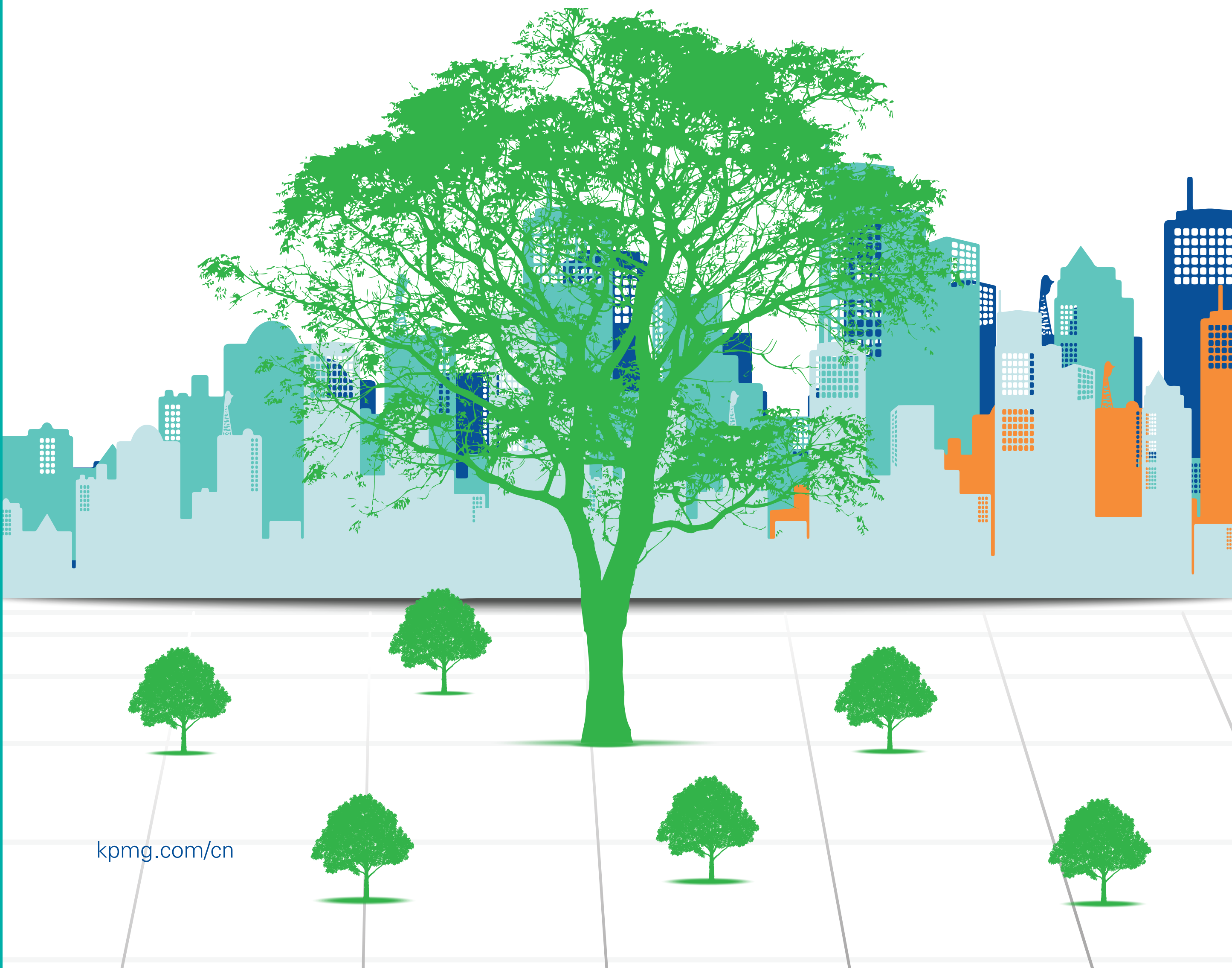
Catalyst for change

Sustainable finance developments across Asia Pacific



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Foreword

Leaders worldwide are increasingly looking for actions that can help them make progress towards the United Nations Sustainable Development Goals and address the growing threat of climate change. The Paris Agreement under the United Nations Framework Convention on Climate Change, agreed to in 2015, outlines a clear objective to limit the rise in global average temperatures to below 2 degrees Celsius above pre-industrial levels, with an ultimate goal of containing the temperature rise to within 1.5 degrees Celsius or less.

One avenue of clear importance to achieve this goal is how governments and institutional investors can best utilise their massive influence, and the trillions of dollars they invest each year, to guide businesses to adopt sustainable practices.

The good news is that today, nearly five years after the signing of the Paris Agreement, progress in the shift towards sustainable finance is occurring, as we report in this paper. Globally, the volume of assets invested in sustainable projects is rising, with growth accelerating significantly in the last three years. Approximately one-fifth of all assets worldwide are now in funds that use some form of environmental, social and governance (ESG) criteria.

Asia, however, continues to lag behind, especially outside Japan. According to the Global Sustainable Investment Alliance, Asia ex-Japan accounted for less than 1 percent of the world's sustainable investment assets in 2016.

However, there is a growing realisation within the investment community that sustainable investments are ones that make the most sense from a business as well as an environmental perspective. This is particularly acute in Asia, which contains a significant proportion of the world's most densely populated megacities that are increasingly threatened by natural disasters and rising sea levels.

Governments across Asia, especially through their central banks, are starting to require greater disclosure of climate-related and other environmental risks of financial institutions and listed companies, with Japan, Singapore and Hong Kong SAR (China) leading the way.

Multilateral initiatives, notably the Task Force on Climate-related Financial Disclosures (TCFD) launched by the G20's Financial Stability Board in 2015 and the Principles for Responsible Banking unveiled by the UN Environmental Programme's Finance Initiative in September 2019, have also been a major force encouraging moves in the right direction.

Change, however, is not yet taking place at the necessary rate to meet the 2 degrees Celsius climate change containment target, let alone its more ambitious 1.5 degrees goal. For lasting change to take place, governments, institutional investors, and other asset owners need to show greater ambition and make sustainable investment part of the financial mainstream, especially with regards to long-term investments.

For that to happen, governments and investors across the region need to step up their commitments to sustainable investing – including in infrastructure spending and how sovereign wealth funds and pension funds make investment decisions. A big step they could take in this direction would be to mandate that these investment institutions are fully committed to only funding sustainable projects. Through regulation and incentives, they must also do more to create a business environment that rewards companies and the investors who fund them to put sustainability at the top of their agenda.

With the money and influence they can bring to bear, governments and institutional investors can help to create a domino effect for private and retail investors to channel their money into sustainable enterprises. This would help set Asia on a course to help the world meet its development goals and help ensure a sustainable future for the next generation.

In this report, we provide a snapshot of the current sustainable finance landscape across the Asia Pacific region - including data indicators, recent regional, country-level and local policy developments, and multilateral initiatives. We also include points of view from industry and NGO players on how to best facilitate positive change.

> *Through the trillions of dollars they invest each year, government-directed entities such as sovereign wealth funds and pension funds can and should play a leading role to drive sustainable development and limit the effects of climate change. By choosing investments that meet internationally accepted ESG criteria, these groups can create a domino effect for the entire investment industry, paving the road for wider adoption of sustainable finance in Asia Pacific and around the world.*

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Overview and progress of sustainable finance in Asia Pacific

Entering the mainstream

Sustainable investment has been one of finance's fastest growing areas in recent years. Between 2014 and 2018, total sustainable investment assets rose from USD 18.3 trillion to USD 30.7 trillion, according to the Global Sustainable Investment Alliance (GSIA)[1] (see Figure 1).

Figure 1: Global sustainable investing assets, 2016–2018, US$ billion

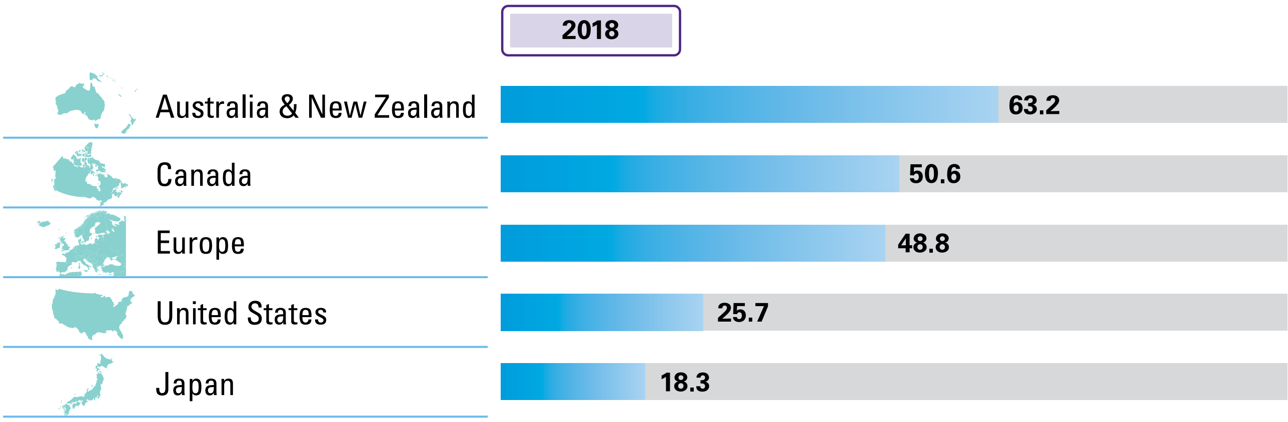
	2018	2016
Europe	14,075	12,040
United States	11,995	8,723
Japan	2,180	474
Canada	1,699	1,086
Australia & New Zealand	734	516
Total	30,683	22,838

Source: Global Sustainable Investment Alliance (GSIA)

Note: Criteria and definitions for "sustainable investing" are defined by the Global Sustainable Investment Alliance (GSIA) For more information, please refer to GSIA's 2018 Global Sustainable Investment Review, March 2018, http://www.gsi-alliance.org/wp-content/uploads/2019/03/GSIR_Review2018.3.28.pdf.

Most of that money, however, is concentrated in Europe and North America, which between them account for well over four-fifths of the total. In Asia, with the exception of Japan, the sums of money committed to sustainable ventures have remained largely marginal. And even in Japan, the proportion invested in sustainable assets, at around 18 percent, is far below that of Australia and New Zealand, where it accounts for 63 percent, Canada (51 percent) and Europe (49 percent), though not so far behind the United States (25 percent) (see Figure 2).

Figure 2: Proportion of sustainable investing relative to all managed assets, %



Source: Global Sustainable Investment Alliance (GSIA)

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The two principal reasons for this change in global sentiment can potentially be traced to two events that took place in the second half of 2015.

The first of these was the adoption in September of that year by all of the UN's 193 members of the Sustainable Development Goals (SDGs) — a total of 17 major pledges that aim to guide the world's sustainable development priorities through to 2030.

And the second was the Paris climate change agreement reached in December 2015. Alongside its commitment to keep global temperature rise to less than 2 degrees Celsius, and ideally to below 1.5 degrees Celsius, the agreement also contained a commitment to make financial flows "consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."[2]

That part of the agreement in turn contributed to a decision made the same year by the G20 — the forum for governments and central bank governors from 19 countries and the European Union aimed at maintaining global financial stability — to establish a Task Force on Climate-related Financial Disclosures (TCFD).

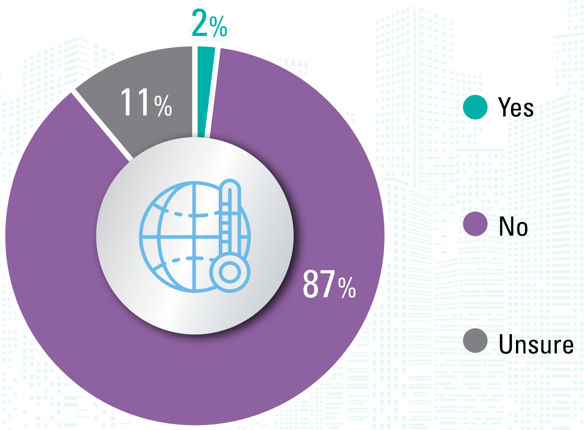
Set up by the G20's Financial Stability Board, the TCFD was commissioned to develop a framework through which financial institutions and companies could provide information about the financial impact of climate-related risks and opportunities. The outcome, announced in a report issued in 2017, was a series of recommendations about the information companies should disclose about the extent and nature of their climate risk exposure in their financial reports. This allows information to be consistent, comparable, reliable, clear and efficient, providing useful information to underpin the decisions of investors, lenders, and insurers, and by extension enhancing how climate risks are managed.[3]

As of 2019, around 900 private sector entities from around the world had declared their support for the TCFD.[4] However, there remain widespread concerns both in and beyond the financial community that assets are being seriously mispriced due to the full extent of climate risk still not being factored in to their value.

Pointing to the risk of not taking account of climate change, a survey by GSIA of 272 investment professionals worldwide carried out in October 2019 found that nearly nine out of ten respondents (87 percent) did not believe that markets are consistently and correctly pricing climate risks into asset valuations (see Figure 3).

Figure 3: Investor poll: are markets consistently and correctly pricing climate risks into company and sector valuations?

% of investment professionals responding



Source: Global Sustainable Investment Alliance, Sustainable Investor Poll on TCFD Implementation, December 2019. http://www.gsi-alliance.org/members-resources/sustainable-investor-poll-on-tcfd-implementation/

87 percent of investors polled believe markets are incorrectly pricing climate risks into company and sector valuations

Source: Global Sustainable Investment Alliance

As the GSIA survey noted, mispricing investments by failing to take account of climate risks could threaten market stability. But an even greater threat has to be of continuing to encourage investment in companies and business practices that hinder the movement towards the establishment of sustainable economies.[5]

Meeting the UN Sustainable Development Goals can release

USD 12 trillion

in revenue and savings every year and create

380 million

new jobs by 2030

Source: Business & Sustainable Development Commission

The returns on sustainable development

The rise in awareness of the need for investments to be sustainable has been accompanied by an increased understanding of the amounts of money needed to make the world climate-change proof – both to mitigate the effects of global warming itself and to ensure that global development takes place in a way that guarantees long-term benefits for everyone.

Christiana Figueres, the former head of the UN Framework Convention on Climate Change, and now the Convener of Mission 2020, a global campaign aimed at accelerating climate action, estimates that at least USD 60 trillion will be needed through 2050 for the world to make the transition to the low-carbon, climate-resilient economies that will be needed to meet the targets of the Paris Agreement.[6]

At the same time, according to the United Nations Conference on Trade and Development (UNCTAD), to meet the target of the UN Sustainable Development Goals in developing countries, around USD 3.9 trillion will have to be spent annually until 2030.[7]

These investments have the potential to realise enormous returns — socially and financially. Meeting the SDG's could both release USD 12 trillion in business revenue and savings every year and generate 380 million new jobs by 2030, according to the Business and Sustainable Development Commission, a group launched at the Davos World Economic Forum in 2016 to encourage multinational companies to adopt sustainable development and poverty reduction alongside their traditional goals of growth and profits.[8]

Regional initiatives

Although Asia Pacific has yet to embrace sustainable finance to the same degree as Europe or North America overall, several significant initiatives are already under way.

In Japan, interest has risen strongly in the last several years. According to the Global Sustainable Investment Review, assets managed under sustainable investment strategies rose from just USD 7 billion in 2014 to USD 474 billion in 2016, and then quadrupled to USD 2.18 trillion in 2018. As a result, total sustainable investment assets accounted for 18 percent of all professionally managed assets.[9]

Driving this increase has been major commitments by government-backed institutions, among them the decisions taken in 2015 by the Government Pension Investment Fund — holder of the world's largest single pool of retirement savings — and in 2016 by the Pension Fund Association — a major manager of employee pensions — in 2016 to sign the Principles for Responsible Investment.

Mainland China is currently exploring ways in which its finance sector can consider sustainability in its decision-making procedures. The People's Bank of China (PBOC) has been working with banking associations to develop a set of standards governing sustainable investments and the information banks must disclose about the environmental impact of their investments.[10] Starting from 2020, the China Securities Regulatory Commission (CSRC) will require listed companies to disclose key environmental information in their annual or semi-annual reports.[11]

China's financial institutions are also starting to align themselves with international norms. As of June 2020, the UN-supported Principles for Responsible Investment, has 46 China-headquartered financial institutions and companies as signatories, up from seven in in 2017.[12]

Meanwhile, Hong Kong SAR (China) has been steadily increasing the information requirements of listed companies. Last year, the Hong Kong Monetary Authority announced that it would give priority to Green and ESG investments in the management of its Exchange Fund if their long-term returns were comparable to other investments on a risk-adjusted basis. It also said it was developing a common framework to assess the "Greenness Baseline" of individual banks, and was requiring external managers of Hong Kong-based equity portfolios to comply with the Securities and Futures Commission's Principles of Responsible Ownership, and that it had invested two tranches of USD 1 billion in the International Finance Corporation's Managed Co-lending Portfolio Programme, much of which is targeted at sustainable investments in emerging markets around the world.[13]

Similar to Hong Kong SAR (China), Singapore's movement towards sustainable investing is being driven by its central bank, the Monetary Authority of Singapore (MAS). Last November, MAS announced it was setting up a USD 2 billion scheme that would invest in environmentally sustainable public-market strategies as part of Singapore's efforts to mitigate climate change across the region.[14]

Through the scheme, MAS will place funds with asset managers who have demonstrated a commitment to green investment. Its first investment through the scheme would be placing USD 100 million into a green bond investment pool run by the Bank for International Settlements.

As well as underscoring Singapore's commitment to reducing climate and mitigating its impact, the scheme is also aimed at encouraging the city's financial sector to play a major role in promoting sustainable development opportunities, such as the transition to renewable energy across Asia, and eventually becoming a "leading center for Green Finance in Asia and globally", according to MAS board member Ong Ye Kung.[15]

Elsewhere across Southeast Asia, other measures are being put in place. In 2019, the Thai Bankers' Association in conjunction with the World Wide Fund for Nature (WWF) released a series of official guidelines that would enable financial institutions to develop capabilities to handle ESG risks.[16] WWF has also been working with Indonesia and Malaysia on similar guidelines for sustainable financing.

The Principles for Responsible Banking launched in September 2019 are also likely to have an impact on banks' lending policies across much of the Asia Pacific region. The Principles were launched by 130 banks from 49 countries, between them handling more than USD 47 trillion-worth of assets. Under the document, banks commit to align their business strategies with the goals of the Paris Agreement on Climate Change and the UN's Sustainable Development Goals.[17] (Please see the chart on the next page)

Principles for Responsible Banking

Principle 1:
Alignment
We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Principle 2:
Impact & Target Setting
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Principle 3:
Clients & Customers
We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Principle 4:
Stakeholders
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Principle 5:
Governance & Culture
We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Principle 6:
Transparency & Accountability
We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Source: United Nations Environment Programme Finance Initiative

Under the Principles, banks are required to analyse their current impact on the planet and populations, set targets where they have the most significant impact, and publicly report on their progress. UN Secretary-General António Guterres described the Principles as being a guide for the global banking industry to respond to, drive and benefit from a sustainable development economy, creating accountability that could lead to responsibility and ambition that could drive action.[18]

"The UN Principles for Responsible Banking are a guide for the global banking industry to respond to, drive and benefit from a sustainable development economy. The Principles create the accountability that can realize responsibility, and the ambition that can drive action," Secretary-General Guterres said during his remarks at the initiative's launch.

Future imperatives

To tackle climate change will require the establishment of economies that function within the world's ecological boundaries.

As the UNEP Finance Initiative notes, to move the world to a condition where financial institutions are contributing to the creation of sustainable economies, it is vital that both financial institutions understand the role they can play in becoming enablers and catalysts of transition, and that governments understand the needs of financial institutions.

For officials and regulators, that requires being able to grasp the ways in which financial institutions think about risk and balance that in their pursuit of commercial opportunities. Increased understanding of risk in turn enables regulators to better devise incentives and regulatory frameworks that will encourage banks and other organisations to invest in more sustainable projects — and, correspondingly, to reduce investments in activities that will harm or delay the transition to sustainability.

The good news is that voluntary climate-related disclosures are increasing as firms align their financial reporting with internationally-set recommendations. But governments should require more – for instance, they could mandate greater climate-related disclosures in financial reporting, both generally and in specific sectors, starting with listed companies.

In the last few years it has also become far clearer what kind of metrics need to be included in reporting. The Global Impact Investing Network in its 2018 report, "Roadmap for the Future of Impact Investing: Reshaping Financial Markets", outlined an enabling infrastructure with a series of common metrics that could be usefully adopted,[19] suggesting that initiatives include:

- Setting industry standards for social measurement
- Lobbying for specific policy or regulatory changes
- Developing an impact investing network to accelerate the industry
- Developing risk-assessment tools
- Coordinating the development of a common language platform
- Creating publicly available benchmarking data
- Integrating social and environmental factors into economic and finance theory
- Launching a targeted public relations campaign to promote demonstrated successes

Greater self-awareness

There is also a growing awareness of the ways in which companies and other institutions can organise themselves to improve their sustainability performance. For example, in May 2019, Japanese companies set up a consortium to strengthen their reporting of the financial impacts of climate-related risks and opportunities and revise Japan's TCFD guidance.[20] The guidelines aim to serve two purposes: firstly, enabling companies to better identify and tackle challenges; and secondly, enabling lenders and investors to take climate risks and opportunities into account in their investment and lending decisions.

But alongside such steps, action also needs to be taken to embrace more ambitious goals. One recent example indicating the direction in which companies must go was the establishment of the Net-Zero Asset Owners Alliance, an international group of institutional investors who have committed to transition their investment portfolios to net-zero greenhouse-gas emissions by 2050. Convened by the UN, the organisation consists of pension funds and insurance companies from Europe and North America who manage nearly USD 4 trillion worth of assets, representing perhaps the most ambitious commitment of any group of investors to date.[21]

Across much of the Asia Pacific region, investors have yet to reach the stage where they are able to commit to such actions. As such, governments need to lead by example by directing the investment bodies and the investment decisions under their direct control to become more committed to sustainable investing.

Another pain point for investors is a wide range of differing standards among countries and jurisdictions on what defines a "sustainable" investment. Therefore, it is necessary for investors to have access to information and tools that can help them identify and verify ecologically responsible and socially impactful projects and businesses they can place their money in.

Sovereign wealth and pension funds are key enablers for change

While corporate sentiment in favour of sustainable investment has clearly risen in the last five years, the actions of private companies will not be enough to avert a climate crisis and ensure that development contributes to long-term global prosperity.

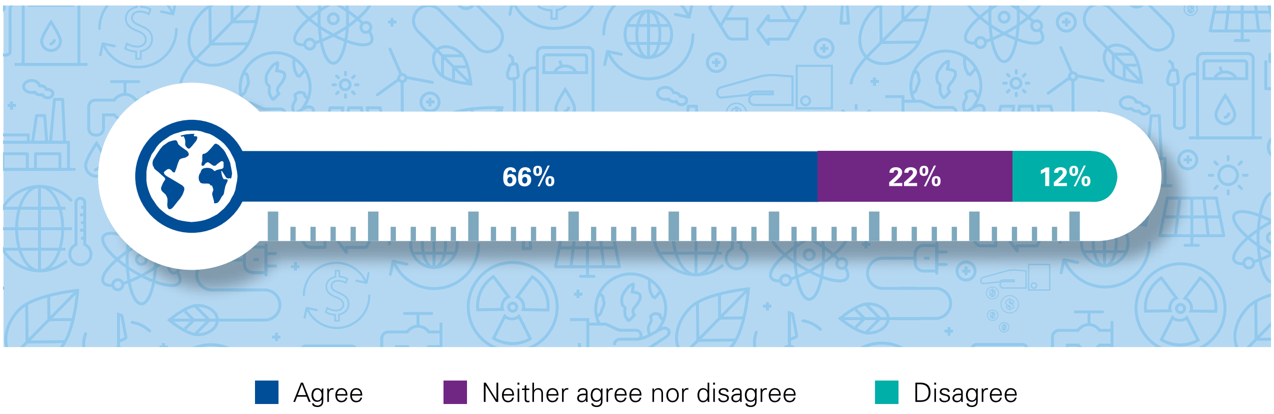
For these objectives to be achieved, governments, especially those in Asia, will have to take the lead, through ensuring a policy and regulatory system that drives more ambitious action on climate change, as well as through how government-led investments are prioritised. One way in which they can do this, as Christiana Figueres of Mission 2020 has noted, is to incentivise companies and investors to come up with the means to decarbonise the world's energy systems, through subsidies for research and development on cleaner energy sources and green technology and taxes on carbon emissions and resource use.

The good news is that international guidelines and resources already in place can be effective to guide governments towards formulating more effective policies. The Global Sustainable Investment Alliance (GSIA) poll that found that roughly two-thirds of respondents (66 percent) believed the TCFD would help meet climate change goals (see Figure 4).

Of particular relevance to Asia, the GSIA survey found that Japanese respondents in particularly strongly supported the TCFD's efforts. 88 percent of the Japanese investment professionals polled said they strongly or somewhat agreed it would help climate change, compared to around 70 percent in Europe and the United Kingdom and just over half in the United States. [22]

Figure 4: Investor poll: Effectiveness of the TCFD to limit climate change

% of respondents who agree the TCFD will help investors to limit the global average temperature rise to less than 2°C



Source: Global Sustainable Investment Alliance, Sustainable Investor Poll on TCFD Implementation, December 2019. http://www.gsialliance.org/members-resources/sustainable-investor-poll-on-tcfd-implementation/

"By adhering to widely-recognised ESG criteria for their investments and channelling their money into enterprises that meet those criteria, sovereign wealth funds and pension funds can create the conditions for the private investment market to follow suit"

Patrick Chu
Partner, Head of Business Reporting and Sustainability
KPMG China

This suggests that given a further push by governments, Asia Pacific countries and jurisdictions may have the potential to embrace sustainable investment in a major way within several years. What that will call for, however, is for public and private institutions to step up.

In particular, governments should be looking to direct the investments of their sovereign wealth funds, pension funds and other publicly controlled or backed funds towards sustainable enterprises. By adhering to widely-recognised ESG criteria for their investments and channelling their money into enterprises that meet those criteria, these institutions can set a higher bar for enterprises looking to receive institutional money, thus creating conditions for the private investment market to follow suit.

In addition, governments must continue to create a business environment that incentivises companies and the investors who fund them to put sustainability at the top of their agenda. Tax incentives and carbon pricing can help here, as can research and development subsidies. In addition, so can requiring that publicly funded or owned investors, especially the biggest ones, such as sovereign wealth and pension funds, place their money only in projects that meet clearly defined ESG criteria.

Voluntary action from the private sector alone will not be enough to drive broad based and lasting change. Governments must take the lead to push investors to adopt ambitious sustainability targets. Future generations, and indeed, the future of the planet, will depend on how quickly and successfully this transition can occur.

Regulation, public dialogue critical for sustainable finance to enter mainstream

Jeff Tucker
Director of Sustainability, Pacific Basin Economic Council

For sustainable finance practices to be widely adopted across Asia Pacific, a significant behavioural shift is needed in and beyond the financial sector, says Jeff Tucker, Director of Sustainability at Pacific Basin Economic Council, an independent International NGO since 1967 and the progenitor of the Asia-Pacific Economic Cooperation (APEC). Its Secretariat has been based in Hong Kong SAR (China) since 2003, when Chairman Emeritus & former HSBC Group chairman David Eldon moved it from Honolulu, Hawaii's East-West Center.

Although institutional investors around the world are increasingly starting to incorporate environmental, social and governance (ESG) factors in their investment planning, implementation remains very much in an early stage, Tucker says. A December 2019 survey by the Hong Kong SAR's Securities and Futures Commission that found less than a third of the nearly 800 asset-management companies they polled integrated ESG factors into their investment and risk management processes.

"More and more companies are saying they are taking into account ESG factors in their investments, but for most this is lip service," he says.

Lasting change, Tucker says, is unlikely to come from voluntary private sector action alone. Therefore, it is up to governments to drive the shift towards sustainable finance through legislative reforms. "Short-term profits and share prices still dominate the finance industry and will continue to do so until regulation and legislation can come into play," he explains.

Tucker acknowledges that new legislation mandating change will not be popular, especially if it affects salaries and corporate profitability. To help change the current short-term profit-oriented mindset, he says the public must be made more aware of the long-term consequences of unsustainable business practices, and better understand the positive impacts that regulatory reforms can make. Public awareness via various channels including the media is key in order to disseminate information and share ideas and opinions from various parties, especially when new policies and strategies are being proposed.

> *"Short-term profits and share prices still dominate the finance industry and will continue to do so until regulation can come into play"*

Tucker is also an advocate of increased dialogue and sharing knowledge both within and between countries to align people to work towards achieving reforms. International forums for such dialogue, he says, can increase the visibility of global best practices for sustainable finance and create an impetus for action.

"Do governments wish to be told what to do? In many cases, no, but they do feel obliged to at least listen to the points," he says. "And as with all new policy and strategies, the more they are talked about, the more inevitable they become, so discussions, workshops and debates are essential."

He suggests that governments across the region should be encouraged to host round-table discussions and workshops in their own countries, then take their findings to APEC and Association of Southeast Asian Nations (ASEAN) meetings with the goal of building a broad consensus with other key players about the kind of measures governments should be putting in place.

"Taking the necessary action to build a sustainable future will require making some tough decisions and then following them through with action," concludes Tucker. "Using high-profile meetings such as the APEC and ASEAN forums and the Asian Financial Forum can be an essential part of the process of gathering the momentum needed to promote sustainability."

Strengthening public institutions essential to make sustainable finance a reality

Masato Abe
Economic Affairs Officer, UN Economic and Social Commission for Asia and the Pacific (UNESCAP)

To meet the UN's Sustainable Development Goals by the target year of 2030, The UN Economic and Social Commission for Asia and the Pacific (UNESCAP) estimates that the Asia Pacific region will need to spend USD 1.5 trillion annually — the equivalent of five percent of GDP.

However, governments will not be able to provision this amount of money through public finance alone, according to Masato Abe, Economic Affairs Officer at UNESCAP's Macroeconomic Policy and Financing for Development Division in Bangkok. To fill the gap, they must step up their cooperation with the private sector on sustainable finance.

A major part of this needed effort will require countries across the region, especially developing countries, to strengthen their capital markets and make use of emerging sources of finance such as green bonds — now a US$500 billion market worldwide.

Putting in place the capabilities to do this will take considerable effort, Abe says. Even in many of the region's more developed markets, raising funds directly for environmentally friendly projects has been slow to take off.

For example, green bond issuances have thus far been restricted to a handful of places. Singapore entered the market in 2017, when City Developments, a local property company, launched a two-year bond secured against one of the city's greenest buildings.

The same year, Malaysia issued the world's first green Islamic bond, followed in 2018 by Indonesia, which raised USD 1.25 billion with its first green "Sukuk", a type of Islamic financial certificate with similar properties to a bond. Even the Hong Kong SAR, which wants to make itself a centre for green finance, only entered the market last year, raising USD 1 billion with its first green bond.

For more entitles to adopt sustainable finance practices, the key issue that needs to be addressed is putting in place the structures and systems that will allow governments and other organisations to be able to focus on sustainability, Abe says. This means

> *"For Asia Pacific to meet its sustainable development targets, enhancing public sector capacity has to be the top priority"*

the top priority in many Asia Pacific jurisdictions remains ensuring that government institutions have the necessary capabilities to do their work.

One part of this is being able to collect taxes, which remains a major bottleneck in many countries. Tax revenues as a percentage of GDP in Asia Pacific's developing countries remains well below the global average for developing countries, at around 17 percent.

Another factor is having effective systems and controls for handling public spending, as there is little point in raising money if a government cannot ensure that capital is used in the way intended. And another is putting in place the institutions able to effectively oversee and run capital markets in order to appropriately handle debt financing. A further challenge, says Abe, is putting in place the kind of holistic machinery that will allow them to be tackled simultaneously.

Here, institutions such as the UN can help. On the ground, UN agencies can launch initiatives to assist countries in strengthening their capital markets through the establishment of standards, providing technical support and encouraging the sharing of successful practices between locations.

And at a regional level, a body such as UNESCAP can contribute to the creation of a greater vision of how the public sector can work with privately owned financial institutions to fund development.

Ultimately, however, finding the funds needed to ensure the sustainability of the region's development between now and 2030 will call for governments to take the lead. Financial markets will be able to help eventually – but only, says Abe, once officials have done the heavy lifting first.

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About KPMG China

KPMG China is based in 26 offices across 24 cities with around 12,000 partners and staff in Beijing, Changsha, Chengdu, Chongqing, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Jinan, Nanjing, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Tianjin, Wuhan, Xiamen, Xi'an, Zhengzhou, Hong Kong SAR and Macau SAR. Working collaboratively across all these offices, KPMG China can deploy experienced professionals efficiently, wherever our client is located.

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In 1992, KPMG became the first international accounting network to be granted a joint venture licence in mainland China. KPMG was also the first among the Big Four in mainland China to convert from a joint venture to a special general partnership, as of 1 August 2012. Additionally, the Hong Kong firm can trace its origins to 1945. This early commitment to this market, together with an unwavering focus on quality, has been the foundation for accumulated industry experience, and is reflected in KPMG's appointment for multi-disciplinary services (including audit, tax and advisory) by some of China's most prestigious companies.

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About the ESCAP Sustainable Business Network

The objective of the ESCAP Sustainable Business Network (ESBN) is to scale up business ambition and action to accelerate the achievement of the 2030 Agenda for Sustainable Development and associated sustainable development frameworks in the Asian and Pacific region. As a purpose-driven network, the ESBN is a regional platform for convening companies and other relevant actors to work together to push sustainability ambition and action within and beyond their operations through collaborative action, policy advocacy and peer-to-peer learning and inspiration.

The ESBN has the following roles and functions:

a) Identify technical and financial solutions for accelerating progress on specific SDGs, propose required actions and initiatives, and gather relevant actors in joint initiatives to advance these actions and initiatives, including by contributing expertise or other in-kind or financial support.

b) Advance sustainability actions among Asian and Pacific businesses through peer inspiration, policy advocacy and collective engagement.

c) Encourage stronger Government action on sustainability by contributing business sector perspectives at ESCAP events.

ESBN membership is open to any entity that is formally registered as a private or public sector business organization, a private sector representative organization such as a Chamber of Commerce and Industry, or a non-governmental organization working with business to address sustainability issues (collectively known as member organizations) being located in or having substantive operations in one or more ESCAP member States.

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About Pacific Basin Economic Council

Founded in 1967, the Pacific Basin Economic Council (PBEC) is the oldest independent business association to link the economies of the Asia-Pacific region.

Over the years PBEC and its members have given rise and support to both the Pacific Economic Cooperation Council (PECC), as well as nurturing the formation of the Asia-Pacific Economic Cooperation group otherwise known as APEC. PBEC has a long and significant relationship with both organizations.

Today, PBEC is the independent voice of sustainable business and digital trade across the Pacific an organization of business leaders seeking access and opportunities. Completely independent and apolitical, PBEC and its members offer important counsel to business and governments alike.

PBEC's member footprint includes the 21 economies of APEC and beyond. APEC economies include: Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Hong Kong SAR (China), Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, The Philippines, Russia, Singapore, Chinese Taipei, Thailand, The United States, and Viet Nam.

For more information please visit www.pbec.org.

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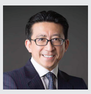

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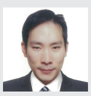

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