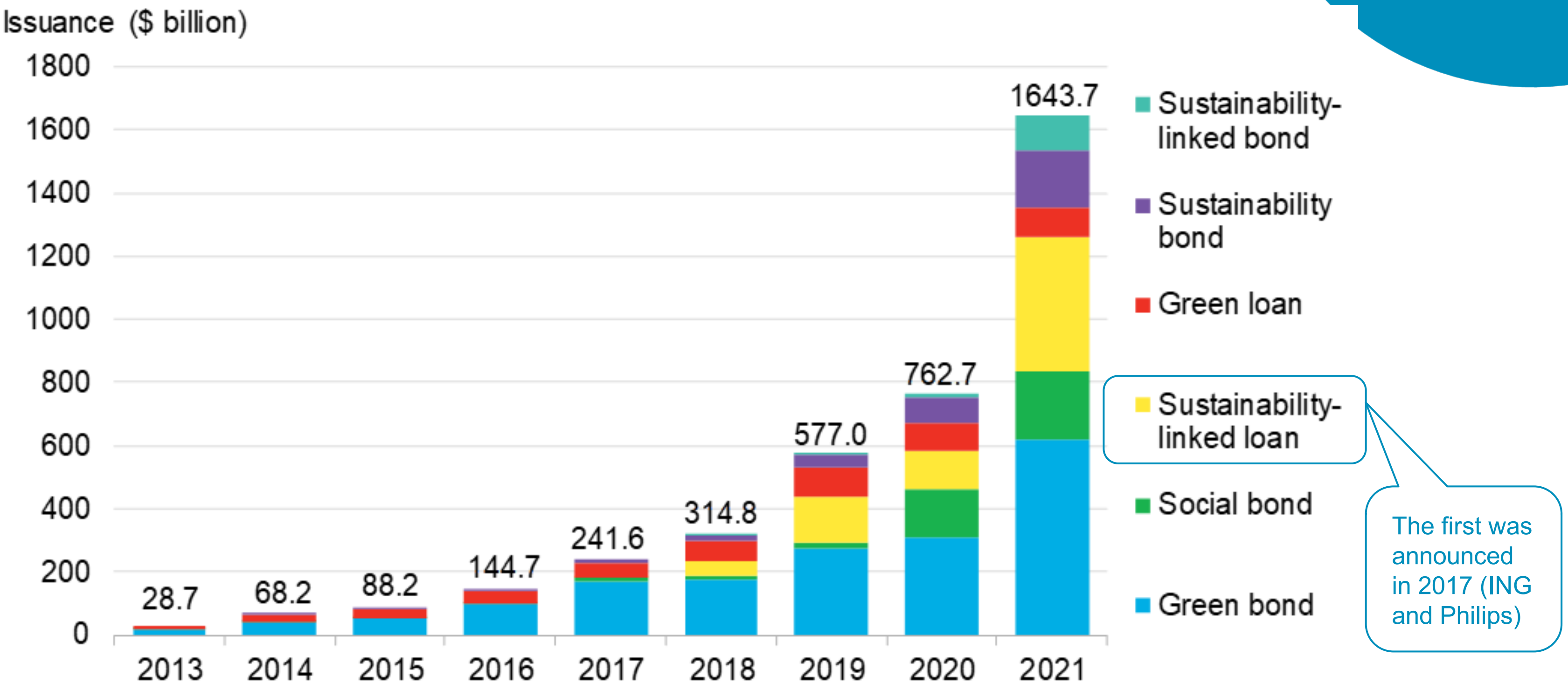
ESG Funding

	Loans
USE OF PROCEEDS Funds directed at predefined sustainable projects	. GREEN LOANS . SOCIAL LOANS
KPI-LINKED Adjustment of the terms in response to pre-agreed sustainability performance targets	. SUSTAINABILITY LINKED LOANS (SLL)

ESG funding

	SUSTAINABILITY (KPI)-LINKED INSTRUMENTS	USE OF PROCEEDS INSTRUMENTS
	Sustainability-linked Loans	**Green/Social/ Sustainability Loans**
Description	Revolving Credit Facility (or Term Loan) where pricing mechanism and/or structural characteristics are linked to a company achieving pre-determined sustainability performance targets	Term Loans whose proceeds will be allocated, on a nominal equivalence basis, to the (re)financing of projects/assets with positive environmental and/or social outcomes
Principles	Loan Market Association (LMA) Sustainability-Linked Loan Principles	LMA Green Loan Principles LMA Social Loan Principles
Advantages	. Potential pricing improvement if targets are met . No limitation on size as does not require the identification of “green/transition” assets/capex	. Allows the issuer to align its funding strategy with its environmental activities . Appeal to investors with dedicated ESG mandates . Developed market with large number of players
Points of attention	KPIs must be tested on an annual basis	. Requires the issuer to identify an eligible assets (a large pool of assets is recommended for bonds) . Needs operational setup to identify, track and report eligible assets and their impact

Annual sustainable debt issuance, 2013-2021



Source: BloombergNEF, Bloomberg L.P.

Sustainability-linked loan: Steps

1. Selection of KPIs

- KPIs are essential to link a company's corporate credit facility to its sustainability performance.
- KPIs are to be defined in concert between the bank and the company
- Sustainability experts can support selection of the most appropriate KPIs based on market practices and peer comparisons
- KPI(s) need to be meaningful, relevant and core to a company. They need to go beyond "business as usual"
- They need to be measurable, verifiable and comparable. While not a strict recommendation under the Principles, market practice has been to include 1-2 KPIs for SLBs and 1-3 for SLLs. Yet, the trend is to increase the number to up to 3 (for SLBs) and up to 5 KPIs for SLLs (above 5 it becomes difficult to execute).
- KPIs could be Internal KPIs or ESG ratings or combined
- They may relate to issuer's own performance, Issuer's peers comparison and/or referrer to science-based scenarios
- KPIs need to be **material** to the sector.
- If possible, 3 years of historical data should be provided to the group of lenders in order to understand the ambitiousness of the targets
- Depending on the products, targets may be annual (SLL) or one-offs with one observation date (SLB)-to be adapted to the maturity of the financing and the financial mechanism selected

Sustainability-linked loan: Steps

2. Financial Characteristics

- The key nature of sustainability linked financing is that the financial or structural characteristics of the financing vary depending on whether the selected KPI(s) are reached.
- The margin or coupon adjustment/premium payment must be determined pre-issuance and incorporated in the legal documentation.
- The variation should be commensurate and meaningful.

3. Reporting

- Every year, the borrower communicates its performance vs the agreed sustainability performance targets. The information should be verified by an independent party. The report could be integrated into the annual sustainability report or be a standalone report.

Sustainability-linked loan: Steps

4. Margin adjustment

. Based on the borrower's sustainability performance, the margin of the credit facility is adjusted, rewarding sustainability achievements. If improvement in performance targets is achieved, the borrower receives a discount.

. Borrower may be subject to potential pricing increase if targets are not met

5. Continuous Monitoring

. Yearly monitoring and margin adjustment until loan facility matures.

. In case a material changes in circumstances occur, a revision of the KPIs can be included in legal clauses

Advantages of Sustainable Loans

- Opportunity to demonstrate commitment to sustainable development and alignment with internal corporate sustainability work. Alignment between financial and sustainability teams.
- Discretion on use of proceeds
- Potential pricing improvement if targets are met
- Second Party Opinion is not necessary (saving up approximately 8 weeks and around US$20k)
- SLL mechanism can apply to any type of loans such as revolving credit facility, term loan, export finance
- Enhanced market position. Positive branding and reputation

ESG debt and risk of default

“Banks pursuing [sustainability] may have higher costs of diligence and reporting, but those are offset by a lower cost of risk—32% lower over five years.”

(Bain, 2020)

“Based on the ESG rating data of all A-share listed firms in China from 2015 to 2020, (…) we find that a firm with high ESG rating has low default probability.”

(Hao Li, Xuan Zhang, and Yang Zhao (2022), "ESG and Firm's Default Risk” in Finance Research Letters, Vol. 47.)

Sustainability Loans-champions (2022)

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EMEA Top Tier Green UoP Loans 2022

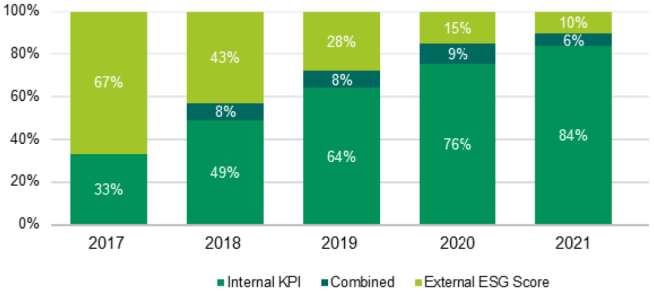
(By volume)

Rank	Bookrunner	Volume USD (m)
1	CaixaBank	3.271
2	Standard Chartered Bank	1.594
3	Credit Agricole CIB	1.546
4	Credit Suisse	1.335
5	Societe Generale	1.274
6	Citi	1.250
7	HSBC	1.250
8	JP Morgan	1.250
9	Sumitomo Mitsui Financial	1.246
10	Mizuho Financial	918
11	BNP Paribas	904
12	UniCredit	858
13	Intesa Sanpaolo	558
14	BayernLB	458
15	Banco Bilbao Vizcaya	448

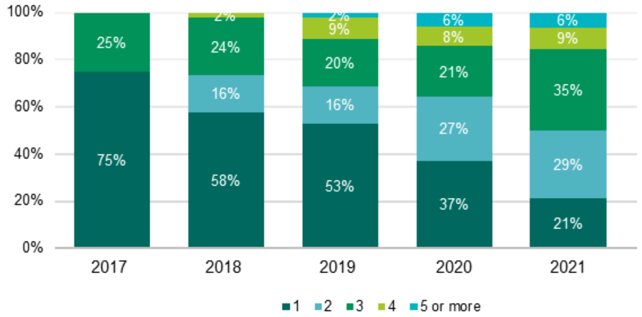
Source: Bloomberg, Jan 2023

SLL market. KPI trends

Ongoing trend towards the use of internal KPIs only



SLLs based on a single KPI are becoming less prevalent



Breakdown of KPI categories, all sectors (2022 YTD)

KPI Category	Amount(eur eq)	# of deals
GHG Emissions	€ 87.13bn	121
Undisclosed	€ 30.97bn	74
Energy Management and Renewables	€ 36.40bn	67
Employee engagement, diversity and inclusion	€ 39.36bn	34
Water Management	€ 19.66bn	31
Employee H&S	€ 21.02bn	26
Waste Management	€ 14.06bn	24
Global ESG Assessment	€ 16.49bn	22
Sustainable Products	€ 9.49bn	16
Circular Economy	€ 9.45bn	14
Community Relations and Development	€ 5.35bn	13
Access and Affordability	€ 10.18bn	12
Green Certified Buildings	€ 5.03bn	11
Labor Practices	€ 4.61bn	9
Product Responsibility and Safety	€ 6.42bn	8
Responsible Investing and Financing	€ 5.94bn	8
Biodiversity	€ 1.28bn	7
Supply Chain Management and Responsible Sourcing	€ 2.83bn	7
Business ethics	€ 6.07bn	5
Air Emissions and other Pollution	€ 1.06bn	4
Corporate Governance	€ 4.69bn	4
Transportation	€ 1.43bn	3
Clean Transportation	€ 0.06bn	1
Cybersecurity and Data Privacy		1

Source: BNP Paribas

Two highlights

- World's best bank for sustainable finance 2022 (**Euromoney Awards for Excellence**). Leading issuer of green bonds in Europe.

- It has been given the 'Global Outstanding Leadership in Green Bonds' award by the Global Finance magazine as part of its **Sustainable Finance Awards 2022**. The bank is committed to mobilize a total of 300 billion euros in green finance, sustainable infrastructure, social entrepreneurship and financial inclusion by 2025.

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Asset management and banking through ESG lenses

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